

prone community requires widening, the government turns to local sources to get the job done. In 2011, however, firms providing these necessary goods and services to governments will see 3 percent of their payments withheld.

I am troubled that the withholding provision will effectively force firms to float a new interest-free loan to the federal Treasury if they do business with a local, state or federal government. In addition, unlike other income-based withholding, which is actually based on tax liability, the new government withholding provision is based on government payments with no relationship to a company's taxable income. This means that, while businesses will be deprived of much needed cash flows for day-to-day operations, the 3 percent provision could end up significantly over withholding for tax purposes. The Joint Committee on Taxation (Joint Committee) confirmed this in its description of the provision, stating "sellers of goods and materials are more likely to have overwithholding and, thus, bear more of the burden of a flat rate because of the lower profit margin on such sales relative to sales of services."

The provision would also disproportionately harm small-and medium-sized businesses that operate on low margins, and contractors that frequently employ subcontractors. It is conceivable that, faced with 3 percent withholding on a revenue source, companies that do business with governments may inflate contract costs to compensate, shift costs to subcontractors, or simply hire fewer employees over the course of the year. Others may resort to increased debt financing to make up for reduced cash flows. In addition, governments at all levels have expressed concerns over the new administrative burdens that such withholding will require.

Among the reasons for inclusion of this provision was a desire to reduce America's tax gap, or the difference between the taxes we believe should be collected in a given year, and those that actually are. The Internal Revenue Service currently estimates the net tax gap to be in the area of \$290 billion. Whether due to taxpayer error or willful tax avoidance, the tax gap is a very real problem that can undermine taxpayer confidence in the voluntary nature of our tax system, and encourage continued non-compliance. According to the National Taxpayer Advocate, the "cost" of the tax gap could be equated to a \$2,000 annual "surtax" on each taxpayer to subsidize non-compliance. The result is that the tax gap ends up "harming compliant taxpayers because they pay their correct tax liability while others do not."

Like many, I believe that bridging the tax gap and encouraging tax compliance should remain a top priority of both Congress and the Administration. Where identification of specific non-compliant sectors of the economy has been difficult, the Administration should continue to investigate ways it can use its existing authority to improve the collection and utilization of non-wage taxpayer information for enforcement purposes. In addition, as better information on noncompliance is generated, Congress should actively consider whether additional legislation is needed to crack down on tax cheats.

Prior to implementing a new tax collection regime, such as the 3 percent withholding provision, we should investigate what other methods are at our disposal to deal with the out-

standing problems of non-compliance. To this end, I believe that any solution that aims to reduce the tax gap should consider the impacts of new burdens on taxpayers. For this reason, I am pleased to introduce the "Withholding Tax Relief Act of 2006," a companion to legislation introduced in the Senate, S. 2831, by Senator LARRY CRAIG of Idaho.

While I recognize the underlying problem of tax compliance must be addressed, I believe this problem—as it pertains to businesses and individuals that provide goods and services to governments—can be tackled in a less intrusive manner than withholding, and with positive results. As reported by the Joint Committee, the withholding provision is estimated to increase revenues coming into the Treasury by \$6.079 billion in its first year of implementation, and between \$215 million and \$235 million per year over the next four years. Further, the Joint Committee recognizes that the "significant revenue effect" in the year of implementation "is largely attributable to accelerating tax receipts," indicating that the additional compliance sought by this provision is really in the ballpark of \$235 million. Still, in order to recapture this amount of unpaid taxes, the withholding provision will affect over \$6 billion of government payments to honest business and individual taxpayers.

It is probably unrealistic to think that we could ever reduce non-compliance to zero, especially given the enormous complexity of our CUITent tax code. But apart from fundamental tax reform and simplification, increased compliance should remain an objective. Congress and the Administration should continue to pursue increased compliance alternatives, including the use of the federal government's already broad authority to levy federal payments, improve coordination and use of taxpayer information, require new information reporting, or increase enforcement. Ultimately, though, any alternatives that focus on compliance should be balanced against the new burdens such compliance mechanisms would cause. We should avoid placing unnecessary burdens on all honest taxpayers in a particular sector of the economy to force the compliance of the few.

Although I recognize that repeal of the 3 percent withholding provision will leave the actual problem of non-compliance unanswered, I believe withholding is the wrong policy approach to this issue. Repeal, as proposed in the "Withholding Tax Relief Act of 2006," serves as a reminder of the importance of this issue, and the need to seriously address the impacts this policy will have on businesses in my congressional district and elsewhere in the country. In addition, we must also begin discussion of alternatives to withholding. I intend to continue working with the business community and others in the 110th Congress on ways to reduce any eventual burdens this provision will cause, as well as alternatives to withholding that will reduce taxpayer non-compliance.

