

## **Amendment 1597 - To suspend federal employees without pay if found delinquent on their federal income taxes**

Reducing our national debt—which now exceeds \$15.3 trillion—is the most critical issues facing our nation. Our country simply cannot survive if we continue down this unsustainable course.

Savings—no matter how big or small—are necessary from all facets of the federal budget.

One area where Congress can make headway in is foregone federal revenue from delinquent federal employees.

While millions of Americans continue to send back portions of their hard earned wages to Washington, many federal employees are failing to contribute their share.

The Internal Revenue Code of 1986 allows the IRS to “garnish” the wages (salary or other income) of federal employees who are delinquent on their federal income taxes. A “garnishment” is the process by which the federal government collects a tax liability from the pay of an employee.

**This amendment would prompt delinquent federal employees to either pay their federal income tax or face suspension without pay, so our country is not forced to further increase the national debt on their account (i.e. paying salaries without receiving tax revenue).**

**This amendment is more than fair.** It carefully reaches only federal workers who have willfully neglected to pay their incomes taxes and excludes federal employees from suspension if there is a good faith effort on their part to pay up.

The amendment excludes federal employees from suspension if:

- 1) The individual is currently paying the taxes, interest, and penalties owed to IRS under an installment plan;
- 2) The individual and the IRS have worked out a compromise on the amount of taxes, interest and penalties owed and the compromise amount agreed upon is being repaid to IRS;

- 3) The individual has not exhausted his or her right to due process under the law (broad exception that references administrative or judicial remedies); or
- 4) The individual filed a joint return and successfully contends that he or she should not be fully liable for the taxes, interest, and/or penalties owed because of something that the other party to the return did or did not do (relevant in divorce cases).

This commonsense measure will stem the flow of irresponsible taxpayer funded employees who fail to pay their income taxes.

**Federal employees have a clear obligation—just as the rest of American citizens do—to pay their federal income taxes.**

In 2010, federal employees owed \$3.4 billion in unpaid taxes, an increase of more than 3 percent over the previous year. In total this is the equivalent to a 2.85 percent delinquency rate.<sup>i</sup>

This total includes nearly 100,000 civilian employees, owing over \$1 billion in federal income taxes.

In comparison, this total has stayed relatively constant over the past two years.

- In 2009, the IRS found nearly 100,000 civilian federal employees were delinquent on their federal income taxes, owing over \$1 billion in unpaid federal income taxes.
- In 2008, the Internal Revenue Service (IRS) found nearly 100,000 civilian federal employees were delinquent on their federal income taxes, owing a total of \$962 million in unpaid federal income taxes.

Consider the following examples for 2010:

- The U.S. Department of Agriculture (USDA) has a delinquency rate of 2.1 percent. USDA employs 2,269 who have been found delinquent on over \$17 million of unpaid tax liabilities.
- The Department of Commerce has a delinquency rate of 3.54 percent. The agency employs 1,739 who owe \$27.4 million in federal income taxes.

- The Department of Veterans Affairs has a delinquency rate of 3.78 percent with over 11,000 employees owing more than \$150 million.
- The Department of Health and Human Services (HHS) has a delinquency rate of 3.51 percent and found that 2,919 of its employees owe a total of over \$40 million.
- The U.S. Senate maintains a delinquency rate of 3.08 percent. The body employs 217 staffers who owe a total of over \$2.1 million.

**This amendment is a clear opportunity for the federal government to live by the same rules it writes.**

The very nature of federal employment demands salaried workers pay their federal income taxes.

Failure to do so is an affront to taxpayers, considering federal workers are not immune from taxation as outlined in the Constitution and, thus, still subject to the same laws as private citizens.

The concept of “public service” seems to contradict the very idea of special treatment and exemptions.

While many federal employees are indeed hardworking public servants, it is important to remember public servant jobs are not in the interest of the public when they fail to contribute their share in turn.

It is in the best interest of taxpayers for Congress not to turn their heads at income tax delinquency.

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<sup>i</sup> <http://www.wtop.com/?nid=41&sid=2720349>