

# **Government Withholding Relief Coalition**

## **DoD Estimates Cost of Compliance at \$17 Billion for 3% Withholding Law**

Washington, D.C., April 21, 2008 – The *Government Withholding Relief Coalition* released the following statement today:

“The new study released by the Department of Defense estimates that the costs to comply with the 3% withholding requirement will be over \$17 billion over the first five years. The study examines the cost to implement the law which requires 3% percent of federal, state, and local government payments be withheld.

DoD’s cost impact estimate demonstrates the crucial need for Congress to repeal this mandate, which was included in the Tax Increase Prevention and Reconciliation Act of 2005 (P.L. 109-222) that passed in May 2006.

This provision is going to cost federal, state, and local governments billions of dollars in additional expenditures if it is not repealed. It was estimated by the Joint Committee on Taxation to increase revenue to the federal government by \$7 billion over the same time period, with only about 1.1 billion being additional revenue and the rest being the ‘float’ from advanced payment to the government.

DoD’s estimated costs are already substantially more than the savings, and the rest of the federal government and state and local governments will have enormous costs as well.

The Coalition continues to strongly support H.R. 1023 and S. 777, which would repeal this law.”

The *Government Withholding Relief Coalition*, a group of 83 associations, was formed to repeal the sweeping new requirement mandating that federal, state, and local governments withhold three percent from payments for goods and services.

For more information on the coalition and a list of members, please visit: [www.withholdingrelief.com](http://www.withholdingrelief.com).

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