

were successful in preventing the enemy from taking that cannon and the right to bear arms, I hope the people of Montana are successful in keeping the anti-religious bunch from taking the Jesus statue.

And that's just the way it is.

3 PERCENT WITHHOLDING REPEAL AND JOB CREATION ACT

Mr. CAMP. Mr. Speaker, pursuant to House Resolution 448, I call up the bill (H.R. 674) to amend the Internal Revenue Code of 1986 to repeal the imposition of 3 percent withholding on certain payments made to vendors by government entities, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. WOMACK). Pursuant to House Resolution 448, the amendment printed in House Report 112-261 is adopted and the bill, as amended, is considered read.

The text of the bill, as amended, is as follows:

H.R. 674

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "3% Withholding Repeal and Job Creation Act".

SEC. 2. REPEAL OF IMPOSITION OF 3 PERCENT WITHHOLDING ON CERTAIN PAYMENTS MADE TO VENDORS BY GOVERNMENT ENTITIES.

(a) IN GENERAL.—Section 3402 of the Internal Revenue Code of 1986 is amended by striking subsection (t).

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments made after December 31, 2011.

The SPEAKER pro tempore. The gentleman from Michigan (Mr. CAMP) and the gentleman from Michigan (Mr. LEVIN) each will control 30 minutes.

The Chair recognizes the gentleman from Michigan (Mr. CAMP).

GENERAL LEAVE

Mr. CAMP. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and to include extraneous material on H.R. 674.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CAMP. Mr. Speaker, I yield myself such time as I may consume.

I come to the floor today in strong support of H.R. 674 to repeal the onerous, job-killing 3 percent withholding law. While this legislation has 269 cosponsors, I'd like to acknowledge the leaders on the bill, Ways and Means Health Committee Chairman WALLY HERGER and our Democrat Ways and Means colleague Congressman EARL BLUMENAUER. In addition to these advocates, we also have 25 other members of the Ways and Means Committee supporting this legislation—a clear signal of the strong bipartisan support for repeal of this 3 percent withholding rule.

Job creators know all too well that this provision, like many efforts to in-

crease Federal revenue and tax compliance, is lined with paperwork, complexity and costs—all of the things that hinder, rather than help, promote a climate for job creation.

By considering and passing this bipartisan bill, we will unlock new opportunities for hiring. Job creators have told us just that, and it's why this legislation has the support of a diverse coalition of more than 170 groups, including the Government Withholding Relief Coalition.

Like those job creators, others recognize the need for repeal, including President Obama. In the statement of administration policy in support of H.R. 674, the administration noted that "the effect of the repeal of the withholding requirement would be to avoid a decrease in cash flow to these contractors which would allow them to retain these funds and use them to create jobs and pay suppliers." Mr. Speaker, I couldn't agree more.

Supporting the repeal of the 3 percent withholding law is a demonstration that Washington can work together. With a strong bipartisan vote, we can reduce the uncertainty facing America's job creators, and we can free up valuable resources businesses can use for hiring.

I ask my colleagues to vote "yes" on H.R. 674 and urge the Senate to swiftly take up and pass this legislation.

I ask unanimous consent that the gentleman from California (Mr. HERGER) be designated to control the balance of my time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Michigan (Mr. LEVIN).

Mr. LEVIN. Mr. Speaker, I yield myself such time as I may consume.

I rise in support of this bill. It should have happened earlier. I think most of us, if not all of us, agree that this provision should be repealed. It is not narrowly targeted, and it would indeed impose significant and costly burdens on Federal, State, and local governments. I think we should all remind ourselves it was passed some years ago; and it was, I think, misguided when it was enacted in 2006 when we in the minority here did not control the Congress. Indeed, the Ways and Means Committee when we were in the majority approved a repeal of the provision in 2009, and the Congress ultimately delayed its effective date.

I do want to comment on the title of this bill that refers to job creation, and it should be noted that this is really not going to address the need for creation of jobs in our country. We have been here now 10 months. There is still no effort by the majority here in the House to bring up any meaningful jobs legislation; and when the President brings up proposals to create jobs, they are thwarted by the majority here and by the Republicans in the Senate.

