

Government Finance Officers Association (GFOA)
International City/County Management Association (ICMA)
National Council on Teacher Retirement (NCTR)
National League of Cities (NLC)
National Association of Counties (NACo)
National Association of State Auditors, Comptrollers and Treasurers (NASACT)
National Association of State Budget Officers (NASBO)
National Association of State Chief Information Officers (NASCIO)
National Association of State Procurement Officials (NASPO)
National Association of State Retirement Administrators (NASRA)
National Conference of State Social Security Administrators (NCSSSA)
United States Conference of Mayors (USCM)

October 20, 2011

The Honorable Michael Crapo
Dirksen Senate Office Building Room 239
1st and C Streets, N.E.
Washington, DC 20510

Dear Senator Crapo:

We are writing on behalf of the state and local government organizations above to request your support for S. 1726. The legislation would repeal Section 511 of the Tax Increase Prevention and Reconciliation Act of 2005 (P.L. 109-222) which requires federal, state, and local governments to withhold three percent on payments made for most goods and services. Immediate action is of the utmost importance to state and local governments and businesses nationwide.

This troubling provision will cause state and local governments to focus scarce resources on implementation at a time when those same resources are desperately needed to carry out important government programs. Sophistication of systems necessary to capture and report the required data vary greatly between governments and most entities do not have the resources, capacity or staff to undertake the required withholding and remittance. Additionally, state and local governments cannot withstand an increase in the cost of goods and services that will likely result when private sector companies pass along the three percent withheld as a cost of doing business.

Similarly, businesses will face enormous administrative and financial challenges as a result of Section 511 at a time when they are trying to focus on creating jobs and encouraging economic growth.

We urge you to support S. 1726 as state and local governments must start spending scarce resources now in order to comply with a January 2013 deadline. The goal of our tens of

thousands of members representing state and local governments is and needs to remain being focused on the very important task of delivering vital public services. Should you have questions or if we can be of assistance in any way, please contact our representatives in Washington.

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