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# United States Senate

COMMITTEE ON SMALL BUSINESS  
WASHINGTON, DC 20510-6350

March 10, 1999

BY FACSIMILE (202/622-5756)  
ORIGINAL BY U.S. MAIL

The Honorable Charles O. Rossotti  
Commissioner  
Internal Revenue Service  
1111 Constitution Avenue, N.W.  
Washington, DC 20224

Dear Commissioner Rossotti:

Thank you for responding so quickly to my letter of February 25, 1999. After our conversation, I was encouraged that you are personally addressing this important taxpayer right. In addition, the Internal Revenue Service' (IRS) press release of March 2, 1999, was a positive first step in reaffirming the agency's policy of working cooperatively with taxpayers to resolve examination and collection issues and of using third-party contacts only as a last resort to resolve unanswered questions.

It greatly concerns me, however, that the blanket third-party notices have not been stopped. Taxpayers under examination are continuing to receive these alarming notices, even while they are being rewritten. I am also troubled to learn that the act of merely changing the wording of these notices to spell out the circumstances surrounding third-party contacts more clearly will take a minimum of a month to complete.

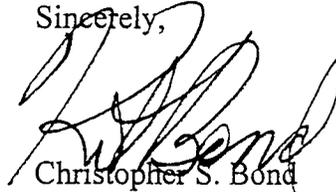
More broadly, it appears that the point of my letter was missed. The purpose of new section 7602(c) of the Internal Revenue Code is to provide notice to taxpayers only in those exceptional cases in which the IRS cannot first obtain all the necessary information directly from the taxpayer. Then, and only then, the notice is to provide sufficient information about whom the IRS needs to contact for the taxpayer to mitigate the damage to personal and business relationships, which results too often when an IRS agent starts asking questions of a taxpayer's friends, employer, bank, or other third parties.

No matter how well the current blanket notices are rewritten, they still overlook the fundamental purpose of this new taxpayer protection. Failing to provide taxpayers with reasonable information *before* the IRS makes any third-party contacts, simply eviscerates the effectiveness of this taxpayer right.

Again, I urge you to suspend the blanket third-party notices immediately and direct that this important taxpayer protection is implemented as Congress intended. Taxpayers deserve nothing less from an IRS dedicated to top-quality taxpayer service.

Thank you again for calling me so promptly. I look forward to working with you to resolve this matter as quickly as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Bond", written over a printed name.

Christopher S. Bond  
Chairman

cc: W. Val Oveson  
National Taxpayer Advocate