

May 4, 2014

Guy W. Farmer: How does the IRS spend our tax dollars?



Chad Lundquist/Nevada Appeal

Now that the 53 percent of us who pay federal income taxes have paid our 2013 tax bills, we're entitled to question how the Internal Revenue Service spends our tax dollars. Warning: It isn't a pretty picture for the taxpayers.

According to a recent report by the Treasury Department's inspector general, the IRS handed out \$2.8 million in bonuses to 1,146 employees with disciplinary issues, including more than \$1 million to employees who didn't pay their federal taxes. These are the same people who collect our taxes and who will soon enforce mandatory provisions of Obamacare. So, do you trust the "nonpolitical" IRS? Me neither.

The IG report found that IRS employees' tax problems included "willful understatement of tax liabilities over multiple tax years, late payment of tax liabilities, and underreporting of income." These same tax scofflaws not only received performance bonuses, they were granted a total of 10,582 hours of time off valued at more than a quarter-million dollars. This is what they call "personnel management" in the federal government. In private businesses, most of those freeloading employees would have been fired.

"We take seriously our unique role as this nation's tax administrator, and we will strive to implement a policy that protects the integrity of the tax administration system and the reputation of the service," IRS Chief Human Capital Officer David Krieg said in a statement obviously drafted by IRS public-relations flunkies. Krieg added that the IRS has instituted a policy to consider conduct when approving bonuses for senior executives, but you can bet that the Treasury Department's employees' union will oppose any policy that reduces or eliminates those undeserved bonuses despite a 1998 law that requires dismissal of IRS employees who fail to pay their federal taxes.

"How can we expect the American people — many of whom are struggling to make ends meet — to trust their government when they learn that the very agency charged with collecting their tax dollars is rewarding employees who haven't paid theirs?" asked Sen. Joe Manchin, D-W.Va.

"Considering that the U.S. tax system is built primarily on voluntary compliance, having confidence that we have a fair and impartial tax system is pivotal," wrote Forbes magazine's Robert W. Wood. "That's one reason the IRS targeting scandal has so deeply undermined the trust people have in the tax agency." Wood was referring to the scandal arising from reports that the IRS targeted conservative organizations for "special attention." When called to testify before Congress, Lois Lerner, the senior IRS executive responsible for those kinds of tax exemptions, received a \$40,000 bonus before she took the Fifth Amendment and retired on a very comfortable federal annuity.

Well, like the Bureau of Land Management's heavy-handed tactics in the Southern Nevada "range war," this is just another example of a powerful federal agency playing by its own rules rather than cooperating with its stakeholders to resolve serious issues. Ordinary citizens suffer when power-hungry federal bureaucrats throw their weight around without sufficient congressional oversight. Senate Majority Leader Harry Reid, D-Nev., and the rest of Nevada's congressional delegation should support efforts to crack down on these abuses and punish the senior officials responsible for the abuses. The problem is that no one is ever fired from the federal government.

I'm outraged that my tax dollars help pay bonuses to federal employees who don't pay taxes. But don't hold your breath waiting for the IRS to punish those employees.

Guy W. Farmer is a card-carrying taxpayer.