

110TH CONGRESS  
1ST SESSION

# H. R. 695

To amend the Internal Revenue Code of 1986 to repeal the authority of the Secretary of the Treasury to enter into private tax collection contracts.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 24, 2007

Mr. VAN HOLLEN (for himself, Mr. ROTHMAN, Mr. CARNAHAN, Mr. BISHOP of New York, Mr. BRADY of Pennsylvania, Mrs. CAPITO, Ms. CARSON, Mr. CHANDLER, Mrs. CHRISTENSEN, Mr. CLAY, Mr. CLEAVER, Mr. COHEN, Mr. CUMMINGS, Mr. DEFazio, Mr. DINGELL, Mr. DOYLE, Mr. FARR, Mr. FATTAH, Mr. FILNER, Mr. GRIJALVA, Mr. HARE, Mr. HAYES, Ms. KILPATRICK of Michigan, Mr. KUCINICH, Mr. LANTOS, Mr. LATOURETTE, Mr. LEWIS of Georgia, Mr. MANZULLO, Mr. MCHUGH, Ms. MOORE of Wisconsin, Mr. MORAN of Virginia, Mr. PATRICK J. MURPHY of Pennsylvania, Ms. NORTON, Mr. OBEY, Mr. PAYNE, Mr. PRICE of North Carolina, Mr. RUPPERSBERGER, Ms. SCHAKOWSKY, Ms. SCHWARTZ, Mr. SERRANO, Mr. SIRES, Mr. STARK, Mr. STUPAK, Ms. WATSON, and Mr. WAXMAN) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to repeal the authority of the Secretary of the Treasury to enter into private tax collection contracts.

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

1 **SECTION 1. SHORT TITLE; FINDINGS.**

2 (a) SHORT TITLE.—This Act may be cited as the  
3 “Taxpayer Abuse and Harassment Prevention Act of  
4 2007”.

5 (b) FINDINGS.—The Congress finds the following:

6 (1) The integrity of the Federal tax system is  
7 integral to the efficient and ongoing functioning of  
8 representative democracy.

9 (2) A pillar of exemplary citizenship is compli-  
10 ance with the Federal tax code as it pertains to indi-  
11 vidual income taxes.

12 (3) Individual taxpayers voluntarily disclose  
13 sensitive personal information to the Federal Gov-  
14 ernment with the expectation that such information  
15 will be utilized and retained only by qualified,  
16 trained, and accountable personnel of the Internal  
17 Revenue Service (IRS).

18 (4) Although the IRS has stated that there will  
19 be tight restrictions on what information will be re-  
20 leased to private collection agencies, the statute  
21 places no restrictions on what information may be  
22 released to private collection agencies.

23 (5) More than 26 million Americans have, since  
24 1990, been victims of some form of “identity theft”  
25 through misappropriation and misuse of their per-  
26 sonal information.

10 (8) The IRS Restructuring and Reform Act of  
11 1998 specifically prevents employees or supervisors  
12 at the IRS from being evaluated or compensated  
13 based on how much they collect in order to prevent  
14 incentives for overly aggressive and abusive tactics.

15 (9) The compensation scheme for private tax  
16 collection agencies is a recovery fee of up to 25 per-  
17 cent of funds collected that will lead to overzealous  
18 and abusive collection tactics against taxpayers.

1 (11) A 2002 report by the IRS Commissioner  
2 to the IRS Oversight Board identified an additional  
3 \$30 billion in taxes owed that could be collected an-  
4 nually by increased funding for IRS personnel. A \$9  
5 billion annual increase in revenue could be achieved  
6 by earmarking approximately \$300 million to spe-  
7 cific IRS collection functions, for a return of \$30 for  
8 every \$1 spent.

17 (14) Members of the House of Representatives  
18 were not afforded the opportunity to specifically vote  
19 on this significant policy change during consider-  
20 ation of H.R. 4520, the American Jobs Creation Act  
21 of 2004, in the 108th Congress.

1   **SEC. 2. REPEAL OF AUTHORITY TO ENTER INTO PRIVATE**  
2                   **TAX COLLECTION CONTRACTS.**

3               (a) IN GENERAL.—Subchapter A of chapter 64 of the  
4   Internal Revenue Code of 1986 (relating to collection) is  
5   amended by striking section 6306.

6               (b) CONFORMING AMENDMENTS.—

7               (1) Subchapter B of chapter 64 of such Code  
8   is amended by striking section 7433A.

9               (2) Section 7809(a) of such Code is amended  
10   by striking “6306.”.

11               (3) Section 7811 of such Code is amended by  
12   striking subsection (g).

13               (4) Section 1203 of the Internal Revenue Serv-  
14   ice Restructuring Act of 1998 is amended by strik-  
15   ing subsection (e).

16               (5) The table of sections of subchapter A of  
17   chapter 64 of such Code is amended by striking the  
18   item relating to section 6306.

19               (6) The table of sections of subchapter B of  
20   chapter 64 of such Code is amended by striking the  
21   item relating to section 7433A.

22               (c) EFFECTIVE DATE.—The amendments made by  
23   this section shall take effect on the date of the enactment  
24   of this Act.

25               (d) TERMINATION OF REPORTING REQUIREMENT.—  
26   The reporting requirement of section 881(e) of the Amer-

- 1 ian Jobs Creation Act of 2004 shall not apply after the
- 2 date of the enactment of this Act.

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