



Construction Industry Round Table

Legislative News

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1/22/09 – Bill Introduced to Repeal 3% Withholding Provision

Sen. Specter (R-PA) introduced S.292 to repeal the 3% tax withholding requirement with Republican Senators Chambliss, Roberts, Inhofe, Vitter, Voinovich, and Isakson signing-on as cosponsors. It is the companion bill to HR 275 introduced in the House by Reps. Meek and Herger. In addition to these bills, last week a repeal provision was included in the House's stimulus package version. Repeal of the 3% withholding provision was scored at \$10.946 billion. However, David Goode from Raytheon recently completed a process that estimates the cost to *implementing* the provision, across all federal, state, and local governments, would exceed \$75 billion (from the contract side). So, if analyzed from both a cost and income side, the government would actually be incurring more expenses than income to institute the 3% withholding provision.