



National Association of State Auditors, Comptrollers and Treasurers

NASACT Resolution on Information Reporting

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WHEREAS, the Tax Increase Prevention and Reconciliation Act of 2005 imposes an unfunded mandate on state and local governments by requiring such governments to withhold three percent on payments for most property and services; and

WHEREAS, in addition to being an unfunded mandate, withholding three percent on most payments for good or services would require substantial resources to undertake system modifications and compliance; and

WHEREAS, the financial and administrative burdens imposed by the withholding requirement are further exacerbated by the current economic environment; and

WHEREAS, resource constraints are only one of many impediments facing states in complying with the three percent withholding requirement; and

WHEREAS, the three percent withholding requirement imposes federal tax collection duties on state and local governments at a substantial cost without an offsetting benefit; and

WHEREAS, the National Association of State Auditors, Comptrollers and Treasurers believes that there are alternative methods for addressing tax compliance that are far less costly and burdensome; and

WHEREAS, the Patient Protection and Affordable Care Act of 2010 includes a provision which expands information reporting for payments to corporations and payments for property and other gross proceeds; and

WHEREAS, such information reporting would assist in the identification of tax compliance issues by non-filing or under-reporting entities; and

WHEREAS, information reporting would address tax compliance issues without imposing enormous burdens on state and local governments, as is the case with the three percent withholding requirement; and

WHEREAS, NASACT is committed to repealing the three percent withholding requirement but fully supports efforts to enhance tax compliance;

NOW, THEREFORE, BE IT RESOLVED, that the National Association of State Auditors, Comptrollers and Treasurers support information reporting as set forth in the Patient Protection and Affordable Care Act of 2010 in lieu of withholding three percent on most payments for goods or services as required under the Tax Increase Prevention and Reconciliation Act of 2005 and promote information reporting as a preferred method to increase tax compliance.

Adopted: April 15, 2010

Glen B. Gainer III
President of NASACT, 2009-2010
State Auditor, West Virginia