

Washington, D.C. – Congressman Wally Herger (R-CA) issued the following statement after passage of [H.R. 674](#), legislation he authored to repeal the 3% withholding tax, which would require government agencies at all levels to withhold 3% of their payments to businesses for goods and services. There has been broadly expressed concern among small businesses that this tax could wipe out their already slim profit margins, and many businesses have reported that this prospect is a barrier to hiring more workers. Ending 3% withholding is a part of the [House](#)

[Republican Plan for American’s Job Creators](#)

and has been supported by a broad coalition of business groups, including the Chamber of Commerce, National Association of Manufacturers, and National Federation of Independent Businesses, as well as organizations representing state and local governments, which would face substantial costs to implement the tax. The President has expressed support for this bill, the House passed the legislation by an overwhelming vote of 405-16, and it is now awaiting action in the Senate. You can watch a video of Congressman Herger’s floor speech in favor of the legislation

[here](#)

as well as read the text of the speech below.

“The strong, bipartisan vote in the House to repeal the 3% withholding mandate brings us one major step closer to making it easier for small businesses in our nation to create jobs. Coming from a small business background, I can attest that businesses look several years ahead when they’re deciding how to invest and that they frequently operate on slim profit margins. It is not surprising that repealing 3% withholding is supported by dozens of businesses as well as state and local governments. I’m also encouraged that the President has endorsed repeal of this detrimental mandate and urge the Senate to send this bipartisan legislation to his desk without delay.”

Text of remarks on the House floor:

“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 are 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% 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% withholding tax takes effect. As one AGC member put it, ‘The way the economy is now we are very lucky to make 3% profit. This could put us out of business along with our 300+ 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 ask unanimous consent to enter into the record a letter from the Government Withholding Relief Coalition, signed by more than 150 business, healthcare, education, and local government groups, supporting passage of this legislation, and with that I reserve the balance of my time.”