

~~15577~~

113895

UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548



FOR RELEASE ON DELIVERY  
EXPECTED BY 2:30 EST  
WEDNESDAY, NOVEMBER 19, 1980

STATEMENT OF  
ELMER B. STAATS  
COMPTROLLER GENERAL  
OF THE UNITED STATES

BEFORE THE  
COMMITTEE ON GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE

*SEN Nov 6 1980*

ON  
IMPROVING THE COLLECTION OF DEBTS  
OWED THE GOVERNMENT

Mr. Chairman and Members of the Committee:

We are here at your request to discuss ways in which Federal agencies can improve their debt collections. We appreciate your interest and concern and greatly appreciate your support of our efforts in this area.

Debts arise from a host of Federal activities, including tax assessments, sale of Government services and goods, overpayments to veterans and annuitants, and various loan programs such as student and housing loans. Most of these debts are paid routinely. However, because collection efforts are not always successful, the amounts owed and written off are substantial and growing rapidly.

*013268*

*AGC00038  
AGC00037  
AGC00016  
AGC00004*

Federal agencies reported that receivables from the public were \$117 billion at the start of fiscal 1980--a 23 percent increase over the previous year. Expected losses on these receivables were estimated at \$6.3 billion, also a 23 percent increase over the previous year. Agencies reported that they wrote off receivables of more than \$1 billion in fiscal 1979. Unfortunately, these gloomy statistics are materially understated because the accounting systems of many agencies do not provide accurate information on receivables, expected losses, and writeoffs.

#### GAO REVIEWS OF GOVERNMENT DEBT COLLECTIONS

In 1978, we reviewed Government accounts receivable as part of our continuing effort to evaluate the adequacy of agency accounting systems. We made these reviews at 12 agencies which had large accumulations of accounts receivable. We also analyzed the results of numerous GAO reviews of debt collections to develop a broad picture of how Government agencies can do a better job of accounting for these assets and collecting amounts owed. In October 1978, we reported 1/ on our findings, which were the subject of hearings before subcommittees of the Senate Committee on Finance and the Senate Appropriations Committee.

Our review showed that the collection of debts by the Government has been hindered by

--lack of prompt and aggressive collection,

---

1/"The Government Needs to do a Better Job of Collecting Amounts Owed by the Public," (FGMSD-78-61).

--low or no interest being imposed on delinquent accounts, and

--inaccuracies in accounting for and reporting accounts receivable, including inadequate allowances for bad debts.

These same problems were revealed in our recent reviews at the Department of Housing and Urban Development and the Law Enforcement Assistance Administration. We will discuss these matters in greater detail at hearings before this Committee tomorrow.

This afternoon, we will discuss Senate bill 3160, The Debt Collection Act of 1980, and additional actions that are needed to improve the Government's debt collection.

DEBT COLLECTION ACT OF 1980 (S. 3160)

Senate bill 3160 would remove an obstacle to the Government's use of the commercial practice of reporting an individual's delinquent financial obligations to credit bureaus. The bill also provides for making agencies more accountable for their collection activities. We support both of these objectives.

Reporting Delinquent Debts to Credit Bureaus

First, I would like to discuss the reporting of debts. As a result of our comparison and analysis of the debt collection practices of the public and private sectors, 1/ I initiated an April 1979 revision to the Federal Claims Collection Standards 2/ to require that agencies establish

---

1/"The Government Can Be More Productive in Collecting Its Debts by Following Commercial Practices," (FGMSD-78-59, Feb. 23, 1979.)

2/4 CFR 101-105

procedures for reporting delinquent debts to commercial credit bureaus. These Government-wide regulations are issued jointly by the Comptroller General and the Attorney General under authority of the Federal Claims Collection Act of 1966. 1/

The new provision for reporting debts to credit bureaus has not been implemented primarily because a legal issue arose over whether participating credit bureaus, which are governed by the Fair Credit Reporting Act, 2/ must also comply with the Privacy Act of 1974. 3/ Specifically, {the Department of Justice has taken the position that a credit bureau that enters into an agreement with a Government agency under which the credit bureau would retain information disclosed by the agency would be maintaining a subsystem of records subject to the Privacy Act.

A spokesman for the credit bureau industry stated that the industry will not participate with the Government in this effort of recording debts if doing so makes the bureaus subject to the Privacy Act. Aside from the fact that the industry is already heavily regulated, he expressed the view that modifying bureau systems for recording disclosures and debtor counter-arguments in a manner that would meet Privacy Act requirements would not be cost effective.

---

1/31 U.S.C. 951.

2/15 U.S.C. 1681.

3/ 5 U.S.C. 552a.

Recently, legislation was enacted that will exempt credit bureaus from the Privacy Act for certain VA 1/ and Department of Education 2/ debts. We supported that legislation; however, we would have preferred legislation providing such exemptions for all Government agencies, as is provided by Senate bill 3160.)

