



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

October 10, 2007
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 3056 – To amend the Internal Revenue Code of 1986 to repeal the authority of the Internal Revenue Service to use private debt collection companies, to delay implementation of withholding taxes on government contractors, to revise the tax rules on expatriation, and for other purposes

(Rep. Rangel (D) New York and 9 cosponsors)

The Administration strongly opposes House passage of H.R. 3056. The bill is not consistent with the Administration's commitment to a balanced approach toward improving taxpayer compliance and collecting outstanding tax liabilities. If H.R. 3056 were presented to the President, his senior advisors would recommend that he veto the bill.

The Administration strongly opposes the provisions of the bill that would repeal the current statutory authorization for the Internal Revenue Service (IRS) private debt collection program. Terminating this program would result in a loss of significant revenue over the next ten years. These are tax dollars that are legally owed to the government and that are otherwise not likely to be collected by the IRS. It is a disservice to all taxpayers who properly pay their taxes to terminate this program that is efficiently recovering a portion of the extra burden they shoulder from the "tax gap" caused by those who do not pay their taxes. Moreover, the Government Accountability Office (GAO) recently reported that the IRS has made "major progress" in addressing critical success factors for the private debt collection program, including ensuring that both taxpayer rights and the security of taxpayer information are protected.

The Administration also has concerns with the provision of the bill that would impose additional tax rules on individuals relinquishing U.S. citizenship or terminating long-term residency. The Administration strongly supports efforts to ensure that individuals renouncing their U.S. citizenship pay their fair share of U.S. taxes. The bill's "mark-to-market" approach to valuation of expatriates' property for taxation purposes, however, overrides existing tax treaties and raises concerns about tax complexity.

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