



NEWS RELEASE

1750 H St., NW • Washington, DC 20006 • (202) 572-5500 • www.nteu.org

For Immediate Release
January 18, 2007

Contact: Dina Long
(202) 572-5500

Senators Dorgan and Murray Seek End To IRS Tax Debt Privatization Program

Washington, D.C.—The leader of the union representing tens of thousands of Internal Revenue Service (IRS) employees today called for prompt Senate action on legislation that would return and keep collection of tax debts in the hands of IRS employees rather than having that function performed by private sector debt collectors.

The legislation, introduced by Sen. Byron Dorgan (D-N.D.) and Sen. Patty Murray (D-Wash.) with more than a dozen co-sponsors, instructs the IRS to suspend “immediately and indefinitely” its use of private debt collectors to pursue tax debts; it also contains a prohibition against using funds appropriated to the IRS in fiscal 2007, “or any subsequent fiscal year,” to implement the program. It is similar to a bill introduced by the two senators in the last congressional session.

President Colleen M. Kelley of the National Treasury Employees Union (NTEU)—who has been leading the fight against the privatization of tax collection—called the Dorgan-Murray bill “another firm message to the IRS that Congress is strongly opposed to this ill-advised program.”

Despite growing opposition in Congress and elsewhere, the IRS has moved ahead with the initial stages of the program, hiring three private debt collectors to pursue tax debts. The agency received authority to do so in unrelated tax legislation more than two years ago.

Sen. Dorgan, who has been sharply critical of the program, said: “The IRS is responsible for collecting taxes and protecting the confidentiality of every American’s tax information and the IRS’s use of private debt collectors falls short on both scores.”

(MORE)

Senate Bill Seeks End to Tax Debt Privatization—Add One

Earlier this month, the IRS National Taxpayer Advocate Nina Olson issued a report also calling for an end to the program. The report lists the “true costs and benefits of private debt collection” as one of the 21 “most serious problems” facing taxpayers and recommends its repeal stating, “The IRS now acknowledges that it can collect these delinquent accounts more efficiently than PCAs.”

In asking Congress to repeal the act, Olson said the government “has the ‘privilege’ of paying up to 25 percent of any taxes collected to private collection agencies, even while estimates show that IRS employees could perform the work far more efficiently.”

Olson points out that her office has observed examples of “hidden costs” to the program including “poor customer service to multilingual taxpayers, PCA operational plans being withheld from public disclosure, and PCA collection scripts through which PCA employees attempt to manipulate taxpayers.” The report states that the “IRS has risked much for a small return, if any, on its investment” and further notes that the IRS is using 65 IRS employees to monitor the work of 75 debt collector employees.

In fact, IRS Commissioner Mark Everson has said publicly and repeatedly that IRS employees can perform the work at less cost than private debt collectors.

President Kelley has warned time and again about the inherent risks in the plan to taxpayers’ personal and private information, a concern shared publicly by a bipartisan and growing number of members of Congress.

NTEU is the largest independent federal union, representing some 150,000 employees in 30 agencies and departments, including 94,000 in the IRS.

--30--