

August 26, 2011

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**HOUSE PLANS VOTE TO REPEAL WITHHOLDING ON GOVERNMENT CONTRACTORS**

House Majority Leader Eric Cantor (R-VA) said this week that the House will vote this Fall to repeal a three percent withholding requirement for government contractors that is due to go into effect next year. The requirement was created under the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA) to prevent local, state and federal government contractors from avoiding paying taxes but lawmakers have twice pushed back the implementation date.

Buried deep within TIPRA is Section 511 which requires three percent of the total contract value on most public projects be withheld from the contractor to insure he/she pays federal taxes. The withholding is a flat percentage of revenues from government payments, bears no relationship to companies' taxable incomes, and will restrict cash flow needed for day-to-day operations and investments. Furthermore, the administrative and capital investment costs of compliance, with three percent withholding imposed on businesses and governments, will be substantial, and the mandate will be exceedingly complicated to implement. Three percent withholding will be especially burdensome for small businesses.

Repealing the withholding tax continues to be an important priority for petroleum marketers. PMAA strongly supports H.R. 674, introduced by Representative Wally Herger (R-CA) which would repeal the withholding tax.

**HIGHWAY BILL EXTENSION COMMITTEE VOTE ON SEPTEMBER 8**

The day after returning from August recess, the Senate Environment and Public Work Committee is planning to move a clean four month extension of the Highway bill on September 8, ahead of the programs September 30 expiration. Mark-up of the Committee's two year reauthorization may also begin the following week. It's unclear how the short term extension would play in the House, where Transportation and Infrastructure Chairman John Mica (R-FL) has been adamant about passing a six-year bill.

**2012 WESTERN PETROLEUM MARKETERS CONVENTION & CONVENIENCE STORE EXPO LAS VEGAS, NEVADA**

Start planning now to attend the 2012 WPMA Convention and Convenience Store Expo. It will be held at the Mirage in Las Vegas, Nevada. Our keynote speaker will be Ben Stein. Mark your calendars for February 21-23, 2012.

**MARK YOUR CALENDARS FOR UPCOMING EVENTS IN 2011**

**August 30-31, 2011** – NMPMA Convention – Embassy Suites, Albuquerque, New Mexico

**September 12, 2011** – IPM&CSA Golf Tournament – Teton Springs-Headwater Golf Course – Victor, Idaho

**September 14-16, 2011** – UPMRA Convention – Rainbow Hotel and Casino – Wendover, NV

**September 21, 2011** – NPM&CSA – Tanker Yanker – Reno, NV

**Petro Pete:** *"The recession has hit everybody really hard. My neighbor got a pre-declined credit card in the mail."*

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If you do not wish to receive information via fax or e-mail, please contact WPMA at: (801) 263-9762, Fax: (801) 262-9413, or e-mail: [janr@wpma.com](mailto:janr@wpma.com). Thanks.

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