

Board of County Commissioners of Washington County, Maryland
Government Finance Officers Association (GFOA)
International City/County Management Association (ICMA)
International Municipal Lawyers Association (IMLA)
International Public Management Association for Human Resources (IPMA-HR)
Miami-Dade County
National Council on Teacher Retirement (NCTR)
National Institute of Governmental Purchasing (NIGP)
National League of Cities (NLC)
National Association of Counties (NACo)
National Association of State Auditors, Comptrollers and Treasurers (NASACT)
National Association of State Budget Officers (NASBO)
National Association of State Procurement Officials (NASPO)
National Association of State Retirement Administrators (NASRA)
National Conference of State Social Security Administrators (NCSSSA)
Upper Occoquan Service Authority (UOSA)
United States Conference of Mayors (USCM)

February 10, 2009

VIA FACSIMILE: (202) 228-0554

The Honorable Max Baucus
Chairman, Committee on Finance
United States Senate
SH-511 Hart Senate Office Bldg
Washington, DC 20510-2602

RE: Conference on H.R. 1

Dear Chairman Baucus:

We are writing on behalf of the organizations listed above representing state and local governments nationwide to urge your support for full repeal of section 511 of the Tax Increase Prevention and Reconciliation Act of 2005 (P.L. 109-222) as included in the House passed version of H.R. 1, the American Recovery and Reinvestment Act. Section 511 of TIPRA requires federal, state, and local governments that spend more than \$100 million annually on goods and services to withhold three percent on payments made for most goods and services. Full repeal of this provision is very important to state and local governments, as it would be tremendously expensive to implement, which is a particular hardship during these trying economic times.

If enacted, Section 511 will impose an enormous burden on state and local governments, most of whom do not have the needed systems or capacity to implement the provision. The costs to purchase or retrofit existing payment and procurement systems to address the requirements of Section 511 are significant.

Preliminary research indicates that not only will implementation costs be considerable and include both administrative and financial commitments, but governments will also face an increase in the overall costs of goods and services, as private sector vendors are likely to add three percent to their bids or products for their government clients. Struggling state and local governments cannot withstand such an increase in the costs of goods and services.

We ask that as you enter into conference on the American Recovery and Reinvestment Act, you fully consider the unnecessary costs that will be borne by state and local governments if Section 511 of TIPRA is not repealed. Merely delaying the implementation date by one year will not decrease the required costs or time needed to prepare for implementation, and will be an anti-stimulus burden on state and local governments.

We thank you for recognizing the problematic nature of this provision and ask that you retain full repeal of Section 511 so that state and local governments can focus scarce resources on the very important task of delivering vital public services. Should you have questions please contact our representatives.

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