

# **Government Withholding Relief Coalition**

March 12, 2007

The Honorable Larry Craig  
United States Senate  
Washington, DC 20510

Dear Senator Craig:

The Government Withholding Relief Coalition and its member organizations strongly support your legislation, S. 777, which would repeal a sweeping new requirement mandating that federal, state, and local governments withhold 3 percent from payments for goods and services.

S. 777 would repeal section 511 of the Tax Increase Prevention and Reconciliation Act of 2005 that enacted the withholding provision. This new requirement affects all government contracts as well as other payments, such as Medicare, grants, and farm payments. We are deeply concerned about the potentially negative impact on all companies receiving contract payments or other forms of payment from all levels of government.

In particular, the withholding is based on revenues from government payments with no relationship to a company's taxable income and therefore will impinge on cash flows needed for day-to-day operations. In addition, the administrative costs to businesses and governments at all levels will be substantial and the process complicated to implement.

The Government Withholding Relief Coalition and its member organizations appreciate your leadership on repealing the Section 511 withholding requirements and look forward to working with you and Congress to pass S. 777.

Sincerely,

Government Withholding Relief Coalition

Aerospace Industries Association  
Air Transport Association  
America's Health Insurance Plans  
American Congress on Surveying and Mapping  
American Council of Engineering Companies  
American Farm Bureau Federation  
American Institute of Architects  
American Moving and Storage Association  
American Nursery and Landscape Association  
American Road & Transportation Builders Association  
American Shipbuilding Association  
American Society of Civil Engineers  
American Supply Association

American Trucking Associations  
Associated Builders and Contractors  
Coalition for Government Procurement  
CompTIA  
Construction Management Association of America  
Contract Services Association  
Design Professionals Coalition  
Edison Electric Institute  
Electronic Industries Alliance  
Federation of American Hospitals  
Financial Executives International's Committee on Government Business  
Financial Executives International's Committee on Taxation  
Independent Electrical Contractors, Inc  
Information Technology Association of America  
International Foodservice Distributors Association  
Management Association for Private Photogrammetric Surveyors  
Mason Contractors Association of America  
Mechanical Contractors Association of America  
Messenger Courier Association of the Americas  
National Association for Self-Employed  
National Association of Credit Management  
National Association of Manufacturers  
National Burglar and Fire Alarm Association  
National Defense Industrial Association  
National Electrical Contractors Association  
National Federation of Independent Business  
National Italian-American Business Association  
National Precast Concrete Association  
National Office Products Alliance  
National Roofing Contractors Association  
National Small Business Association  
National Society of Professional Engineers  
National Society of Professional Surveyors  
National Wooden Pallet and Container Association  
Office Furniture Dealers Alliance  
Plumbing-Heating-Cooling Contractors - National Association  
Printing Industries of America  
Professional Services Council  
Security Industry Association  
Small Business & Entrepreneurship Council  
The Associated General Contractors of America  
The Financial Services Roundtable  
U.S. Chamber of Commerce  
United States Telecom Association  
Women Impacting Public Policy