

# **Government Withholding Relief Coalition**

February 9, 2009

TO THE MEMBERS OF THE UNITED STATES CONGRESS:

The *Government Withholding Relief Coalition* and its member organizations strongly urge you to support full repeal of the 3% withholding provision as part of H.R. 1, the “American Recovery and Reinvestment Act of 2009.” The Coalition fully supports Section 1541 of the House-passed version of the bill and urges you to include it in the final conference agreement.

The 3% withholding provision requires that federal, state, and certain local governments withhold 3% from contracts and other payments, such as Medicare payments, grants, and farm payments. There is no equitable, practical, or cost-effective way to implement this new requirement. It would impose significant financial burdens on companies as well as on federal agencies and state and local governments. While this requirement will not go into effect until January 1, 2011, all impacted groups are spending funds trying to prepare for implementation now, which is why repeal of the mandate is vital as soon as possible.

The Department of Defense (DoD) released a report on April 14, 2008 that explicitly illustrates the extraordinary costs of the 3% withholding provision. DoD estimated that the costs to comply with the withholding requirement will be in excess of \$17 billion over the first five years, which far exceeds any estimated revenue gains. Although \$17 billion is substantial, it is only a portion of the additional costs with which governments will be burdened.

While the Coalition appreciates the one-year delay of the 3% withholding law included in the Senate version of the bill, we believe that this brief delay fails to appreciably help companies or governments that still have to dedicate valuable time and money toward implementation. These are additional expenses companies and governments cannot handle during this economic crisis.

The *Government Withholding Relief Coalition*, which represents all sectors of the economy, believes it is imperative that the 3% withholding provision be repealed in the economic stimulus package.

Sincerely,

Government Withholding Relief Coalition

- Aeronautical Repair Station Association
- Aerospace Industries Association
- Air Conditioning Contractors of America
- Air Transport Association
- America's Health Insurance Plans
- American Bankers Association
- American Concrete Pressure Pipe Association
- American Congress on Surveying and Mapping
- American Council of Engineering Companies
- American Farm Bureau Federation
- American Health Care Association

- 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 Subcontractors Association
- American Supply Association
- American Trucking Associations
- Armed Forces Marketing Council
- Associated Builders and Contractors
- Associated Equipment Distributors
- Association of National Account Executives
- Business and Institutional Furniture Manufacturers Association
- Coalition for Government Procurement
- Colorado Motor Carriers Association
- Computing Technology Industry Association
- Construction Contractors Association
- Construction Industry Round Table
- Construction Management Association of America
- Design Professionals Coalition
- Edison Electric Institute
- Engineering & Utility Contractors Association
- Federation of American Hospitals
- Financial Executives International's Committee on Government Business
- Financial Executives International's Committee on Taxation
- Finishing Contractors Association
- Gold Coast Hispanic Chamber of Commerce
- Independent Electrical Contractors, Inc
- International Council of Employers of Bricklayers and Allied Craftworkers
- 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
- Modular Building Institute
- National Association for Self-Employed
- National Association of Credit Management
- National Association of Manufacturers
- National Association of Minority Contractors
- 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 Utility Contractors Association
- National Wooden Pallet and Container Association
- North Coast Builders Exchange
- Office Furniture Dealers Alliance
- Oregon Trucking Association
- Plumbing-Heating-Cooling Contractors - National Association
- Printing Industries of America
- Professional Services Council
- Regional Legislative Alliance of Ventura and Santa Barbara Counties
- Santa Rosa Chamber of Commerce
- Security Industry Association
- Sheet Metal and Air Conditioning Contractors National Association, Inc.

- Small Business & Entrepreneurship Council
- Small Business Legislative Council
- Textile Rental Services Association of America
- The Associated General Contractors of America
- The Association of Union Constructors
- The Distilled Spirits Council of the U.S.
- The Financial Services Roundtable
- TechAmerica (formerly AeA and ITAA)
- U.S. Chamber of Commerce
- United States Telecom Association
- Women Impacting Public Policy