



For Immediate Release
April 25, 2007

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SENATORS WARN OF 450,000 FEDERAL WORKERS BEHIND ON TAXES

*New information from IRS shows government workers owe nearly \$3 billion,
Baucus, Grassley ask President to warn delinquent employees of consequences*

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) and Ranking Republican Chuck Grassley (R-Iowa) have revealed that 450,000 Federal workers and retirees owe nearly \$3 billion in back taxes to the Federal treasury. In a letter to President George W. Bush, Baucus and Grassley shared information they have received from the Internal Revenue Service (IRS) about delinquent Federal workers. The Senators, whose committee oversees U.S. tax policy, said that workers paid with Americans' tax dollars have a particular obligation to meet their tax responsibilities, and urged that delinquent government employees be reminded to do their duty. Every year in America, \$345 billion in taxes owed aren't paid in a timely fashion. This "tax gap" results in higher deficits and less funding for priorities like health care, education, and tax relief.

"Of all people, Federal workers should pay their Federal taxes on time," said Baucus. **"If the government doesn't make its own employees follow the rules, it's hard to tell the rest of the American people that they should do better. The President should make his expectations clear to every worker on the Federal payroll. This is one simple way the Administration can tackle the problem of taxes owed but unpaid without an act of Congress and without additional burdens on law-abiding taxpayers."**

Grassley said, **"It's troubling that some federal employees are delinquent on their taxes. They're among the taxpayers who should know perfectly well of the obligation of complying with the law and the consequences of noncompliance. Congress and the executive branch need to do everything possible to close this part of the tax gap."**

Identifying information for government workers delinquent on tax filings cannot be disclosed by the IRS, due to Federal privacy rules. However, employees and retirees can be reminded of the legal consequences of failure to comply with tax laws. IRS-provided information is attached, and the text of the Senators' letter follows here:

April 24, 2007

President George W. Bush
The White House
Washington, DC 20500

Dear Mr. President:

Last week, millions of Americans did their duty, obeyed the law, and completed and filed their individual income tax returns on time. Although this can be one of our citizens' least favorite annual rituals, most taxpayers do what is right and provide their share of funding to keep our national government running. Unfortunately, the Finance Committee has received the enclosed information from the Internal Revenue Service regarding the failure of Federal employees and retirees to pay taxes. The information shows that 450,332 government workers and retirees who receive tax dollars in the form of Federal pay checks or retirement benefits owe almost \$3 billion in back taxes.

In 1936, President Franklin D. Roosevelt said:

“Taxes, after all, are the dues that we pay for the privileges of membership in an organized society... But I am afraid we have many who still do not recognize their advantages and want to avoid paying their dues.”

One of the strongest features of our democracy is our system of collecting income taxes through individual self-assessment. The American public rightly expects a high degree of honesty and personal integrity from those in government. And those in government have a duty and responsibility to assure the American public they have the highest ethical standards and are paying their fair share of taxes.

As the nation's Chief Executive, we are asking you to instruct heads of executive departments and agencies to remind Federal employees and retirees of their tax obligations and to warn them of the consequences for failing to comply with our nation's tax laws.

By not collecting all of the taxes that are owed, federal deficits and debt are significantly increased. In addition, an unfair tax burden is foisted on honest taxpayers.

Sincerely yours,

Max Baucus

Charles E. Grassley

Enclosure

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