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## DOLE HAILS SENATE PASSAGE OF DEBT COLLECTION ACT

WASHINGTON -- "Uncle Sam may soon have added muscle to crack down on those who avoid their debts to the federal government," said Senator Robert Dole ( R.-Kan. ) today, following congressional approval of the Debt Collection Act. Dole co-sponsored the bill with Senator Charles Percy ( R.-Ill. ). The measure passed the Senate Tuesday by a vote of 96 to 2.

According to the General Accounting Office and the Office of Management and Budget, the federal government was owed approximately \$175 billion as of September 30, 1979. Of that total, about \$46.9 billion was due for repayment and more than half of that amount was delinquent. In addition, it cost the government about \$3 billion annually in interest to carry the delinquent loans.

"This bill sets long-overdue priorities for the federal government's credit management and debt collecting procedures," said Dole, Chairman of the Senate Finance Committee. "There is absolutely no reason why we should tolerate such a massive debt. The fact that \$175 billion is still owed the government is an affront to every honest American. Of course, those who repay their debts on time, along with taxpayers, will continue to pick-up the tab for the mounting interest costs associated with delinquent federal debts."

"This bill will help put a stop to this sorry situation. We have the tools to beef-up the government's effort to recollect its debt. We are not about to violate anyone's privacy. We are merely talking about cutting into an ever-increasing drain on the U.S. Treasury," Dole said.

The problems which have contributed to this enormous amount of overdue debt are extensive and exist throughout the entire credit cycle -- from the initial screening of debtors to ultimate collection. One of the overriding problems is that the information systems of today cannot provide accurate and timely information on the amount of debt owed, the amount due, and the condition of the debt in terms of delinquencies and defaults.

Currently, most federal agencies are prohibited from requiring social security numbers on credit applications. As a result, most agencies are severely hampered in their efforts to verify the identity of applicants, review their credit background for the amount of debt exposure, and their general payment record. In addition, the absence of applicants' social security numbers, severely hampers agency efforts to trace and locate delinquent debtors.

Under this legislation, federal departments and agencies would require each individual who applies for credit, financial assistance or any payment that may result in an indebtedness to the United States or any federal agency to furnish his social security number.

Currently, the Internal Revenue Service is prohibited from disclosing returns and return information to federal agencies for purposes of screening a potential loan applicant for outstanding tax liabilities.

Under the Debt Collection Act, the IRS would be permitted to disclose to another federal agency whether a federal loan applicant has any outstanding tax liability (or other liability under the Internal Revenue Code). This information can be disclosed only upon written request from the federal agency, and is strictly limited to information for the purposes of, and to the extent necessary, in determining whether a loan applicant has outstanding tax liabilities.

Currently, the IRS can release certain taxpayer identity information to other governmental agencies for purposes of assisting them in debt collection. However, the taxpayer identity information cannot be further disclosed.

The Debt Collection Act would allow IRS addresses to be disclosed under certain requirements for the purpose of collecting federal claims.