



Leaders at the Core of Better Communities

October 7, 2011

Chairman Dave Camp
Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Camp:

The purpose of this letter is to state our support for H.R. 674 to repeal the 3% withholding requirement on payments due to vendors providing services to federal, state, and local government entities.

ICMA members represent the operational core of local governments nationwide. Section 511 of the Tax Increase Prevention and Reconciliation Act of 2005 (P.L. 109-222) requires local governments to withhold three percent on payments made for most goods and services. This requirement places a burden on the local government and unfairly punishes tax compliant government contractors who provide critical services to citizens.

This requirement would be costly and burdensome to local governments as well as business contractors who assist governments in providing services. Local governments are facing some of the toughest economic times in recent memory, and ICMA believes that the cost of implementing Section 511 will be greater than the revenues that the requirement is estimated to raise. We urge you to support H.R. 674 to repeal the 3% withholding requirement of Section 511. With limited resources, our nation's local governments cannot absorb additional burdens without it affecting essential public services.

A handwritten signature in black ink, appearing to read "Robert J. O'Neill, Jr.", is written in a cursive style.

Robert J. O'Neill, Jr.
Executive Director,
International City/County Management Association