

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,