In conjunction with a current review of VA collection activities undertaken at the request of Senator Proxmire, we demonstrated the feasibility of reporting Federal debts to a credit bureau. Our analysis shows that making the delinquent status of debts a matter of record with a credit bureau provides incentive for payment because prospective grantors of new credit are likely to consider credit history before extending credit. A few examples follow.

Example 1

In October 1980 we received full payment of a debt that we had reported to the credit bureau over a year earlier. We contacted the credit bureau and determined that only a few days before the payment was made, the debtor's credit history had been checked in connection with an application for an automobile loan.

Example 2

After repeated unsuccessful attempts by VA and GAO since September 1976 to collect a debt, it was reported to the credit bureau in May 1979. In December 1979, the debtor contacted us

---

1/Public Law 96-466 October 17, 1980.

2/Public Law 96-374 October 3, 1980.

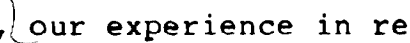
regarding repayment arrangements because his credit record was preventing him from obtaining a loan. A lump sum payment in full settlement was received within a few weeks.

Example 3

A debt was reported to the credit bureau in May 1979, after repeated unsuccessful collection attempts by VA and GAO beginning in October 1976. The debtor called our office in March 1980 and arranged immediate payment. Subsequent examination of a credit report on this debtor showed that in March 1980 a credit union had requested information on the debtor's credit history.

Example 4

A debt was reported to the credit bureau in May 1979 after repeated unsuccessful collection efforts beginning in May 1976. In October 1979, apparently due to problems in arranging real estate financing, the debtor sent us an uncashed educational benefit check that he had received in March 1976 and requested clarification of the remainder of the debt. His questions were subsequently resolved and he is making monthly payments on the unpaid balance.

In summary,  our experience in reporting delinquent debts has reinforced our belief that it is an effective tool for strengthening Government collection programs. This tool would be especially useful in the Government's efforts to collect debts for which, due to their size, it is not practical to take

legal action.) Enactment of Senate bill 3160 would remove the present obstacle to implementing credit reporting programs throughout the Government.

#### Obtaining Better Information on Debts

Senate bill 3160 also provides for improving the accounting for agencies' debt activities.

When we reviewed the debt collection programs of several agencies it became apparent that the information available on their activities was not adequate to meet the needs of the Congress or executive branch management. In February 1979, I sent a letter to the Secretary of the Treasury suggesting that his department expand agency reporting requirements to include amounts of accounts and loans receivable past due, aging schedules of delinquent accounts, and amounts written off during specified periods. In addition, I urged Treasury, in cooperation with OMB, to take an active role in monitoring, analyzing, and following up on this to ensure that agencies are doing as much as they can to collect amounts owed. At the same time I wrote to the Director of OMB, suggesting a close cooperative effort with Treasury to assure that the Government has an aggressive and effective debt collection program.

Treasury issued special reporting requirements in August 1979 for the financial reports for the end of September 1979. However, differing agency policies, procedures, and accounting systems resulted in problems in complying with these requirements and the information reported was not complete and accurate.

Our recent review of the management and accounting for multifamily mortgages held by the Department of Housing and Urban Development provides a good example of the importance of adequate debt collection information. At the time of our review, HUD held 2,000 multifamily mortgages with an unpaid principal balance of \$3.7 billion. Summary accounting information needed to evaluate HUD's collection efforts was not available. As part of our review, we determined that delinquencies amounted to over \$500 million. This previously unknown figure was developed by working manually with each of the 2,000 accounts. The \$500 million figure showed the severity of the collection problems at HUD and should have been readily available along with other detailed information to evaluate collection efforts.

The need for the Government to improve its debt collection reporting systems received considerable attention during a Government-wide study made by OMB's Debt Collection Project staff. We understand that, as a result, revised reporting requirements are being planned for fiscal 1981.

From our discussions with the Project staff, it appears that the objectives of these efforts are quite similar to the intent of the reporting provisions in Senate bill 3160. Although this may be the case, the legislation would provide further assurance that the information needed by the Congress and executive branch management will be produced and that agencies will be more accountable for their collection activities.



## ADDITIONAL ACTIONS NEEDED

Now, I would like to comment on additional debt collection issues that are not addressed in Senate bill 3160. Several of these issues were discussed in a report we sent to the Congress this past January. 1/ The growing volume of uncollectible debts that either must be referred to Justice for legal action or written off as losses shows that by means of legislation and regulation we must give agencies additional tools that will result in more collections without resorting to legal action. Agencies also must take full advantage of the tools that are now available.

### Charging Interest

Many of the debts owed the Government, especially those arising from overpayments of benefits or of pay and allowances, do not accrue interest. Therefore, the debtors are likely to first pay their other financial obligations.

