

# United States Senate

WASHINGTON, DC 20510-2101

September 6, 2006

The Honorable Mark W. Everson  
Commissioner  
Internal Revenue Service  
U.S. Department of Treasury  
1111 Constitution Avenue, NW  
Washington, D.C. 20224

Dear Commissioner Everson:

I'm writing to respectfully request that the IRS suspend its private tax collection initiative. I oppose the agency's initiative, and I urge you to reconsider it.

The House of Representatives recently voted to include a spending limitation provision in its version of the Fiscal Year 2007 Treasury Appropriations Bill. The House-passed provision would prohibit the IRS from spending funds to pursue the private tax collection initiative in the coming fiscal year. The Senate committee-passed version does not include such a provision, but the full Senate has not yet had the opportunity to act on the bill.

The IRS has the authority under current law to implement its private tax collection initiative, but the House provision should give the agency pause. The version of the fiscal year 2007 Treasury Appropriations bill that becomes law may well provide the IRS with additional guidance on this issue. Therefore, it would be prudent for the IRS to withhold action until Congress has completed work on the Treasury bill rather than launch it as scheduled tomorrow.

There are flaws in the initiative that could be avoided by hiring additional IRS personnel rather than contracting with private tax collection companies. For example, you have testified before Congress that adding IRS collection personnel would be a less expensive means of debt collection than using private agencies, which may earn nearly a quarter of the amount collected.

Serious privacy concerns have also been raised about handing over Americans' personal tax-related information to private companies, particularly when identity theft is a growing problem. The IRS reported in June that it lost track of a computer containing personal information about hundreds of its employees and job applicants. The case was just one of a dozen such cases in recent months in which federal agencies allowed such information to be compromised. The Administration has ordered federal agencies to take measures to protect Americans' personal information, but the IRS plan to turn over such information to private collection agencies may not result in the necessary level of security.

For these reasons, I urge you to delay the proposed initiative and work us in Congress to ensure that the IRS receives the resources it needs to fulfill its tax collection obligations

With respect and appreciation, and I thank you for considering this request.

Sincerely,



Edward M. Kennedy  
United States Senate