



## National Association of State Auditors, Comptrollers and Treasurers

### NASACT Resolution on 3% Withholding

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**Whereas** the Tax Increase Prevention and Reconciliation Act of 2005 imposes a provision requiring state and local governments to withhold and remit 3% of most payments for certain property and services; and

**Whereas** the Unfunded Mandates Reform Act of 1995 was signed into law with the intent to curb the practice of imposing unfunded mandates on state and local governments; and

**Whereas** the Congressional Budget Office and the Joint Committee on Taxation have indicated that the cost of the new 3% withholding provision exceeds the threshold specified in the Unfunded Mandates Reform Act, therefore imposing an intergovernmental mandate; and

**Whereas** imposition of the 3% withholding is an unfunded mandate placing a significant financial burden on state and local governments; and

**Whereas** the National Association of State Auditors, Comptrollers and Treasurers supports efforts to achieve better transparency and accountability in federal funding, however, recognizes that state and local governments operate with a finite level of resources to perform their responsibilities and deliver citizen services;

**Now, therefore, be it resolved** that the National Association of State Auditors, Comptrollers and Treasurers support efforts to reduce the negative fiscal impact of this unfunded mandate by working in conjunction with other state and local organizations to assure a fair and equitable approach to implementation of the 3% withholding provision. Such efforts will include working toward amendments to the federal law, which could include a full repeal of the provision, and working with the U.S. Treasury Department on implementing regulations and/or obtaining funding for state and local governments in order to appropriately implement the mandate.

Adopted: August 22, 2006  
Omaha, Nebraska

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