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MEMORANDUM

To: Reporters and Editors  
Re: IRS' private debt collection program  
Da: Wednesday, Oct. 10, 2007

Sen. Chuck Grassley, ranking member of the Committee on Finance, today made the following comment on the House bill to terminate the IRS' private debt collection program. The bill is under House consideration today.

“This bill is dead on arrival in the Senate as far as I’m concerned. It attempts to stop a program that’s brand new, yet already working. It’s helping to close the tax gap, which key members of the other party say is a priority. Contrary to the union’s concern, this program doesn’t displace IRS employees. The opposite is true. Using private companies to contact delinquent taxpayers and urge them to pay frees up IRS employees for complex investigative cases that require the specialized knowledge of people who know the tax code inside and out. The private companies are very good at contacting delinquent taxpayers, but they don’t pretend to know why anyone owes what. They leave that analysis to the IRS. Meanwhile, thousands of IRS employees spend some or all of their work days on union business instead of IRS business, more than their counterparts at other federal agencies. That doesn’t make the case to keep all IRS duties in-house.

“Opponents raise the fear of rogue private operators treading all over taxpayers’ rights. But the program has multiple layers of scrutiny to make sure taxpayers’ rights are fully protected. Ironically, one of the means of paying for the loss of revenue to the Treasury in the House bill would tread on taxpayer rights’ left and right. The House bill would allow the IRS to impose penalties and interest indefinitely on a taxpayer even if the person has not received formal notice from the agency. If that’s not anti-taxpayer, I don’t know what is.”