PETS EVACUATION AND TRANSPORTATION STANDARDS ACT OF 2006

SPEECH OF

HON. SILVESTRE REYES

OF

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 20, 2006

Mr. REYES. Mr. Speaker, I would like to express my appreciation to Representative TOM LANTOS for introducing H.R. 3858, the Pets Evacuation and Transportation Standards Act of 2006.

Hurricane Katrina brought to light the difficult circumstances and decisions citizens may face when forced to evacuate their homes. Heartbreaking scenes and stories of evacuees being forced to leave behind their beloved pets were all too common. Thankfully, many evacuees were reunited with their animals after the storm. However, thousands of pets either did not survive or may still be separated from their owners.

H.R. 3858 would ensure that all States and communities include the evacuation of pets and service animals within their emergency and disaster preparedness plans. With pets present in 63 percent of American households, this legislation would provide the needed tools for citizens and communities to better navigate the already stressful experience of evacuation.

I was not present when the House considered H.R. 3858 because I was in Texas to participate in a critically important conference on Latino health issues. However, I would have voted in favor of this legislation. I now look forward to the President signing the bill into law.

RECOGNIZING HONORAIR 2006

HON. CHARLES H. TAYLOR

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 28, 2006

Mr. TAYLOR of North Carolina. Mr. Speaker, I rise today to recognize the World War II veterans group, "HonorAir" of Western North Carolina, who recently visited Washington, DC. I want to commend the residents of Henderson County, who made this trip possible and showed the rest of the Nation how to honor the heroes of the greatest generation.

The residents of Henderson County, with a population of 98,000, raised more than \$100,000 to send 220 World War II veterans on two chartered aircrafts to Washington, DC to see the World War II memorial for the first time.

The World War II Memorial honors the 16 million who served in the Armed Forces of the U.S., the more than 400,000 who died, and all who supported the war effort from home. Symbolic of the defining event of the 20th century, the memorial is a monument to the spirit, sacrifice, and commitment of the American people.

The idea for HonorAir started when Jeff Miller, a resident of Western North Carolina whose father served in the Navy in the Pacific Theater, read an article about a man who flew World War II veterans in a small plane to Washington, DC to see the memorial.

A fundraising campaign began in Western North Carolina on Memorial Day and ran

through July 4, 2006. This effort was lead by Jeff Miller, Frank Schell, David Reeves, David Adams, Senator Tom Apodaca, Mike Murdock, Henry Johnson, George Erwin, Meridith Elliott, Marybeth Burns, Kim McKibbin and Sarah Smith. Within 6 months, residents young and old rallied to raise more than \$100,000 for the trip. I would like to commend these individuals for their hard work in making this awe-inspiring idea into reality. Also, I want to commend Mr. Frank Schell and the "guardians," a group of over 50 volunteers, who flew up from North Carolina to assist with the operation of the event.

From the celebrated departure at the Asheville Regional Airport, to the water-arched greeting at Reagan National Airport, to the wreath ceremony at the Tomb of the Unknowns, the World War II veterans of Henderson County received a day of honor that was long deserved. It is apparent that the people in Henderson County truly love the Nation, and they honor the heroes who have protected it.

Again, it was truly an honor to take part in HonorAir 2006 and I and the rest of the United States Congress hope to see more events like this around the Nation.

CELEBRATING KPMG LLP'S
VOLUNTEERISM IN PHILADELPHIA

HON. ROBERT A. BRADY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 28, 2006

Mr. BRADY of Pennsylvania. Mr. Speaker, I rise today to recognize the spirit of volunteerism embodied by a company in Philadelphia which celebrates its 100th anniversary in our city, KPMG LLP.

KPMG's partners and employees serve as officers, directors and volunteers for many of Philadelphia's philanthropic and charitable organizations. Earlier this year, KPMG sponsored the "City Hall in Bloom" spring planting. As part of the event, more than 200 KPMG volunteers joined students from the Bach-Martin Elementary School in clearing, cleaning and preparing beds for more than 8,500 flowers, plants, and trees in the largest volunteer clean-up ever mounted at City Hall. Other examples of KPMG's volunteerism are many. Employees helped paint the interior of Bach-Martin school and created a new mural for the entrance. The firm also has assisted the "Help Philadelphia" women's shelter with a number of events over the years. And last year, KPMG helped welcome refugees from Hurricane Katrina, assisting in their relocation, while this year a group of KPMG professionals traveled to the Gulf region to help rebuild homes with Habitat for Humanity.

In 1906, Marwick, Mitchell & Co. opened its doors on Chestnut Street. Marwick, Mitchell & Co. was then a small accounting firm with less than a handful of partners. In the these last 100 years, Philadelphia has added greatly to its history as the birthplace of the American republic to its renown as one of the Nation's leading ports, centers of commerce, and home to many Fortune 500 companies. Marwick, Mitchell & Co. grew with Philadelphia and is known today as KPMG.

Throughout its history, KPMG has been and is an outstanding citizen of Philadelphia.