So let's support this bill but not pretend that it will create jobs; and in this respect I refer to a recent statement by Mark Zandi, the chief economist for Moody's Analytics who said this about this bill: "I don't think it's meaningful in terms of jobs. It's more trying to clean up something that needs cleaning up." Indeed, this needs to be cleaned up. Therefore, we need to pass it.

□ 0920

Let me also comment on—and we'll talk about this later on the second bill—the pay-for. I went before the Rules Committee to ask that there be consideration of a different pay-for, what we'll be considering later. I just want everybody to understand the facts, and each can judge on his or her own how they'll vote. The impact of the pay-for that came through the Ways and Means Committee could cause up to 500,000 individuals to lose health care coverage.

I offered an amendment in the Rules Committee that would have offset the cost of a business tax provision by closing a loophole on the business side that's improperly enjoyed by oil and gas industry giants. Unfortunately, my amendment was ruled out of order. We'll talk about that later.

We're now on this bill. I urge its support. Let's not pretend it's a job creation bill. Let's get busy here on bills that will indeed help to promote jobs in the private sector of the United States of America, as our President has proposed and he has pleaded that there be consideration by the House and the Senate, only to be responded to with deaf ears.

I reserve the balance of my time.

Mr. HERGER. Mr. Speaker, I yield myself such time as I may consume.

I rise in strong support of H.R. 674, the 3% Withholding Repeal and Job Creation Act. The American people have repeatedly called on Congress to work together in a bipartisan way to encourage job creation. That's exactly what we're doing here today.

H.R. 674 repeals a tax that requires government agencies at all levels—Federal, State, and local—to withhold 3 percent of all payments for goods and services beginning at the end of next year. This tax will affect everyone, from manufacturers to road builders to physicians who treat seniors on Medicare. Many of these businesses operate on margins of less than 3 percent, meaning that this provision will harm their cash flow and effectively force them to give the Federal Government a no-interest loan.

Even though it doesn't go into effect for another year, the 3 percent withholding tax is holding back job creation right now. Coming from a small business background, I can attest that businesses look several years ahead when they're deciding how to invest.

This week the Associated General Contractors of America released a survey finding that nearly half of all construction firms will be forced to hire

fewer workers if the 3 percent withholding tax takes effect. As one AGC member put it, “The way the economy is now, we are very lucky to make 3 percent profit. This could put us out of business, along with our 300-plus employees.”

Now is the time to eliminate the barriers that are standing in the way of jobs for American workers. H.R. 674 has the support of businesses, State and local governments, and 269 bipartisan cosponsors in the House of Representatives, as well as the Obama administration.

Mr. Speaker, I would like to enter into the RECORD a letter from the Government Holding Relief Coalition, signed by more than 150 businesses, health care, education, and local government groups supporting passage of this legislation.

With that, I reserve the balance of my time.

GOVERNMENT WITHHOLDING
RELIEF COALITION,
October 26, 2011.

TO THE MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES: The Government Withholding Relief Coalition and its member organizations strongly urge you to vote for H.R. 674, a bipartisan bill to repeal the burdensome 3% Withholding Tax mandate enacted in Section 511 of the Tax Increase Prevention and Reconciliation Act of 2005 (P.L. 109-222), when it is considered on the House floor later this week.

Unless repealed before it takes effect on January 1, 2013, the 3% Withholding Tax will have a dramatic, negative impact on millions of honest taxpaying businesses as well as state and local governments, health care providers, farmers and colleges and universities.

For many businesses the profit margin for projects they complete is often less than 3% meaning that the withholding tax will create significant cash flow problems for day-to-day operations as well as draining capital that could be used for job creation and business expansion. This mandate is also anti-stimulus in the sense that it removes money from local economies and sends it to the IRS.

The mandate is already proving costly and will increase exponentially as the implementation deadline moves closer. If this mandate is not repealed, it will cost companies and governments at all levels substantial amounts of money just to prepare to comply with this unnecessary and unfortunate tax provision. These exorbitant expenditures will be at the expense of hiring new employees, expanding businesses, and providing government services at a time that neither the public nor private sector can handle such unnecessary costs.

In addition, we strongly support the view that those receiving payments from the government should meet their federal, state and local tax obligations. However, imposing an onerous 3% Withholding Tax on transactions between government and honest taxpaying businesses is not the answer.

