

FOR IMMEDIATE RELEASE:
November 10, 2011

CONTACT: Jim Philipps
202.942.4220
jphilipps@naco.org

NACo applauds 3% withholding tax repeal

WASHINGTON, D.C. – The National Association of Counties (NACo) today applauded Senate passage of legislation to repeal a mandate that state and local governments withhold 3 percent from payments to their vendors for goods and services and send it to the Internal Revenue Service.

Repeal of this unfunded federal mandate has been a NACo legislative priority since 2006. The mandate was added to the final House-Senate conference version of 2006 tax legislation without any consultation with state and local government officials or their national organizations and members of Congress were not aware of the provision or what it would mean to local governments or businesses within their districts.

While the withholding mandate was enacted into law in 2006, regulations to implement it were postponed several times at the request of NACo and other national organizations representing affected groups in both government and business.

The repeal bill passed the Senate today by a vote of 95-0 with the provisions of the president's jobs bill for veterans. The House passed a nearly identical version last week by a 405-16 vote without the veterans' piece. The bill now goes back to the House where it is expected to pass as amended by the Senate.

NACo Executive Director Larry E. Naake said the mandate never should have been passed in the first place.

"The costs for county governments to comply would have been enormous," Naake said. "It would have required our nation's larger counties to reprogram or purchase new accounts payable systems, hire additional staff and essentially turn county accounting offices into IRS district offices."

###

The National Association of Counties (NACo) is the only national organization that represents county governments in the United States. Founded in 1935, NACo provides essential services to the nation's 3,068 counties. NACo advances issues with a unified voice before the federal government, improves the public's understanding of county government, assists counties in finding and sharing innovative solutions through education and research, and provides value-added services to save counties and taxpayers money. For more information about NACo, visit www.naco.org.