

Congress of the United States

House of Representatives

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Opening Statement of Ranking Member Elijah E. Cummings

H.R. 1563, the Federal Employee Tax Accountability Act of 2015

March 25, 2015

Thank you, Mr. Chairman.

The Federal Employee Tax Accountability Act of 2015 is very similar to the bill you introduced last Congress.

I opposed that bill when it was brought before this Committee and to the House floor last Congress, and I am steadfast in opposing this bill now.

Despite minor changes to the legislation from last Congress, the purpose and intent of the bill remain the same. It would require federal agencies to fire federal employees who fail to pay their taxes.

Unlike the legislation in the last Congress, this bill would also allow employees to be disciplined for intentionally failing to file a tax return or intentionally under-reporting their income.

I strongly agree that everyone, including federal employees, should pay their taxes. However, the Chairman and my Republican colleagues seem to believe that there is a serious problem that requires a legislative fix. I disagree.

According to the IRS, the 2014 tax compliance rate for the federal community is 97%. This percentage is higher than the 95% tax compliance rate for House Members and staff and much higher than the 91% compliance rate for the general public for 2013, the latest statistic available for the general public.

Despite this exemplary compliance rate among federal employees, our Republican colleagues believe that we need to adopt a new law that would apply only to these employees. I do not understand the need.

For the 3% of federal employees who are not tax compliant, there are existing remedies to address non-compliance. Under current law and regulations, agencies can take disciplinary action against employees for failing to meet their tax obligations, ranging from counseling to outright removal.

In addition, the IRS has a mechanism in place to recover funds from federal employees who are delinquent in paying their taxes known as the Federal Payment Levy Program. Under this program, the IRS can impose a continuous levy on federal salaries and pensions up to 15% until the debt is paid.

According to the IRS, *all* federal employees are automatically subject to the Federal Payment Levy Program if they do not pay their taxes.

Since the start of the levy program, the IRS has been extremely successful in recovering delinquent taxes from federal employees. According to the IRS, the Levy Program has collected over \$5 billion since 2000. These facts indicate that the IRS is *succeeding* in recovering delinquent taxes in *100% or nearly all* cases involving federal employees.

Mr. Chairman, I do *not* see a problem with the federal government's ability to recover delinquent taxes from federal employees. So, I do not understand why we are considering a change in the law to fix a problem that does not exist. Clearly, this legislation is designed to punish federal employees rather than to help the government recoup delinquent taxes.

In fact, the Joint Committee on Taxation concluded that enactment of similar legislation would have "negligible impact" on revenue and *increase* costs to the taxpayers by requiring agencies to spend time and resources to review public records to find tax liens filed against current or prospective employees.

For these reasons, I urge my colleagues to join me in opposing this measure.

In addition, Mr. Chairman, I ask unanimous consent to enter into the record a letter from the National Treasury Employees Union opposing this legislation.

Thank you and I yield back the balance of my time.

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