

# NACo Legislative Bulletin

**ACTION  
NEEDED!**

Executive Director: Larry E. Naake, Legislative Director: Edwin Rosado

October 28, 2011

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## **A NACo Victory! House Passes Bill to Repeal Three Percent Withholding Requirement**

On October 27, in a rare moment of bipartisanship, the House overwhelmingly passed H.R. 674 by a vote of 405-16. Thanks to all NACo members who weighed in with their representatives to help defeat this unfunded mandate. NACo has sought repeal of this onerous provision since 2005 when it was enacted in the Tax Increase Prevention and Reconciliation Act (Section 511 of Public Law 109-222).

According to the rule adopted by the House, H.R. 674 was combined with H.R. 2576, which was also approved by the House yesterday with bipartisan support, into one measure. H.R. 2576, essentially the offset, would adjust the income qualifications for purposes of determining eligibility for certain healthcare-related programs, such as Medicaid. NACo does not have specific policy on H.R. 2576 and it appears unlikely that the adjustment would have an impact on counties. The Administration has endorsed both H.R. 674 and H.R. 2576.

The last significant repeal effort on the three percent withholding occurred with the passage of the 2009 American Recovery and Reinvestment Act, where NACo was successful in achieving a one year delay in implementation. Therefore the full repeal found in H.R. 674 is an incredible victory.

The three percent withholding requirement would have mandated many county governments, starting in 2013, to begin withholding three percent from payments for goods and services and then remitting the amounts to the U.S. Treasury. Given the current economy, the requirement posed serious fiscal and administrative implications on county governments because no funding was provided for federal, state or local government entities to assist with implementation.

Attention now turns to the Senate, where the most recent action was a failed vote last week to invoke cloture on a bill (S. 1726) introduced by Senator Mitch McConnell (R-Ky.). The bill is identical to S. 164, introduced by Senator Scott Brown (R-Mass.), which calls for full repeal of the three percent withholding requirement. While both sides of the aisle are supportive of repeal, the disagreement in the Senate generally focuses on the designated offset, which calls for a rescission of unobligated, discretionary funds. The remaining questions now are how soon the Senate will act to repeal and whether the offset approved by the House will be accepted.

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## **House Expected to Take Up Wireless Tax Fairness Act – Action Needed!**

NACo has learned that next week the House is planning to take up H.R. 1002,



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the Wireless Tax Fairness Act of 2011. Consideration of the bill could come as early as Tuesday. NACo, along with other local government representatives, has opposed H.R. 1002 because it would preempt state and local taxing authority. Additionally, the bill represents a federal intrusion that would carve out one sector of the communications industry for favorable tax treatment. Furthermore, if enacted, other industries would be sure to follow seeking preemptive relief from state and local taxes.

H.R. 1002, introduced by Rep. Zoe Lofgren (D-Calif.), would prohibit state and local governments from imposing any new “discriminatory” taxes on wireless service providers and property. Proponents of the bill claim that the wireless industry is overly taxed compared to other businesses, which has negatively impacted growth and broadband deployment. Even though data from mid-year 2010 showed that there are over 292 million cell phone subscribers, representing approximately 93 percent of the nation’s population and nearly double the number of subscribers in mid-year 2005.

**Action Needed:** Please call your House member and urge them to oppose H.R. 1002. For more information, NACo’s Fact Sheet on Preferential Tax Treatment for Cell Phones can be found [here](#). To call your Representative, dial the Capitol switchboard at 202/224-3121 and ask for their office.  
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### **Beginning Farmer & Rancher Bill Introduced — Action Needed!**

The Beginning Farmer and Rancher Opportunity Act of 2011, H.R. 3236, was introduced on October 25. The act is a bipartisan and bicameral bill introduced in the House of Representatives by Representatives Tim Walz (D-Minn.) and Jeff Fortenberry (R-Neb.). Senator Tom Harkin (D-Iowa) and other members of the Senate Agriculture Committee plan to introduce an identical companion bill next week.

The sponsors intend to push for inclusion of the act’s provision in the 2012 Farm Bill. The bill addresses many of the barriers that new agriculture entrepreneurs face such as limited access to land and markets, hyper land price inflation, high input costs, and a lack of sufficient support networks. The bill includes provisions that cut across six titles of the Farm Bill, including proposals that address conservation program set asides and incentives, access to credit, rural development, research and extension, and access to crop insurance and risk management. For more information about the bill [visit](#).

NACo supports this bill. Enhancing opportunities for beginning farmers and ranchers is one of NACo’s four key Farm Bill priorities. Providing opportunities for young people to be involved in agricultural enterprises strengthens rural counties by enhancing economic opportunity and reversing outmigration trends.

**Action Needed:** Please call your Congressional delegation, especially Agriculture Committee members, and ask them to cosponsor the Beginning Farmer and Rancher Opportunity Act of 2011. To call your Senators and Representative dial the Capitol switchboard at (202) 224-3121 and ask for their office. For additional information about NACo’s Farm Bill priorities, [visit](#).  
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### **President Obama Announces Expansion of Home Mortgage Refinancing Options**

On October 24, President Obama announced that the U.S. Department of Housing and Urban Development - Federal Housing Finance Agency is expanding [eligibility for the Home Affordable Refinancing Program](#).

The changes will help responsible borrowers with little to no equity in their homes take advantage of the historically low interest rates now to refinance their mortgages. According to the Obama Administration, these changes will help save homeowners with underwater mortgages up to thousands of dollars each year.  
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### **Agriculture Secretary Vilsack Puts Forward 2012 Farm Bill Priorities**

Agriculture Secretary Tom Vilsack spoke at the John Deere Des Moines Works in Ankeny, Iowa on October 24 and announced USDA’s priorities for the 2012 Farm Bill. Vilsack stressed that the public and policymakers should think beyond just farm policy as the bill will help determine what our farms and our rural communities look like, what our energy policy is and what we all eat.

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The major announcements in the speech included a call for increased funding for agricultural research and improved disaster assistance programs for farmers and ranchers. However, the Secretary did include NACo's four key farm bill priorities in USDA's list of priorities. Vilsack emphasized the importance of a robust rural development policy that is more efficient, flexible and user friendly for rural businesses and communities. He also stressed the need to support regional rural development efforts and beginning and young farmers and ranchers. Supporting programs which encourage renewable energy development and local food systems were two other centerpieces of his rural development priorities.

To access the full speech, [visit](#).

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#### **About NACo**

National Association of Counties (NACo) is the only national organization that represents county governments in the U. S. NACo provides essential services to the nation's 3,068 counties. NACo advances issues with a unified voice before the federal government, improves the public's understanding of county government, assists counties in finding and sharing innovative solutions through education and research and provides value-added services to save counties and taxpayers money.

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