

community college campuses with high Latino enrollment.

We believe that our adhesion to the Cal State Fullerton mission to make this campus a place where "learning is preeminent" and our enforcement of rigorous academic standards have been keys to our success. By serving the learning needs of all students, we serve Latino students; by maintaining high learning expectations, we serve Latino students; by caring for the well-being of our students, we serve Latino students.

An activist community orientation defines the role the university will take in town grown partnerships. Such involvement better informs university personnel of the community's needs. These partnerships must engage students, faculty, staff, and campus administration in university-wide service commitments. The university must be a good neighbor and a good partner.

In working in the Latino community, campus personnel must be culturally aware and mindful of the central role family plays within the culture. We must have a clear and simple outreach message. In providing information on what students need to know to be college ready, make sure you know your audience. Our information must be available in straight-forward language that does not speak down to our audience and written in language understood by parents. We will be developing a Spanish-language campus website and improved, accessible messages in Spanish to reach out to our Latino parents and potential students.

All of the programs and services enumerated above define what it means to be a student-focused institution and are integral to making us a Hispanic Serving Institution in word and deed.

I personally look forward to our continued collaboration to make this a place where all students can be successful and achieve their dreams regardless of race, gender or ethnicity.

I look forward to Dr. Gordon's continued work for Cal State Fullerton and KinderCaminata and it is my pleasure to honor him today.

#### COMMENDING THE UNIVERSITY OF NEBRASKA-LINCOLN VOLLEYBALL TEAM FOR WINNING NCAA DIVISION I WOMEN'S VOLLEYBALL CHAMPIONSHIP

**HON. ADRIAN SMITH**

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 13, 2007*

Mr. SMITH of Nebraska. Mr. Speaker, I rise today in favor of House Resolution 99, congratulating the University of Nebraska-Lincoln Women's Volleyball team on winning the 2006 NCAA Division I Women's Volleyball Championship. December 16, 2006 marked the completion of a phenomenal year that resulted in a 33-1 record and the program's third national title, not to mention the largest audience ever for a woman's college volleyball game.

The hard work and determination of this team exudes the spirit of achievement that is reflected within the people of the great State of Nebraska. Junior Sarah Pavan has continued a Husker tradition of achievement in athletics and academics by being named the ESPN the Magazine Academic All-American of the Year. This honor brings the university's all-time total of Academic All-Americans to 234 and 29 for the program. These totals lead the nation in both categories.

Head coach John Cook, along with the entire coaching staff, should be commended for their training and dedication to a team that became only the third team in NCAA history to be ranked number one in the American Volleyball Coaches Association poll for an entire season. Also to the credit of Coach Cook, this is the second title that the team has earned under his direction.

Therefore, I ask my colleagues to consider the great honor that the University of Nebraska Volleyball team has brought to themselves, their families, their university, and the State of Nebraska and vote for House Resolution 99.

#### INTRODUCTORY REMARKS FOR SECTION 511 REPEAL

**HON. KENDRICK B. MEEK**

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 13, 2007*

Mr. MEEK of Florida. Madam Speaker, I rise today, pleased to introduce a piece of legislation along with my co-sponsor and esteemed Ways and Means colleague, Congressman WALLY HERGER, that will repeal a law that unfairly burdens local governments with annual procurement spending over \$100 million, which includes Miami-Dade County.

The legislation would repeal Section 511 of the Tax Increase Prevention and Reconciliation Act of 2005 which was slipped into the legislation without an up-or-down vote on the amendment.

Section 511 requires local governments that spend over \$100 million in procurements, primarily located in large urban centers, to deduct a 3 percent withholding tax from payments made to their vendors for federal income tax purposes. This legislation will become effective in 2011.

We have the opportunity with this legislation to help repeal Section 511 which unfairly burdens our cities and urban centers where many people living below the poverty line reside. If Section 511 is not repealed, the poor will be further squeezed as the cost of future increased procurement contracts will be passed on to the neediest people, while services and day-to-day operations may be jeopardized too.

According to Miami-Dade County officials, the withholding tax will raise the cost of purchases by 3 percent or more and Miami-Dade County would have to absorb an annual increase in the cost of goods and services in excess of \$57 million, given the annual value of contracts for goods and services awarded by Miami-Dade County will exceed \$1.9 billion.

Small businesses and companies pursuing government contracts, many of whom operate on tight margins or irregular cash flows, would also be adversely affected in this bid process, while large companies with established reserves could better absorb this withholding tax.

Devolution of taxation down from the federal government to state and local governments is a problem that we must fix. This is but one small, but very important step toward doing just that.

#### INTRODUCTION OF THE WITHHOLDING TAX RELIEF ACT OF 2007

**HON. WALLY HERGER**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 13, 2007*

Mr. HERGER. Madam Speaker, I have long championed tax relief for small businesses because I believe such firms are the life-blood of our economy. As a small businessman myself, I know how small business owners struggle to remain profitable in a highly competitive and extremely challenging environment. Yet they continue to be the drivers of much of our nation's economic and new job growth. It is for this reason that I have strongly supported increases to the current section 179 small business expensing limits, an end to the onerous death tax, and the reduced double taxation of capital gains and dividends. I am concerned, however, that a little known revenue raising provision, passed as part of the tax reconciliation bill last May, will hamper small business creative spirit by significantly and adversely changing the way governments pay for the goods they use and services they require.

