

Rothman Ratchets Up the Pressure on Administration to Cancel Privatization of Tax Collection

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Presses Treasury Secretary to Rethink Plan After IRS Commissioner 'Freely Admits' It Wastes Taxpayer Dollars

(Washington, DC)—Congressman Steve Rothman (D-NJ) ratcheted up the pressure on Administration officials to cancel their plan to privatize the collection of taxes, taking his concerns directly to Secretary of the Treasury John Snow during a Congressional hearing this morning. Rothman's questions about this issue during another hearing last week led to the IRS Commissioner Mark Everson's acknowledgment that the Administration's plan will waste millions of taxpayer dollars each year.

"In your testimony, you said you are committed to using resources in the most efficient manner possible," Rothman said to Snow. "So why are we going to spend up to 24% of taxpayers' hard-earned money to hire private collection agencies to do a job federal employees can do for less than 1 percent?"

In his response, Snow refused to reconsider the Administration's costly and wasteful tax collection policy. He also said the Administration would continue to hire private firms to collect taxes even if the IRS hires additional federal employees.

"Commissioner Everson's acknowledgment last week that private tax collectors cost almost \$30 million more than federal employees hired to do the same job was a refreshing moment of candor from this Administration. It makes no sense that Secretary Snow refuses to consider an alternative plan when the Administration's own IRS director admits the current one will waste taxpayer money," said Rothman.

Rothman reminded Snow and his colleagues that the government could save more than \$30 million a year by hiring federal employees to collect additional unpaid taxes instead of the private collection agencies. He explained that the IRS spends less than \$1 of every \$100 tax dollars collected when a federal employee does the job. Yet, it will spend as much as \$25 of every \$100 dollars the private collection agencies bring in.

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