The Government Withholding Relief Coalition, which represents all sectors of the economy, believes it is imperative that the 3% Withholding Tax be repealed as soon as possible to limit the damaging impacts to our economy. We appreciate the bicameral, bipartisan support of efforts to repeal it and strongly encourage you to vote for H.R. 674.

Sincerely,

Government Withholding Relief Coalition:

Aeronautical Repair Station Association; Aerospace Industries Association; Air Conditioning Contractors of America; Air Transport Association; Airports Council International-North America; America's Health Insurance Plans; American Ambulance Association; American Bankers Association; American Bus Association; American Clinical Laboratory Association; American Concrete Pressure Pipe Association; American Congress on Surveying and Mapping; American Council of Engineering Companies; American Dental Association; American Farm Bureau Federation; American Gas Association; American Health Care Association; American Institute of Architects; American Institute of Certified Public Accountants; American Logistics Association.

American Medical Association; American Moving and Storage Association; American Nursery and Landscape Association; American Road & Transportation Builders Association; American Society of Civil Engineers; American Society of Landscape Architects; American Subcontractors Association; American Supply Association; American Traffic Safety Services Association; American Trucking Associations; Armed Forces Marketing Council; Associated Builders and Contractors; Associated Equipment Distributors; Associated General Contractors of America; Association of Management Consulting Firms; Association of National Account Executives; Association of School Business Officials International; Baltimore Washington Corridor Chamber; Biotechnology Industry Association; Business and Institutional Furniture Manufacturers Association.

CTIA-The Wireless Association™; California Association of Public Purchasing Officers; Coalition for Government Procurement; Colorado Motor Carriers Association; Computing Technology Industry Association; Construction CPAs/Consultants Association (CICPAC); Construction Contractors Association; Construction Employers' Association of California; Construction Financial Management Association; Construction Industry Round Table; Construction Management Association of America; Design Professionals Coalition; Edison Electric Institute; Electronic Security Association; Engineering & Utility Contractors Association; Federation of American Hospitals; Financial Executives International; Financial Services Institute; Finishing Contractors Association; Gold Coast Hispanic Chamber of Commerce.

Government Finance Officers Association; Hawaii Transportation Association; Heating, Airconditioning & Refrigeration Distributors International; IPC—Association Connecting Electronics Industries; Independent Electrical Contractors, Inc.; International City/County Management Association; International Council of Employers of Bricklayers and Allied Craftworkers; International Foodservice Distributors Association; International Municipal Lawyers Association; Large Public Power Council; Management Association for Private Photogrammetric Surveyors; Mason Contractors Association of America; Mechanical Contractors Association of America; Medical Group Management Association; Messenger Courier Association of the Americas; Miami Dade County; Mississippi Trucking Association; Modular Building Institute; Motor Transport Association of Connecticut; Munitions Industrial Base Task Force.

National Asphalt Pavement Association; National Association for Self-Employed; National Association of College & University Business Officers; National Association of Counties; National Association of Credit Management; National Association of Educational Procurement; National Association of Energy Services Companies; National As-

sociation of Government Contractors; National Association of Manufacturers; National Association of Minority Contractors; National Association of State Auditors, Comptrollers and Treasurers; National Association of State Chief Information Officers; National Association of State Procurement Officials; National Association of Surety Bond Producers; National Association of Water Companies; National Association of Wholesaler-Distributors; National Beer Wholesalers Association; National Corn Growers Association; National Council for Public Procurement and Contracting; National Defense Industrial Association.

National Electrical Contractors Association; National Electrical Manufacturers Association; National Emergency Equipment Dealers Association; National Federation of Independent Business; National Institute of Governmental Purchasing; National Italian-American Business Association; National League of Cities; National Mining Association; National Office Products Alliance; National Precast Concrete Association; National Propane Gas Association; National Office Products Alliance; National Railroad Construction & Maintenance Association; National Ready Mixed Concrete Association; National Roofing Contractors Association; National School Transportation Association; National Small Business Association; National Society of Professional Engineers; National Society of Professional Surveyors; National Utility Contractors Association.