Effective in 2011, section 511 of the Tax Increase Prevention and Reconciliation Act of 2005 will require federal, state, and local governments to withhold 3 percent from payments for goods and services, excluding payments to non-profits and those made by governments with less than \$100 million in annual expenditures. This onerous provision will not take effect for just under four years. But I believe we have to begin addressing the impacts it will have on honest taxpaying businesses now, and actively seek alternatives to withholding.

Thousands of businesses and individuals across the country are reimbursed by governments for various reasons every day. In my Northern California congressional district, governments rely on local and regional businesses all the time to maintain public services—from the electrician who re-wires a city council chamber in Redding to the construction company that builds an interchange at a dangerous stretch of highway in Butte County. When the Feather River needs a new setback levee, or an existing levee in the network requires urgent repairs to protect the community, the Army Corps of Engineers employs local businesses for construction and materials. Similarly, when an escape route from a fire-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 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 nonwage 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 outstanding 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 join my fellow Ways and Means Committee member, Representative KENDRICK MEEK of Florida, in introducing the "Withholding Tax Relief Act of 2007." This bill mirrors legislation I introduced toward the end of the 109th Congress along with 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 implementa-

tion, and between \$215 million and \$235 million per year over the next 4 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 businesses and individual taxpayers.

It is unrealistic to think that we could ever reduce non-compliance to zero, especially given the enormous complexity of our current 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, improving coordination and use of taxpayer information, requiring new information reporting, or increasing 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 2007," 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 the congressional district I represent and elsewhere in the country. In addition, we must also begin discussion of alternatives to withholding. I intend to continue working with 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.

#### TRIBUTE TO THE 150TH ANNIVERSARY OF THE ESTABLISHMENT OF IRON COUNTY, MISSOURI

**HON. JO ANN EMERSON**

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 13, 2007*

Mrs. EMERSON. Madam Speaker, I rise today to recognize the 150th anniversary of the establishment of Iron County, MO. I congratulate Iron County and all of its residents as they celebrate this milestone.

On this occasion, I am reminded of Iron County's rich Civil War history and its economic and recreational contributions to our State and Nation. Iron County is the home of Fort Davidson State Historic Site, which commemorates the Civil War battle at Fort Davidson where an outmanned Union army delayed a Confederate invasion of nearby St. Louis. The delay allowed the Union to successfully defend St. Louis and ultimately achieve victory in the war.

Additionally, Iron County is well known for its natural beauty and abundance of re-

sources. Settled beautifully along the oldest mountain range on our continent, the Ozark Highland, Iron County has helped supply our Nation with lead and electricity for decades.

Iron County is the home of strong family values that form the foundation of our communities. I thank those whose daily works of neighborliness and good citizenship make Iron County a wonderful place in which to live and work. My thoughts and prayers will continue to be with the residents of Iron County whom I have come to know well and deeply respect. Again, congratulations to Iron County, MO, on 150 years of wonderful history.

#### COMMEMORATING THE NATIONAL PSORIASIS FOUNDATION'S FOURTH ANNUAL CAPITOL HILL DAY FEBRUARY 2007

**HON. JIM GERLACH**

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 13, 2007*

Mr. GERLACH. Madam Speaker, I rise today in recognition of the National Psoriasis Foundation and its fourth annual Capitol Hill Day, to be held February 26, through which the Foundation and nearly 100 advocates from across the country will seek to bring much-needed attention to an often overlooked and serious disease that affects constituents in each of our districts. According to the National Institutes of Health (NIH) as many as 7.5 million Americans are affected by psoriasis—a chronic, inflammatory, painful, disfiguring and disabling disease for which there are limited treatments and no cure. Ten to 30 percent of people with psoriasis also develop psoriatic arthritis, which causes pain, stiffness and swelling in and around the joints. There are an average of 17,000 people living with psoriasis and psoriatic arthritis in every congressional district. (Estimate based on 2000 Census Data/Census apportionment population with the average size of a congressional district of 646,952 and prevalence rate of 2.6 percent.) In my district, there are nearly 20,000 constituents and 320,000 Pennsylvanians state-wide affected by psoriasis.

Psoriasis is widely misunderstood, minimized and under-treated. In addition to the pain, itching and bleeding caused by psoriasis, many affected individuals also experience social discrimination and stigma. Many people also mistakenly believe psoriasis to be contagious. Psoriasis typically first strikes between the ages of 15 and 25 and lasts a lifetime. As such, psoriasis and psoriatic arthritis impose significant burden on individuals and society; together they cost the Nation 56 million hours of lost work and between \$2 billion and \$3 billion in treatments each year.

Despite the serious adverse effects that psoriasis and psoriatic arthritis have on individuals, families and society, psoriasis and psoriatic arthritis are under-recognized and under-funded by our Nation's research institutions. The NIH has spent less than one dollar per person with psoriasis on average each of the last 10 years. At the historical and current rate of psoriasis funding, NIH funding is not keeping pace with research needs. I urge my colleagues to take action this year to boost funding for psoriasis and psoriatic arthritis, support efforts to improve and expand psoriasis and psoriatic arthritis data collection,