

July 20, 2006

Honorable **(Your U.S. Senator)**  
**(Your U.S. Senator's Address)**

Dear Senator **(Your U.S. Senator's name)**:

**Sample introductory paragraph:**

I am writing to urge you to support Senate Bill 2821, the *Withholding Tax Relief Act of 2006*. This bill was introduced on May 17, 2006, by U.S. Senator Larry Craig, (R-ID) and would repeal Section 511 of H.R. 4297, known as the *Tax Increase Prevention and Reconciliation Act of 2005* (P.L. 109-222).

Here's what section 511 states:

The Government of the United States, every State, every political subdivision thereof, and every instrumentality of the foregoing, including multi-State agencies, making any payment to any person providing any property or services (including any payment made in connection with a government voucher or certificate program which functions as a payment for property or services) shall deduct and withhold from such payment a tax in an amount equal to 3 percent of such payment. The amendment made by this section shall apply to payments made after December 31, 2010.

**Next, explain that your company sells products or services to the federal government, your state government, etc. If your company relies on selling to a government, be sure to include that information.**

**Next, explain how Sec. 511 impacts you and your fellow government contractors:**

Many businesses in your state that conduct business with the federal government and the State of **(YOUR STATE)**, I believe, will be negatively impacted by this tax.

As you know, many businesses exist on very tight cash flows and simply will not be able to withstand the cash flow reduction this tax will impose.

This 3 percent withholding tax will impose a financial burden on all businesses that heavily rely on sales to the government.

Another problem with this new tax is that it is based on the value of the contract, with no relationship to companies' taxable income.

**How Section 511 could ultimately hurt taxpayers:**

Businesses are already struggling to provide quality products and services to the government at the lowest possible price. This tax could lead to less competition for government business, driving up prices to taxpayers, who ultimately pay for all government goods and services.

**Here's another problem:**

In addition, the costs to governments at all levels to administer the program will be substantial and the process exceedingly complicated to implement.

**It's important to start the campaign now to enact S. 2821:**

Although this tax doesn't take effect for several years, we think that it is important to begin the campaign immediately in support of S. 2821.

**Sample conclusion:**

My company and my association, the National Association of Credit Management, will be working hard to enact S. 2821. I would be grateful if you would join us in this effort by supporting, voting and perhaps even co-sponsoring S. 2821 with Senator Craig. Any efforts you extend towards this campaign will be deeply appreciated.

Thank you for your attention to this matter of vital concern to my business.

Sincerely yours,

**(Your Name)**

**(Your title)**

**(Your Company)**

**(Your Company's address)**