National Wooden Pallet and Container Association; New Jersey Chamber of Commerce; North-American Association of Uniform Manufacturers & Distributors; North Coast Builders Exchange; Office Furniture Dealers Alliance; Oregon Trucking Association; Owner Operator Independent Drivers Association; Petroleum Marketers Association of America; Plumbing-Heating-Cooling Contractors—National Association; Printing Industries of America; Professional Services Council; Regional Legislative Alliance of Ventura and Santa Barbara Counties; Retail Energy Supply Association; Santa Rosa Chamber of Commerce; Security Industry Association; Service Disabled Veteran Owned Small Business Council; Sheet Metal and Air Conditioning Contractors National Association, Inc.; Shipbuilders Council of America; Small Business & Entrepreneurship Council.

Small Business Legislative Council; South Carolina Trucking Association; TechAmerica; Textile Rental Services Association of America; The Association of Union Constructors; The Distilled Spirits Council of the U.S.; The Financial Services Roundtable; U.S. Chamber of Commerce; U.S. Conference of Mayors; United States Telecom Association; Veterans Business Institute; Veterans Entrepreneurship Task Force; Water and Wastewater Equipment Manufacturers Association; Women Construction Owners & Executives; Women Impacting Public Policy.

Mr. LEVIN. Mr. Speaker, I yield such time as he may consume to the gentleman from Oregon (Mr. BLUMENAUER), who is a lead sponsor of this bill.

Mr. BLUMENAUER. I appreciate your courtesy, Mr. LEVIN, as I appreciate the opportunity to work with my friend, Mr. HERGER, on moving this bill forward.

It was only a couple of months ago that we were having a press conference in the Triangle with a bipartisan group

of Members of Congress, representatives from some of the coalition members that my friend Mr. HERGER referenced, to be able to focus on the need to repeal this provision.

Mr. Speaker, I think it is important to mark this critical step today. It will pass on the floor of the House in a strong bipartisan vote, reaffirming the bipartisan cooperation that got us to this point. I think that this is an example of what potentially we could do because a number of the members of the coalition that Mr. HERGER referenced and that he is entering into the RECORD are likewise people that have a vision about how Congress and the Federal Government could help rebuild and renew America.

The contractors, the engineers, and the architects that we have heard from would also like us to step up in a bipartisan manner to deal with that. There were references to people who are dealing with health care. We still face sort of a health care crisis in this country. We may be able to deal with much of it with the health care reform bill. But many of the provisions that are embedded in law now have their core as bipartisan ideas. And I hope the same bipartisan spirit could help us accelerate bipartisan reforms so that the American public benefits in the health arena as well.

You're going to hear a little spirited exchange on the floor of the House about how we pay for this legislation because it has a CBO score that's attached to it that suggests that this will raise revenue. Well, I have two observations that I think are important to note dealing with the pay-for. First and foremost, the sad fact is that this bill actually would cost more to implement than it would ever raise for the Federal Government. But we have a quirk in our scoring rules where they credit revenue. They don't deal with the cost of compliance. And this complicated piece of legislation, were it ever enacted, would require the Department of Defense, the General Services Administration, and up and down the Federal Government to develop mechanisms to try to implement it. It wouldn't just cost contractors, hospitals, State, and local government. It would actually cost the Federal Government far more than we would collect. I think one estimate was for the Department of Defense it would be \$17 billion, which would dwarf what would be collected.

We need, Mr. Speaker, as we move forward, to do a better job of thinking about the scoring rules. It's not CBO's fault, but that's how we play the game. And I find it troubling.

It also, I think, speaks volumes about how we operate in the legislative process. This was passed in 2005. It was kind of dropped in in sort of backroom negotiations. It was never part of regular order. There was no hearing before our Ways and Means Committee to talk about this because the elements that have been documented in our com-

mittee and on the floor about the unworkability of this would never have survived a regular legislative process.

Well, I'm pleased that the Democratic side has at least tried first to delay and then to fix this. I'm pleased we have worked with Mr. HERGER in a bipartisan fashion to bring this legislation forward. I think Mr. CAMP and Mr. LEVIN are committed to regular order. We've been having, I think, some very productive discussions on major issues. I hope we can keep this commitment to regular order to be able to make sure we don't have something like this in the future that has massive unintended consequences.

