

108TH CONGRESS
1ST SESSION

H. R. 1169

To amend the Internal Revenue Code of 1986 to provide for the performance of certain tax collection services by contractors.

IN THE HOUSE OF REPRESENTATIVES

MARCH 11, 2003

Mr. HOUGHTON introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide for the performance of certain tax collection services by contractors.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. QUALIFIED TAX COLLECTION CONTRACTS.**

4 (a) CONTRACT REQUIREMENTS.—

5 (1) IN GENERAL.—Subchapter A of chapter 64
6 of the Internal Revenue Code of 1986 (relating to
7 collection) is amended by adding at the end the fol-
8 lowing new section:

1 **“SEC. 6306. QUALIFIED TAX COLLECTION CONTRACTS.**

2 “(a) IN GENERAL.—Nothing in any provision of law
3 shall be construed to prevent the Secretary from entering
4 into a qualified tax collection contract.

5 “(b) QUALIFIED TAX COLLECTION CONTRACT.—For
6 purposes of this section, the term ‘qualified tax collection
7 contract’ means any contract which—

8 “(1) is for the services of any person (other
9 than an officer or employee of the Treasury Depart-
10 ment) to locate and contact any taxpayer specified
11 by the Secretary, to request payment from such tax-
12 payer of an amount of Federal tax specified by the
13 Secretary, and to obtain financial information speci-
14 fied by the Secretary with respect to such taxpayer,
15 and

16 “(2) prohibits each person providing such serv-
17 ices under such contract from committing any act or
18 omission which employees of the Internal Revenue
19 Service are prohibited from committing in the per-
20 formance of similar services.

21 “(c) FEES.—The Secretary may retain and use an
22 amount not in excess of 25 percent of the amount collected
23 under any qualified tax collection contract for the costs
24 of services performed under such contract. The Secretary
25 shall keep adequate records regarding amounts so retained

1 and used. The amount credited as paid by any taxpayer
2 shall be determined without regard to this subsection.

3 “(d) NO FEDERAL LIABILITY.—The United States
4 shall not be liable for any act or omission of any person
5 performing services under a qualified tax collection con-
6 tract.

7 “(e) CROSS REFERENCES.—

8 “(1) For damages for certain unauthorized col-
9 lection actions by persons performing services under
10 a qualified tax collection contract, see section
11 7433A.

12 “(2) For application of Taxpayer Assistance
13 Orders to persons performing services under a quali-
14 fied tax collection contract, see section 7811(a)(4).”.

15 (2) CONFORMING AMENDMENTS.—

16 (A) Section 7809(a) is amended by insert-
17 ing “6306,” before “7651”.

18 (B) The table of sections for subchapter A
19 of chapter 64 of such Code is amended by add-
20 ing at the end the following new item:

“Sec. 6306. Qualified Tax Collection Contracts.”

21 (b) CIVIL DAMAGES FOR CERTAIN UNAUTHORIZED
22 COLLECTION ACTIONS BY PERSONS PERFORMING SERV-
23 ICES UNDER QUALIFIED TAX COLLECTION CON-
24 TRACTS.—

1 (1) IN GENERAL.—Subchapter B of chapter 76
2 of such Code (relating to proceedings by taxpayers
3 and third parties) is amended by inserting after sec-
4 tion 7433 the following new section:

5 **“SEC. 7433A. CIVIL DAMAGES FOR CERTAIN UNAUTHOR-**
6 **IZED COLLECTION ACTIONS BY PERSONS**
7 **PERFORMING SERVICES UNDER QUALIFIED**
8 **TAX COLLECTION CONTRACTS.**

9 “(a) IN GENERAL.—Subject to the modifications pro-
10 vided by subsection (b), section 7433 shall apply to the
11 acts and omissions of any person performing services
12 under a qualified tax collection contract (as defined in sec-
13 tion 6306(b)) to the same extent and in the same manner
14 as if such person were an employee of the Internal Rev-
15 enue Service.

16 “(b) MODIFICATIONS.—For purposes of subsection
17 (a)—

18 “(1) Any civil action brought under section
19 7433 by reason of this section shall be brought
20 against the person who entered into the qualified tax
21 collection contract with the Secretary and shall not
22 be brought against the United States.

23 “(2) Such person and not the United States
24 shall be liable for any damages and costs determined
25 in such civil action.

1 “(3) Such civil action shall not be an exclusive
2 remedy with respect to such person.

3 “(4) Subsections (c) and (d)(1) of section 7433
4 shall not apply.”.

5 (2) CLERICAL AMENDMENT.—The table of sec-
6 tions for subchapter B of chapter 76 of such Code
7 is amended by inserting after the item relating to
8 section 7433 the following new item:

 “Sec. 7433A. Civil damages for certain unauthorized collection ac-
 tions by persons performing services under a quali-
 fied tax collection contract.”.

9 (c) APPLICATION OF TAXPAYER ASSISTANCE OR-
10 DERS TO PERSONS PERFORMING SERVICES UNDER A
11 QUALIFIED TAX COLLECTION CONTRACT.—Section 7811
12 of such Code (relating to taxpayer assistance orders) is
13 amended by adding at the end the following new sub-
14 section:

15 “(g) APPLICATION TO PERSONS PERFORMING SERV-
16 ICES UNDER A QUALIFIED TAX COLLECTION CON-
17 TRACT.—Any order issued or action taken by the National
18 Taxpayer Advocate pursuant to this section shall apply to
19 persons performing services under a qualified tax collec-
20 tion contract (as defined in section 6306(b)) to the same
21 extent and in the same manner as such order or action
22 applies to the Secretary.”.

23 (d) INELIGIBILITY OF INDIVIDUALS WHO COMMIT
24 MISCONDUCT TO PERFORM UNDER CONTRACT.—Section

1 1203 of the Internal Revenue Service Restructuring Act
2 of 1998 (relating to termination of employment for mis-
3 conduct) is amended by adding at the end the following
4 new subsection:

5 “(e) INDIVIDUALS PERFORMING SERVICES UNDER A
6 QUALIFIED TAX COLLECTION CONTRACT.— An individual
7 shall cease to be permitted to perform any services under
8 any qualified tax collection contract (as defined in section
9 6306(b) of the Internal Revenue Code of 1986) if there
10 is a final determination by the Secretary of the Treasury
11 under such contract that such individual committed any
12 act or omission described under subsection (b) in connec-
13 tion with the performance of such services.”.

14 (e) EFFECTIVE DATE.—The amendments made to
15 this section shall take effect on the date of the enactment
16 of this Act.

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