



Washington wants to know



Protecting Taxpayers' Rights—And Wallets

by Colleen M. Kelley

(NAPSA)—Taxes are certain. How they're spent is not. But while stories of \$200 hammers bought by the Pentagon or mismanaged spending on disaster relief have become all too common, many may not know that the IRS—the very agency charged with watching how our money is earned and spent—could be wasting millions each year.

The IRS now pays debt collectors a bounty of up to 25 percent of the money they recover from people's back taxes—even though estimates show the job could be done for less money by the IRS itself.

Equally alarming for taxpayers is that these private collectors are not trained as IRS agents. That means the potential is there for identity theft to occur and overly aggressive tax collection techniques to become the norm (there is no “do not call list” for the IRS). Also, multilingual taxpayers may receive a lower level of customer service.

Moneys Wasted

Estimates show that IRS employees could perform the work far more efficiently than outsourced agencies, with a return on investment as high as 13 to one. Outsourcing tax collection is simply not good business. Still, the IRS, which currently uses two debt collection agencies, plans to expand its program to 10 agencies this year.

Billions of dollars in back taxes are owed throughout the country,



Bills pending in Congress could help protect taxpayers from private debt collectors.

and people fall behind on their taxes for all sorts of legitimate reasons—in fact, those who owe are often unaware that they do owe or are willing to pay once a payment plan is set up with a professional IRS agent. These people do not deserve to be put at risk by the IRS' collection-outsourcing policy.

Tax Relief

Fortunately, the House of Representatives is considering legislation that would revoke IRS authority to hire private sector debt collectors. The measure was introduced by Rep. Chris Van Hollen (D-Md.) and Steve Rothman (D-N.J.) and has garnered bipartisan support among its more than 100 co-sponsors. The National Treasury Employees Union (NTEU), the union that represents IRS employees, has supported the bill as well.

The Senate has also done its part to protect taxpayers. Sen.

Byron Dorgan (D-N.D.) and Sen. Patty Murray (D-Wash.) introduced a bill that instructs the IRS to suspend “immediately and indefinitely” its use of private debt collectors.

The bill comes on the heels of taxpayer advocate Nina Olson calling the IRS' privatization program one of the “most serious problems” facing taxpayers in her annual report to Congress.

Dollars And Sense

Given the strong opposition to and risk associated with IRS outsourcing, you might be tempted to think the IRS has mounted a strong case in favor of hiring debt collectors. However the agency has acknowledged that it can collect delinquent accounts more efficiently than the outsourced debt collectors can. In fact, IRS Commissioner Mark Everson has repeatedly testified before Congress that using private collection companies to collect federal taxes will be more expensive than having IRS employees do the work themselves.

So why does the IRS continue to insist on outsourcing jobs to collection agencies? Answering that question could save taxpayers millions of dollars.

For more information, visit www.irswatch.org.

• *Ms. Kelley is national president of the National Treasury Employees Union (NTEU), the largest independent federal union, representing up to 150,000 employees in 31 agencies and departments.*