



TALKING POINTS ON H.R. 1563

FEDERAL EMPLOYEE TAX ACCOUNTABILITY ACT OF 2015

Previously Failed on Suspension

H.R. 1563 (Chaffetz-R-UT) was introduced and marked up the next day by the House Oversight Committee in late March. It is expected to be on the House Floor on the Suspension Calendar on April 15th. A similar bill, H.R. 249, failed to receive a two-thirds majority on the Suspension Calendar on April 15th, 2013 (250 ayes to 159 nays).

Requires Firing of Federal and Postal Employees with Any Tax Debts

H.R. 1563 would require the firing of federal and postal employees with “seriously delinquent” federal tax debt. In addition, all federal job applicants would be required to submit a certification that they do not have a seriously delinquent tax debt. All federal agencies and the Postal Service would be required to search public records for federal tax liens against employees and job applicants. If a lien is found, the employee or applicant would be asked to consent to the Treasury Department reviewing their tax information and reporting that information back to the agency. If an employee or applicant does not consent the agency must give “negative consideration” to that refusal.

Seriously delinquent tax debt is defined in the bill as “a Federal tax liability that has been assessed by the Secretary of the Treasury under the Internal Revenue Code of 1986 and may be collected by the Secretary by levy or by a proceeding in court . . .” Employees found to meet this definition would have to be fired and applicants could not be hired, unless they qualify for an exception, such as innocent spouse, already on an installment plan or having their salary levied. There is no dollar minimum or length of time of delinquency included in the definition. Nor is intent or ability to pay given consideration. The bill does allow for a hardship exemption at the discretion of the agency, but no transparency or standards are included.

In addition, H.R. 1563 creates an adverse action with penalties including termination for acts of willful failure to file a required federal tax return and willful understatement of federal tax liability. It is unclear how agencies would get access to this level of confidential tax information and how they would determine an employee’s culpability since these matters require expertise on tax laws, which agency labor and human resources personnel do not have.

Threatens Confidentiality of Tax Information

All taxpayers, including federal and postal employees, have a statutory right to have their federal tax information kept confidential. This legislation would virtually require them to give up that right and while the bill states that agency employees who receive the confidential tax information are not to disclose it, there are no penalties for doing so.

Expensive Solution in Search of a Problem

The federal workforce tax compliance rate is 96.73%, much higher than the general public. In addition, the Federal Payment Levy Program allows the IRS to levy federal salaries, with some exemptions, to recover tax debts. Also, under 5 C.F.R. 2635.809, agencies currently can take disciplinary action against employees for failure to satisfy their “just financial obligations,” including their obligation to pay Federal, state, and local taxes. These disciplinary actions can range from counseling to removal.

Requiring a blanket termination policy regardless of the reasons for the tax delinquency or the individual’s ability to pay will be unfair in some instances and will almost certainly lead to an increased likelihood that the overdue taxes will never be repaid. In fact, CBO and the Joint Committee on Taxation scored a previous version of this bill as raising “negligible revenue” and costing an addition \$1 million to administer in its first year alone.

Political Gesture

The fact that this is the second time the legislation will be considered on tax filing day highlights the majority’s lack of substantive tax reform proposals. Rather than simplifying the tax code, closing egregious special interest loopholes or even providing adequate funding to the IRS so it can provide answers to questions from millions of taxpayers who can’t get through on the phone lines, the tax issue the majority wants to highlight on tax filing day is firing any federal or postal employee who has fallen behind on their taxes, regardless of the reason.

Members of Congress Exempted

As with previous versions of this bill, while it applies to Congressional staff, it does not apply to Members of Congress even though the House (4.87%) and Senate (3.24%) have higher federal tax non-compliance rates than many federal agencies. A bill that would merely require disclosure of seriously delinquent tax debt of Members of Congress (H.R. 1564) has seen no Committee action and is not expected to see Floor action.

NTEU urges a no vote on H.R. 1563. Please contact Maureen Gilman at Maureen.Gilman@nteu.org with any questions.