Mr. Speaker, this is an idea that never should have been advanced in this form. It's been a long road to try and correct it. Today, we're making an important step towards that correction, but I would add a note of caution. The same spirit of cooperation and focus that has gotten us to this point with what will be an overwhelming vote—I hope it's unanimous—we need to keep going so this isn't a casualty of the back-and-forth process between the House and the Senate. The Senate played a large role in giving us this in the first place. We need to make sure that it is not caught up in the larger dramas that occur around here, that we can keep our eye on the ball, and that we can fix it.

□ 0930

I do want to say just one brief word about the pay-for. As I say, it's illusory, because it would cost far more than we would ever collect, but we have to deal with the scoring rules as they are.

There are two proposals: One would tighten some eligibility for the health care reform; the other would take away some unnecessary tax benefits to large oil companies that long ago ceased to have any impact on oil exploration or reducing price. But while I actually think that the pay-for from our side of the aisle dealing with the oil tax adjustment is superior, I think as a practical matter we are going to have to do both of these in the months ahead if we're going to deal with our budget problems, reducing expenditures.

I am hopeful that we don't allow the debate over the pay-for to obscure the need to move forward. And as a practical matter, we have big challenges ahead to get our deficit under control. I think, frankly, that both of these are items that should be enacted into law, I think will be enacted into law. And while there will be a spirited discussion—and I respect the people on both sides, and I think that they will be making good points—I hope it doesn't get in the way of the big picture.

In closing, I appreciate the gentleman from Michigan permitting me to speak on this, his leadership on this. I salute my friend, Mr. HERGER. I hope we can mark this step today for what it is but keep our eye focused on how we deal with these larger issues going

forward so we're not back in this situation in the future.

Mr. HERGER. Mr. Speaker, I yield myself such time as I may consume.

I want to thank my good friend from Oregon (Mr. BLUMENAUER) for his support as the lead cosponsor on the other side of the aisle.

I would like to take a moment to read a few of the comments that the Ways and Means Committee received from businesses and organizations across the country demonstrating why repealing the 3 percent withholding tax is critical to laying a stable foundation for job creation.

Buffalo Supply, Incorporated, in Boulder, Colorado, writes, "We are a 28-year-old small business that sells high-value medical equipment at a low margin, with a very significant part of our sales going to the Federal, State, and local governments. The 3 percent withholding tax will exceed our company's tax liability, which will destroy cash flow and ultimately hinder our ability to grow the business and add new employees."

Ian Frost, principal and founder of EEE Consulting in Virginia, says, "If enacted, the rule would mean the withholding of approximately \$130,000 of revenue, using our projected 2011 revenue. This 3 percent withholding would essentially be a loan to the government for the year until our taxes are filed. Worse still, it might require our company to secure a loan to help us cover operating expenses at a time when cash in the bank is limited. The withholding could limit our ability to make payroll each month and limit our use of profits to give bonuses to our employees, expand our business, and hire new employees. A \$130,000 withholding each year would deplete our cash reserves by about 30 percent."

The University of Illinois notes, "This will add expenses at a time when our university, like many others around the country, is facing reduced State support. We would have no choice but to pass these expenses on to our students, many of whom are also struggling to make ends meet."

The American Medical Association states, "In repealing the 3 percent withholding provision altogether, H.R. 674 will help Medicare beneficiaries maintain access to care, while assisting government agencies, physicians, and other health care providers avoid substantial implementation costs that will outweigh the benefits."

And I'd like to add that, at a time when many of us are concerned about fixing the SGR that threatens massive cuts to physicians participating in Medicare and a loss of access to physician services for many seniors, the last thing we want to do is add yet another potential cut to physicians' payments.

Again, these are just a few of the dozens—or hundreds—of letters and testimonials the committee received from businesses across the country. We need to pass H.R. 674 and repeal this harmful tax today.

I reserve the balance of my time.

Mr. LEVIN. Mr. Speaker, I yield such time as he may consume to a most active member of our committee, the gentleman from New Jersey (Mr. PASCARELL).

Mr. PASCARELL. Good morning.

I come to the floor today in support of H.R. 674, which will repeal a burden on government contractors, particularly small businesses.

I opposed the enactment of the 3 percent withholding when a Republican Congress and a Republican administration enacted it because I knew that it would hurt the economic engines of our economy.

