

Rothman Blasts IRS for Wasting Millions of Taxpayer Dollars

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Opposes IRS Actions Giving Private Firms the Job of Collecting Taxes

(Washington, DC)—Yesterday, Congressman Steve Rothman (D-NJ) blasted Internal Revenue Service (IRS) Commissioner Mark Everson on his agency's decision to task private firms with collecting taxes instead of using federal employees to do the job. Taxpayers will lose as much as \$35 million dollars a year paying expensive commissions charged by the private tax collection agencies and lose additional money spent on preventing fraud at the firms.

"The IRS wastes up to 25% on commissions to private collection agencies rather than save more than \$30 million by hiring federal employees to do the work instead. Not only does this squander valuable taxpayer dollars, but it gives private firms too much access to sensitive taxpayer information. It is outrageous and I oppose it," said Rothman.

Rothman's pointed questioning of the IRS Commissioner took place during a Congressional hearing with Everson and U.S. Inspector General J. Russell George. In response to Rothman's remarks, Everson acknowledged that using private agencies will cost substantially more than federal employees, saying "I admit it. I freely admit it."

"At a time of record deficits, it is shocking that the IRS would knowingly waste tens of millions of dollars," said Rothman. "The Bush Administration has privatized the prescription drug program in Medicare, wants to privatize Social Security, and is now privatizing the collection of taxes. All of these efforts will cost more money and deliver fewer results for taxpayers. Privatization is an irresponsible, short-sighted and foolish way to operate the government."

There is strong evidence that private firms have been responsible for corruption in the past. In fact, New Jersey may have been over-billed by more than \$1 million over 5 years, noted Rothman, citing a December 2005 report by the New Jersey Commission of Investigation. The report showed that New Jersey may have been over-billed as a result of the corrupt association between high- and mid-level managers in the Divisions of Taxation and Revenue and private collection agencies.

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