

United States Senate

WASHINGTON, DC 20510

September 15, 2006

Help Stop the IRS's Misguided Plan to Outsource Its Tax Debt Collection Responsibility By Cosponsoring S. 3887

Dear Colleague:

Early this week, we introduced legislation, S. 3887, a bill to stop the Internal Revenue Service's controversial plan to outsource part of its tax collection responsibilities to private collection companies. We encourage you to cosponsor our bill.

As you may know, the Internal Revenue Service (IRS) recently assigned more than 12,000 taxpayer accounts to three private firms for debt collection purposes. Reportedly, the IRS intends to assign more than 2.5 million taxpayer accounts to ten private collection companies when the program is fully operational.

We believe that the IRS's debt collection privatization plan is fatally flawed. That's why we introduced S. 3887 to require the IRS to immediately and indefinitely abandon its planned use of private debt collectors.

When the IRS attempted a similar plan in 1996, it failed miserably. Mistakes were made at every turn. Taxpayers were harassed by private debt collectors. In many instances, private debt collectors violated federal debt collection laws and confidential taxpayer information was not properly secured. The initiative resulted in no net savings to the Federal Government.

There is troubling evidence that suggests the IRS's latest effort will suffer a similar fate. Independent voices in the IRS and other tax experts have raised numerous concerns about the IRS's tax debt collection privatization initiative. Personal taxpayer information will be shared with private debt collectors, undermining taxpayer expectations that this information is kept private and absolutely secure.

Unbelievably, the IRS has also agreed to pay huge commissions to these firms for cases the IRS says are relatively simple. To make matters worse, IRS officials have admitted that if IRS employees were used for this purpose instead of private collectors, far more revenue would be deposited into the U.S. Treasury. At a time of exploding deficits and federal debt, the IRS's plan to use private debt collectors would be an inexcusable waste of taxpayer money.

Taxpayers who owe back taxes must pay their debt to the government. At the same time, every taxpayer should have the right to interact with a professional IRS agent when it comes to dealing with tax liabilities.

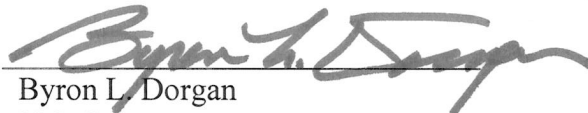
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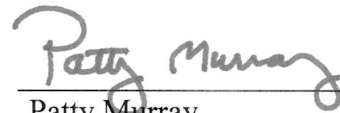
The House of Representatives has already voted to kill new funding for this IRS initiative. Prompt passage of S. 3887 in the Senate will help assure that we stop this misguided plan. We will be pushing for a vote on our proposal by the full Senate at the first available opportunity.

We have attached a copy of S. 3887 for your review, and hope you will agree to cosponsor it. If you would like to join as a cosponsor, or have additional questions about the bill, please call us or have your staff contact Allen Huffman with Senator Dorgan's staff at 224-4304 or Diana Hamilton with Senator Murray's staff at 224-2242.

Thank you in advance for your consideration.

Sincerely,


Byron L. Dorgan
U.S. Senator


Patty Murray
U.S. Senator

Enclosure