The repeal of this requirement will free up small businesses' cash flow, increasing their ability to add jobs and bid on new projects. This is only a very small part of a jobs plan that could help to reduce unemployment and wage stagnation.

The majority has not allowed a vote on known job-creating measures such as the infrastructure bank or funding for our first responders and teachers, so I would imagine that that's not very important, those items. Rather, the majority has decided to promote their "False Fifteen" bills that attack clean air, safe water, and consumer safety. Be prepared, America, to eat poison.

Not only do independent economists state that these bills do not create jobs, a recent report found that the so-called "economically stifling" regulatory atmosphere is not as bad as they say. The report says this: "Obama's White House has approved fewer regulations than George W. Bush at this same point in their tenures, and the costs of those rules haven't reached the annual peak set in fiscal 1992 under President Bush's father," President Bush I. You would never think that by listening to the propaganda on the other side of the aisle. We've overregulated—supposedly—and we've caused businesses to spend so much money on these regulations. But again, when we look at the facts, this is not true.

Eat your words. Even former Reagan Treasury official Bruce Bartlett quoted the Wall Street Journal saying, "The main reason U.S. companies are reluctant to step up hiring is scant demand, rather than uncertainty over government policies." So you can grow as many horns as you want onto the President. Once again, look at the facts and the statistics: more regulations at this point when former President Bush was the President, Bush II.

It is ironic that the majority is adjusting health reform to pay for this legislation. You condemn the health act, and then you take the money from the health act to pay for this legislation. That is a Ponzi scheme if I've ever heard one. The majority already voted to repeal health reform, yet to pay for this legislation—which is a separate piece of legislation—health reform must be in place for 10 years. How do you do that? They get rid of the health care act—well, they're trying to

anyway—and yet they use every dime for the first 10 years to pay for the bill.

□ 0940

How do you do that? I'm anxious to see how you do this.

Just as their 2012 budget was paid for by health reform savings, and we've discussed this in the budget committee, this bill is again paid for by the health reform which they want to annihilate. If the majority is against the health reform bill, perhaps they should stop making their agenda so dependent upon it.

While I support H.R. 674, we cannot pat ourselves on the back and claim victory that this is a victory for jobs. Congress must do much more.

Mr. HERGER. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. PAULSEN), a distinguished member of the Ways and Means Committee.

Mr. PAULSEN. I thank the gentleman for yielding.

Mr. Speaker, I also rise in favor of H.R. 674, a bill that will repeal this ill-conceived 3 percent withholding rule for all government contractors, including private hospitals that accept Medicare or Medicaid payments and those who provide even lunches for schools.

This is one area in which Republicans and Democrats are working together, as even President Obama singled out this provision as burdensome to our Nation's job creators. The President, in his jobs plan, he proposed delaying this rule. The very fact that this rule continues to be delayed and has not been implemented since being first created in 2005 just tells you how bad of an idea it truly is. But we shouldn't just delay it; we should eliminate it and repeal it immediately.

I've spoken with many small businesses in my district that will be negatively impacted by this law because the profit margin for many of these companies that have government contracts is right around 3 percent.

One Minnesota company, Valley Paving, says that withholding 3 percent, the new 3 percent withholding law would be catastrophic on their balance sheet, meaning that covering costs, paying bills, and just covering operating costs would be a challenge. And as they point out, during these hard economic times, withholding more money from our small businesses like themselves would be that they most likely would not be able to update their equipment, not grow as fast, and not be able to hire more people.

Mr. Speaker, this goes against everything that Washington should be doing, giving our employers certainty to create more jobs. This law needs to be repealed.

Another contractor in my district, Hardrives, Incorporated, pointed out the Federal Government does not need to be playing banker with our earned income.

This law may have sounded like a good idea on paper but, in practice, it

will be disastrous. This is made evident by the cost of the program itself. Implementing it for the Department of Defense alone is estimated to cost about \$17 billion over 5 years.

And here's the irony, Mr. Speaker. The program is forecast to bring in a little over \$11 billion across the whole spectrum of government. So the program is going to cost more to implement than it will take in.

I strongly urge support of this commonsense approach and bipartisan approach on adopting this bill. The President supports the pay-for.