KPMG is today one of the oldest and largest professional services firms in the city, employing more than 850 professionals headquartered on Market Street and providing a variety of audit, tax and advisory services to the public and private sectors.

Mr. Speaker, I am proud to pay tribute to KPMG and its people for 100 years of service to Philadelphia, for its contributions to the growth and health of the city's commerce, and for its many efforts benefiting our community's quality of life.

GREAT LAKES FISH AND WILDLIFE
RESTORATION ACT OF 2006

SPEECH OF

HON. TED STRICKLAND

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, September 27, 2006

Mr. STRICKLAND. Madam Speaker, I would like to take this opportunity to express my strong support for S. 2430, the Great Lakes Fish and Wildlife Restoration Act of 2006 (GLFWRA), which passed the House yesterday. This important legislation makes available critical federal dollars allowing state and tribal management agencies to take significant strides to address the challenges threatening Great Lakes fish and wildlife resources and habitats. This bipartisan bill passed the Senate by unanimous consent and I am hopeful will be signed by the President soon. I believe the reauthorization of the GLFWRA will go a long way to help protect the environmental and economic health of one of our nation's most unique and splendid natural treasures: the Great Lakes.

In both size and ecological diversity, there is no other freshwater system which matches that of the Great Lakes Basin. The Great Lakes are simply magical. They offer outstanding recreational and tourism opportunities. The Great Lakes are a source of drinking water for millions of residents and provide a safe and efficient mode of transportation in the region. Obviously, the Great Lakes also provide habitat for our fisheries and wildlife. Ohioans know what Lake Erie means for the state's economy. Lake Erie alone produces more fish for human consumption each year than the other four lakes combined. And, Lake Erie supports a \$1 billion a year sport-fishing industry and one of the largest freshwater commercial fisheries in the world. There is no question that restoration and protection of one of our nation's most unique and precious resources, the Great Lakes, warrants the level of federal commitment reauthorized under S. 2430.

I am pleased that S. 2430 is consistent with the Great Lakes Regional Collaboration's (GLRC) Strategy to Restore and Protect the Great Lakes. The GLRC is a tremendous effort to coordinate the pathway forward for the restoration, protection, and sustainable use of our Great Lakes. I am pleased that passage of the Great Lakes Fish and Wildlife Restoration Act will advance the GLRC goals which were developed through extensive collaboration of federal, state, tribal, and local partners.

The challenges facing the Great Lakes will not be solved overnight, but the GLRC process has designed a unifying strategy forward, and I strongly support S. 2430 as one part of

that strategy to restore and protect our invaluable Great Lakes.

BULGARIAN MIRACLE CONTINUES

HON. JOE WILSON

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 28, 2006

Mr. WILSON of South Carolina. Mr. Speaker, yesterday was a joyous day for the people of Bulgaria. The European Commission recommended Bulgaria be admitted into the European Union in January 2007.

In less than 16 years, Bulgaria has successfully transitioned from a Communist totalitarian regime into a free market democracy.

Just 3 years ago, I was honored to be at the White House with former Prime Minister Simeon Saxe-Coburg Gotha as Bulgaria was admitted into NATO. Bulgaria has proven to be a true ally in the Global War on Terrorism, and Bulgarian troops have served bravely in Iraq and Afghanistan. There are currently plans for three U.S. bases to be located within Bulgaria.

Bulgaria has one of the fastest growing European economies, and membership in the EU will accelerate its pace. Economically and militarily, Bulgaria is secure.

Congratulations to President Georgi Parvanov, Prime Minister Sergey Stanishev, Ambassador to Washington Elena Poptodorova, and my longtime friend Ambassador to Athens Stefan Stoyanov.

I am grateful to serve with Congresswoman ELLEN TAUSCHER as Co-Chair of the Bulgarian Caucus, promoting the growing partnership between Bulgaria and America.

In conclusion, God bless our troops, and we will never forget September 11th.

TRIBUTE TO AUTISM SPEAKS

HON. J.D. HAYWORTH

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Thursday, September 28, 2006

Mr. HAYWORTH. Mr. Speaker, the incidence of autism is rapidly growing. By some estimates, one out of every 166 children born today will be diagnosed with autism. And science has not yet been able to determine a cause or treatment for autism. Efforts to treat children with autism have resulted in children being subject to chelation, hyperbaric chambers, massive allergy therapies, and restrictions in diet, to name a few. So many treatments, yet few have real scientific proof behind them and none have proven effective. With such a great number of children affected by autism, we need to find the cause and also a cure! To assist in these efforts, the people of Arizona are raising awareness through such events as the Lake Pleasant Bar-b-que Cook-off. The people of Lake Pleasant, Arizona will host Autism Speaks, a national organization that raises awareness about autism and is actively searching for the causes of and a cure for autism. Events like these are crucial to raising awareness about the prevalence of and lack of information on autism. I applaud organizations like Autism Speaks for raising awareness of autism and the need for more scientifically-based information.