



Federal money issues affecting surveyors

By Laurence Soggi, *The C.L.A. Group*

Three percent withholding tax

As you've probably heard by now, there is a battle between small business groups whose members are government contractors and Congress regarding a three percent withholding tax that was part of a tax reconciliation bill signed into law by President Bush last year. Section 511 of the Tax Increase Prevention and Reconciliation Act of 2005 (P.L. 109-222) calls for federal, state and local governments with expenditures of \$100 million or more to withhold three percent of payments for goods and services from all product and service contracts and sales. The withholding tax will also affect Medicare payments, farm aid and certain grants. The withholding tax is due to take effect in 2011, although several Members of Congress are pushing for an earlier starting date.

The money withheld will be attributed to the company's overall tax liability. For example, if a company had \$100 withheld and owes a total of \$120 in taxes, then they would owe the government \$20 dollars. If a company had \$100 withheld and owes a total of only \$90 in taxes, then the company would get a refund of \$10.

Supporters of Section 511 argue that imposing withholdings on non-wage payments made by federal, state and local governments would improve taxpayer compliance, reduce the tax gap, and promote fairness in the tax system. Opponents of the withholding tax argue that there are many harmful consequences to businesses, particularly small businesses, if Section 511 is not repealed. The three percent withholding significantly affects cash flow and can have a devastating affect on the bottom line. Here is an example of how devastating this withholding tax can be.

Let's say that a business has a government contract valued at \$100. Three percent withheld would equal \$3. Now, out of the \$100, let's say the business spends 70% or \$70 on expenses associated with carrying out the contract. That leaves 30 percent or \$30. Out of the \$30, ten percent (or \$3) is the business' profit (after taxes), which is the amount of the withholding tax. In this case, 100 percent of the profit would be withheld.

This year, many Members of Congress who support Section 511 want to use the provision as a revenue-raising source and as an offset for the reauthorization of the Secure Rural Schools and Community Self-Determination Act of 2000.

The American Congress on Surveying and Mapping (ACSM) and other business groups are working to

urge Congress to find another way to offset the Act. Additionally, we are concerned that even if we succeed in getting Congress to find another source for the rural schools, Congress will use the withholding tax to fund some other need.

A coalition of business groups called the Government Withholding Relief Coalition was developed to work to repeal Section 511. During the past few months, members of the coalition met with a number of Members of Congress to educate them on the burden Section 511 places on small business. On February 13, 2007, Congressmen Kendrick Meek (D-FL) and Wally Herger (R-CA) introduced H. R. 1023, the Withholding Tax Relief Act of 2007 which would repeal Section 511. Check out the monthly *GovernmentJGAC*, from p. 55 *Affairs Updates* for more on this issue.

FY 08 Budget cuts affecting surveyors

The President's FY08 Budget came out in February and it included funding cuts to several federal programs important to surveyors. The Bureau of Land Management, USGS Geography Program, FEMA Flood Map Modernization Program, and Federal Railroad Administration Nationwide Differential GPS were among those most affected.

- **Bureau of Land Management (BLM).** The President's budget reduces funding for the BLM Alaska Conveyance program by \$1.8 million and the Cadastral Survey program by \$3.2 million. The budget narrative explains that the Cadastral Survey decrease reflects a reduction of BLM survey work. The program will continue to focus efforts on providing core functions and oversight of approving surveys, addressing public inquiries, boundary consultation, guidance and oversight, and Geographic Coordinate Database management.
- **USGS Geography Program.** The President's FY 2008 budget request represents a net decrease of \$1.7 million below the 2007 level for the USGS Geography Program. In 2007, funding for the Geographic Research, Investigations, and Remote Sensing Cooperative Topographic Mapping Program was moved to the National Geospatial Program. That program received an increase of \$1.6 million over the 2007 amount. For the second year in a row there was no request for funding for the Cooperative Topographic Mapping Program. The

On the Larceny of Rocks

— By Joseph Stuart

Last week, someone bold stole my Grandma's rock. Two hundred pounds of finest Minnesota granite, all streaked and handsome and set in concrete, stood sentry over her front yard for more than a decade. But no longer. Boot tracks, scuff marks, and broken concrete were all that remained after the theft. The police officer concluded that little could be done, admitting that it was his first case of "rock robbery"

In East Texas, rock is worth a lot—perhaps because it's so scarce. My family had crushed rock hauled in for a driveway all the way from Oklahoma! And Grandma's prized rock travelled quite a bit too before it came to mark the corner of her property. It's brazen theft set me to thinking about the physical world in general.

Rocks dot the Earth which we inhabit, and over the centuries, they deteriorate into particles which fortify our soils with valuable minerals. Surveyors use rocks to mark boundaries, and landscape professionals use them to create miniature nature in our gardens. In an esoteric world, rocks are symbols of stability.

These last "rocks" we don't think about enough. We give so much attention to our cars, jobs, and the latest and greatest stores in our neighborhoods (despite our already choked roads), that the true rocks of life—true nature of things, freedom, learning, and friendships—become somehow peripheral.

We tend to mark our property corners with rocks to delineate a boundary. Our rock robber probably did not realize he was removing a property marker; all the more reason why he should acquaint himself with Deuteronomy 27:17—"Cursed is the man who moves his neighbor's boundary stone."

In biblical times, such stones (and curses) safeguarded communities from arguments over boundaries and borders.

But, we don't believe in curses, do we? Instead, I am haunted by a simple question.

Why would anybody want to steal a rock? Perhaps to display it in one's own (not too nearby) yard—after all, it's the "real thing." Not like the fake rock used to create the look of a real stone siding. Not like the fake wood paneling we put on car doors, or the plastic flowers on window sills, or spring water served up in bottles of plastic., or the extra pink salmon that never lived.

The physical world has retreated from our lives. We live so far from the wood and the stone and the flowers and the water that are part of that world, surrendering them in the name of technology.

We invented machines to do our work and make our lives easier but, eventually, we became so disenchanted that we had to create more machines to give work back to ourselves. And with every technical boundary that we scale, another one arises, leaving us more and more disenfranchised from the natural way of things.

But, where does Grandma's rock come in all this? People are so driven nowadays that they lose sight of those ingredients of life that set them free because they are true. And so, while regrettable I think the theft of Grandma's rock symbolizes a bigger loss—an act of desperation over the unreality of our world, a grab for something solid by someone caught in the quick-sands of modernity.

[Joseph Stuart writes from Flint, Texas; 27 May 2007.]



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Land Remote Sensing Program saw a decrease of \$323,000 from the 2007 request and the Geographic Analysis/Monitoring Program saw a decrease of \$1.3 million from the 2007 request.

- FEMA Flood Map Modernization Program. The President's FY08 budget request of \$195 million for the Flood Map Modernization Program is a decrease of \$8 million from the 2007 level. There have been many complaints from flood map modernization stakeholders that FEMA was doing a poor job with this program. In particular, many users have complained that the maps being produced under the program were inaccurate and were often just a digitized version of old, outdated map. A decrease in funding certainly will not help fix the problem and may, in fact, exasperate the problem.
- Federal Railroad Administration Nationwide Differential GPS. NDGPS provides precise positioning information and integrity monitoring of the GPS constellation for all transportation modes. The President made no funding request for this program in the FY08 budget. The funding that was to go to this program will be moved to the Research and Innovative Technology Administration.

ACSM is working to get funding to these programs restored.

[Lawrence@theclagroup.com.]