

National Governors Association (NGA)
National Conference of State Legislatures (NCSL)
The Council of State Governments (CSG)
National Association of Counties (NACo)
National League of Cities (NLC)
The United States Conference of Mayors (USCM)
International City/County Management Association (ICMA)
Government Finance Officers Association (GFOA)
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)
National Council on Teacher Retirement (NCTR)

November 14, 2011

The Honorable
The United States House of Representatives
Washington, DC 20515

Dear Representative :

We are writing on behalf of the state and local government organizations above to request your immediate support for H.R. 674 as amended. H.R. 674 repeals 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.

Repeal of Section 511 enjoys strong bipartisan support, with 405 members of the House voting in favor of repeal on October 27. The Administration also expressed its support for repeal in a statement of Administration policy issued on October 25.

On November 10, the Senate amended and passed H.R. 674 by a vote of 95-0. The amended legislation not only repeals the onerous withholding requirement but also addresses tax delinquency by calling for a Treasury study on the matter and strengthening the federal levy program to clarify congressional intent that payments for property can be levied along with payments for goods and services. State and local governments support the amended legislation aimed at addressing tax non-compliance.

Please vote in favor of H.R. 674 as amended. Immediate action to repeal this onerous requirement is of the utmost importance to state and local governments, as the sophistication of systems necessary to capture and report the required data vary greatly between governments, and those entities simply do not have the resources, capacity or staff to undertake the required withholding and remittance. The goal of our tens of thousands of members representing state and local governments is, and needs to remain, focusing on the very important task of delivering vital

public services. If Section 511 is not repealed, state and local governments will be forced to start spending scarce resources now in order to comply with a January 2013 deadline.

Should you have questions, or if we can be of assistance in any way, please contact our representatives in Washington.

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