

Government Finance Officers Association (GFOA)
International City/County Management Association (ICMA)
National Association of Counties (NACo)
National Association of County Collectors, Treasurers and Finance Officers (NACCTFO)
National Association of State Auditors, Comptrollers and Treasurers (NASACT)
National Association of State Budget Officers (NASBO)
National Association of State Retirement Administrators (NASRA)
National Council on Teacher Retirement (NCTR)
National League of Cities (NLC)
The United States Conference of Mayors (USCM)

July 18, 2007

The Honorable Charles Rangel
Chairman
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

The Honorable Jim McCrery
Ranking Member
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Rangel and Ranking Member McCrery:

It has recently come to our attention that language will be included in the Tax Collection Responsibility Act of 2007 that will impose a one-year delay in the implementation of the three percent tax withholding requirement passed as part of the Tax Increase Prevention and Reconciliation Act of 2005 (P.L. 109-222). The organizations listed above represent state and local governments nationwide who are impacted by the withholding requirement and that support H.R. 1023, which repeals Section 511 of the Tax Increase Prevention and Reconciliation Act of 2005 (P.L. 109-222).

Section 511 requires federal, state, and local governments to withhold three percent from payments for goods and services and imposes a massive unfunded mandate on state and local governments. If implemented, the provision will cause significant administrative and other financial burdens since state and local governments will have to retool their accounts payable systems to implement the new law. Additional costs will also be borne by state and local governments due to the fact that the costs for doing business with state and local governments will increase, and the private sector companies will pass those costs along.

We continue to seek a permanent solution through repeal of this onerous provision; however, we applaud you and the committee for taking a first step toward addressing the issue. Should you have any questions or need additional information, please contact our Washington representatives:

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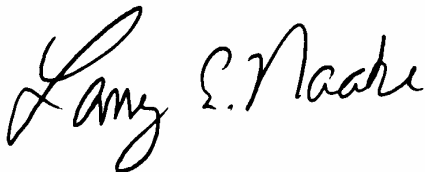
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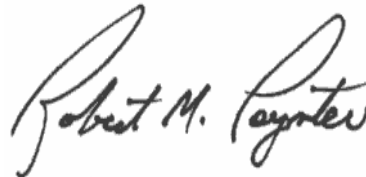
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