

Critics argue that unlike all these other examples of government debt recovery, the IRS already has "extensive resources" for its collection functions. That conclusion falls flat on its face when you consider that 75 percent of individuals who fail to pay their taxes are never even contacted by the IRS, and as much as \$20 billion in unpaid taxes falls beyond the statute of limitations each year. That's another \$20 billion of debt that our children and grandchildren will inherit.

Some critics also suggest that the IRS has handed over inherently governmental work to private collection agencies. A 2006 Congressional Research Service report stated that "no cases whose resolution requires the 'exercise of discretion' by the IRS - such as disputes over the interpretation of the tax code or the amount of tax assessed by the IRS - are to be handled by private collection agencies. The exercise of such judgment is considered to be an inherent function of government under the federal tax code." As noted in Internal Revenue Code 6306, this program was carefully structured to avoid this conflict. Private collection agencies working on this contract have no authority to "compromise" or lower the obligation, seize property, nor are they given any other enforcement authority. Private collection agencies are only allowed to contact taxpayers, remind them that they owe a debt and enter into a limited installment payment plan.

Common sense rather than rhetoric or half-facts should guide Congress on this issue. The new IRS program is based on a model that has proven to work in both federal and state agencies. It can help fund more and better tax recovery efforts - and jobs - inside the IRS, and privacy issues are being addressed effectively. Recovering tens of billions of tax dollars from those who fail to pay could fund increased Pell Grants for college, improved anti-terrorist security at our ports, or reduce the growing national debt.

It is long past time that we try new approaches toward closing this tax gap. Now more than ever, making private company outsourcing a part of the 'tax gap' solution is the right thing to do. Let's give this proven approach a fair chance.

Sincerely,



Bart Gordon
Member of Congress