I thank the member of the Ways and Means Committee, Mr. HERGER, and I ask for its support.

Mr. HERGER. Mr. Speaker, I advise the gentleman from Michigan that I am prepared to close.

Mr. LEVIN. In closing, I support this legislation. It should not have been passed in the first place. It was not vetted effectively by the then majority. It's time. We tried before. It's time to now support this bill.

I yield back the balance of my time.

Mr. HERGER. Mr. Speaker, I yield myself such time as I may consume.

I would like to reference the Statement of Administration Policy on this bill. In this letter from the President, just to quote from it, "The Administration supports passage of H.R. 674, which would repeal a 3 percent withholding on certain payments made to private contractors by Federal, State, and local government entities."

"The effect of the repeal of the withholding requirement would be to avoid a decrease in cash flow to these contractors, which would allow them to retain these funds and use them to create jobs and pay suppliers."

Mr. Speaker, jobs are the number one priority of the American people, and jobs should be the number one priority of this Congress. Many initiatives that are billed as "creating jobs" are controversial. This is not. We're repealing a tax that hurts small businesses and that will cost the government more to implement than it collects. This is a win-win-win for businesses, workers, local public services, and taxpayers.

I urge all Members to vote to repeal the 3 percent withholding tax and create new jobs now.

With that, I yield back the balance of my time.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT
AND BUDGET,

Washington, DC, October 25, 2011.

STATEMENT OF ADMINISTRATION POLICY

H.R. 674—REPEAL OF THE THREE PERCENT WITHHOLDING ON GOVERNMENT VENDORS (REP. HERGER, R-CA, AND 269 COSPONSORS)

The Administration supports passage of H.R. 674, which would repeal a three percent withholding on certain payments made to private contractors by Federal, State, and local government entities.

The repeal of the withholding requirement in H.R. 674 would reduce a burden on government contractors who otherwise comply with their tax obligations, particularly small businesses. As evidenced in the President's

proposed American Jobs Act, released September 12, 2011, the Administration has supported alleviating this burden, which was originally enacted into law on May 17, 2006. The Administration also believes it is important to ensure that Federal contractors are compliant with tax laws and supports more targeted efforts that prevent persons with outstanding tax debts from receiving Federal contracts. The effect of the repeal of the withholding requirement would be to avoid a decrease in cash flow to these contractors, which would allow them to retain these funds and use them to create jobs and pay suppliers. This would complement the Administration's other efforts to help small businesses. Repeal of the withholding requirement would also reduce implementation costs borne by Federal and other governmental agencies. The Administration would be willing to work with the Congress to identify acceptable offsets for the budgetary costs associated with the repeal, which could include but are not limited to ones that are in the President's detailed blueprint outlined to the Congress on September 19, 2011.

Mr. JOHNSON of Illinois. Mr. Speaker, H.R. 674 is an extremely crucial piece of legislation that will permanently repeal the 3 percent withholding requirement on all government contracts. Once before, the tax's implementation date had been extended. H.R. 674 will remove any uncertainty from contractors that this tax would eventually be placed upon them.

During these difficult economic times, this extra tax would limit access to capital, increase operating expenses, and take money out of local economies fortunate enough to have contracts to build infrastructure. That means, not only would businesses be burdened, but whole communities as well, because these local contractors would not be able to hire more local workers. As a result, infrastructure projects would slow, further burdening businesses, communities, and citizens that rely on infrastructure for transportation to work, running water for their families, and interstates to move goods and services.

To further exemplify my support for H.R. 674, of which I am a cosponsor, prior to final passage, I will vote against the Motion to Re-commit. This vote will drastically alter the bill and negate any positive affect this bill will have on the American economy.

Mr. MARCHANT. Mr. Speaker, to my constituents in Texas, two things lay at the heart of this bill. The first is that the repeal of the 3 percent withholding requirement removes unreasonable burdens on contractors doing business with federal, state, and local governments; the second is that it creates a more stable economic environment to conduct business, create jobs and get America moving in the right direction.

The legislation before us repeals a requirement that may have been well-meaning but was ultimately misconceived. Whatever the original purposes of three percent requirement, the outcome would be disastrous.

