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Ways and Means Committee to Investigate IRS Private Tax Collection Program; NTEU Calls for Its Immediate End

Washington—In the wake of an impending House Ways and Means Committee investigation announced today into the use by the Internal Revenue Service (IRS) of private debt collectors, the head of the National Treasury Employees Union (NTEU) today called for “an immediate end” to this misguided and costly privatization of an inherently governmental function.

“In light of the continuing controversy swirling around this program,” said NTEU President Colleen M. Kelley, “the rational course for the IRS to take is to halt this program immediately,” Kelley has been leading the fight against the agency’s efforts to use private companies to pursue tax debts.

The latest questioning of the program came from a powerful member of the House—Rep. Charles B. Rangel (D-N.Y.), chairman of the Ways and Means Committee—who told IRS Commissioner Mark Everson of the committee’s investigation of the program in a letter.

Rep. Rangel noted that already one of the three contracts awarded to private companies last year has not been renewed. “Also,” he wrote, “we understand that there have been numerous complaints from taxpayers about the tactics used by contract employees and instances of violations of law, including violations of the taxpayer privacy laws.”

President Kelley commended the Committee for undertaking the investigations and said she strongly supports efforts to repeal the authority of the IRS to use private collection agencies. “This program failed once before and it was destined to fail again,” Kelley said. “It is time to return the work

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of the IRS to the professional and dedicated IRS workforce and provide the agency with the resources it needs to collect outstanding tax debts.”

Noting that he understands the IRS plans to enter into three to five additional contracts with private debt collectors later this year, Rep. Rangel told the commissioner of his intent to pass legislation to repeal or significantly modify the agency’s authority for the program.

“I strongly urge that you not proceed with the process of awarding new private tax collection contracts this year,” he wrote.

In a separate public statement, Rep. Rangel said the committee has been made aware of “too many complaints and concerns about the tactics used by private debt collectors to allow the IRS to issue new contracts.”

These violations, he said, need to be investigated “to ensure that we are protecting the privacy and dignity of taxpayers, not enabling harassment by these private companies.”

“The IRS needs to come clean on the nature of these complaints and inform the taxpaying public of their rights,” said Kelley. “Transparency is essential when dealing with the public trust in our voluntary compliance system and it has long been missing in this program.”

Under the IRS program, the private debt collectors are being paid up to 25 percent of the money they collect; Commissioner Everson has twice publicly testified that use of private companies for this purpose is more costly than using trained IRS professionals.

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