

Government Withholding Relief Coalition

October 16, 2006

The Honorable Wally Herger
United States House of Representatives
Washington, D.C. 20515

Dear Representative Herger:

The *Government Withholding Relief Coalition* and its member organizations strongly support your legislation, H.R. 6242, which would repeal a sweeping new requirement mandating that federal, state, and local governments withhold 3 percent from payments for goods and services.

H.R. 6242 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 and grants. 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 companies' taxable income and it will impinge on company 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 requirement and look forward to working with you and Congress to pass H.R. 6242.

Sincerely,

Government Withholding Relief Coalition

Aerospace Industries Association
Air Transport Association
American Congress on Surveying and Mapping
American Council of Engineering Companies
American Institute of Architects
America's Health Insurance Plans

American Road & Transportation Builders Association
American Shipbuilding Association
American Trucking Associations
Associated Builders and Contractors
Coalition for Government Procurement
Construction Management Association of America
Contract Services Association
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
Information Technology Association of America
Management Association for Private Photogrammetric Surveyors
Mason Contractors Association of America
National Association for Self-Employed
National Association of Credit Management
National Association of Manufacturers
National Defense Industrial Association
National Federation of Independent Business
National Italian-American Business Association
National Roofing Contractors Association
National Small Business Association
National Society of Professional Engineers
National Society of Professional Surveyors
National Wooden Pallet and Container Association
Printing Industries of America
Professional Services Council
Small Business & Entrepreneurship Council
The Associated General Contractors of America
The Design Professionals Coalition
The Financial Services Roundtable
U.S. Chamber of Commerce
United States Telecom Association
Women Impacting Public Policy