Much-needed capital would be kept out of the hands of cash-strapped businesses across the country. And local and state governments—facing historic budget pressures—would be saddled with even more additional administrative and compliance costs on basic goods and services.

At a time when business investment is essential to revitalizing our economy, repealing the 3 percent withholding rule is the kind of

federal action that aids economic growth and makes possible an increase in private consumption and demand. H.R. 674 is a thoughtful, commonsense, bipartisan bill that strengthens our economy, and I urge my colleagues to support this legislation.

Mr. CONNOLLY of Virginia. Mr. Speaker, I am proud to be an original sponsor of this important bipartisan legislation, which will remove a sizable impediment to job creation in the private sector.

Repealing this burdensome 3-percent withholding regulation will offer predictability and free up capital that employers have been holding in abeyance. Those dollars now can be used to create jobs, increase wages, or fund business investments that will benefit our local economies. That is why a diverse coalition of industry and government—including retailers, telecom, and local and state government associations—strongly support this repeal.

The federal government has a historic partnership with the private sector supporting research and innovation, which has led to job creation and economic growth. Allowing this ill-conceived regulation to go into effect would damage that partnership at the very time we need to be collaborating more with the private sector.

This is one repeal that enjoys bipartisan support from the House and Senate, the President and the business community. I urge my colleagues to support it and to keep this private capital where it belongs—in the hands of our job creators.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 448, the previous question is ordered on the bill, as amended.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. Pursuant to clause 1(c) of rule XIX, further consideration of the bill is postponed.

MODIFYING INCOME CALCULATION FOR HEALTH CARE PROGRAMS

Mr. CAMP. Mr. Speaker, pursuant to House Resolution 448, I call up the bill (H.R. 2576) to amend the Internal Revenue Code of 1986 to modify the calculation of modified adjusted gross income for purposes of determining eligibility for certain healthcare-related programs, and ask for its immediate consideration.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 2576

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. MODIFICATION OF CALCULATION OF MODIFIED ADJUSTED GROSS INCOME FOR DETERMINING CERTAIN HEALTHCARE PROGRAM ELIGIBILITY.

(a) IN GENERAL.—Subparagraph (B) of section 36B(d)(2) of the Internal Revenue Code of 1986 is amended by striking “and” at the end of clause (i), by striking the period at the end of clause (ii) and inserting “, and”, and by adding at the end the following new clause:

“(iii) any amount of social security benefits of the taxpayer excluded from gross income under section 86.”.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

The SPEAKER pro tempore. Pursuant to House Resolution 448, the gentleman from Michigan (Mr. CAMP) and the gentleman from Michigan (Mr. LEVIN) each will control 30 minutes.

The Chair recognizes the gentleman from Michigan (Mr. CAMP).

GENERAL LEAVE

Mr. CAMP. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and to include extraneous material on H.R. 2576.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CAMP. Mr. Speaker, I yield myself such time as I may consume.

I am pleased to come to the floor today and share my time with one of our committee's newest members, the gentlewoman from Tennessee, Representative DIANE BLACK. In taking the lead on this legislation, Mrs. BLACK has identified an area of poor stewardship of taxpayer dollars, and she's taken steps to save the taxpayers \$13 billion. I'm happy to support her and this legislation.

H.R. 2576 modifies the income definition for determining eligibility for exchange subsidies, Medicaid, and the Children's Health Insurance Program. The legislation conforms the definition of income in the Democrats' health care law to the standards used by other Federal low-income programs such as food stamps and public housing.

By aligning this definition with other Federal subsidy programs, the legislation ensures that taxpayer funds will not be used to enroll middle class individuals into Medicaid, which is an abuse of the program's mission, to provide targeted assistance to those who are in most need of help.

One of the most encouraging outcomes of Representative BLACK's legislation is that it has garnered bipartisan support, including the support of President Obama. In its Statement of Administration Policy, the Obama administration affirms its support for passage and goes so far as to say that, and I quote, “The Administration looks forward to working with the House to ensure the bill achieves the intended result.”

Today, I urge my colleagues in the House to vote “yes” on H.R. 2576. I encourage our colleagues in the Senate to quickly follow suit.

I ask unanimous consent that Mrs. BLACK be designated to control the balance of my time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Michigan (Mr. LEVIN).