With the cooperation of Justice and Treasury, I initiated a new provision effective April 30, 1979, in the Federal Claims Collection Standards. Under this provision, interest is to be charged at rates prescribed by Treasury on debts that are delinquent or being paid in installments, unless a different rule is prescribed by statute, contract, or regulation.

---

1/"Unresolved Issues Impede Federal Debt Collection Efforts--  
A Status Report," (CD 80-1).

Our surveys of agencies indicate that a few implemented the new provision but others with substantial overpayments, including the Veterans Administration, the Social Security Administration, and the Department of Defense, are not yet complying with the new requirement. VA is now required by Public Law 96-466, to develop regulations by January 1981 for charging interest on benefit overpayments. We will be following up on the progress of other agencies.

There are additional interest issues. In some Federal programs, favorable interest rates are prescribed by law or administratively established. These rates are below the Treasury's cost of borrowing. We are especially concerned when these favorable interest rates continue even after the debt becomes delinquent. For example, the interest rate is only 4 percent on debts that result from defaulted home loans guaranteed by VA. Such low rates contrasted to rates charged by private sector creditors provide little incentive to pay the Government debt.

We believe that unless there is a specific prohibition in the law, agencies should include in their loan agreements a provision allowing for the rate of interest to be increased to the prescribed Treasury rate if delinquency occurs. This would provide an incentive to Government debtors to keep their payments current.

#### Preventing Overpayments

Agencies need, and the Federal Claims Collection Standards call for, information systems and management procedures

designed to identify and deal with the causes of overpayments, delinquencies, and defaults. In our reviews of agency operations, we look for ways to prevent overpayments and our reports dealing with agency programs which generate overpayments contain recommendations addressing their prevention.

Primary responsibility for preventing overpayments and delinquencies must rest with the agencies. Agencies with significant overpayment problems should have systematic procedures for analyzing debts and initiating corrective actions. Automated systems, for example, might be programmed to provide information on debt type, source, and frequency which would be the basis for management followup.

In July of this year, we requested agencies to give us reports on actions they have taken to prevent overpayments, delinquencies, and defaults. The reports indicate that some agencies have taken or are planning useful actions while others are not devoting sufficient attention to the problem. Several agencies indicated that they were studying overpayment problems in connection with the OMB Debt Collection Project.

#### Contracting for Collection Assistance

One way the Government can reduce the amount of its uncollected debts, especially those considered too small for legal action, is through use of private collection firms.

Several years ago GAO took the position that Federal agencies could not legally delegate to private contractors the agencies' collection authority under the Federal Claims Collection Act. Traditionally, we also have opposed the use of private collection agencies on policy grounds.

Recently, however, we have reexamined our positions because of the need for sufficient resources to deal with the growing volume of Federal debts and the fact that the Canadian Student Loan Program and other public entities, including the State of Pennsylvania, are successfully using private collection agencies.

The original policy objections focused upon the dubious reputations and methods of collection agencies at that time, as well as their possible lack of expertise or responsiveness in dealing with Federal debtors. The Fair Debt Collection Practices Act of 1978 1/ and numerous State statutes and regulations now prohibit abusive, deceptive, and unfair practices by collection agencies. Also, as evidenced by collection contracts awarded by the Department of Education under its specific legislative authority, carefully drawn contractual arrangements can be used to impose appropriate requirements and restrictions on a collection agency.

{ We believe that agencies are not precluded from contracting with collection firms for routine collection

---

1/15 U.S.C. 1692.

activities provided the agencies retain ultimate responsibility for such actions, including the discretion to determine when debts should be compromised or collection action terminated. Therefore, the most likely framework for a contractual arrangement would be one in which only the performance of administrative functions are delegated to the collection firm.

Accordingly, we are acting with Justice to amend the Federal Claims Collection Standards to authorize and provide guidance on the use of collection firms as a supplement to agency collection efforts.

#### Collecting By Offset

Another way of collecting many delinquent debts is for the Government to reduce or withhold future payments or benefits from the debtor. The Federal Claims Collection Standards direct agencies to collect debts by offset when feasible. The right of the Government to do so is grounded in common law and has been affirmed many times by the courts. In practice, due to legal constraints or agency policy, offset has been used only in certain circumstances such as offset from (1) continuing entitlements to the same benefits originally overpaid, (2) civil service retirement annuities or contributions, (3) final pay of Federal employees, (4) amounts due indebted contractors of the United States, and (5) judgments against the United States. Other types of offset also should be considered.

### Collection from Federal employees

Under present legislation, the salary of a Federal employee may not be withheld to satisfy general debts owed the Government. [An employee's salary may be withheld only to satisfy an erroneous payment the agency made to the employee, or for travel or moving expense advances paid to the employee.]

Many Federal employee debts are referred to the Office of Personnel Management for offset from annuities or for lump sum withdrawal of retirement contributions. By the time the Government attempts to collect these claims through offset, the claims are often stale, the facts are forgotten, and court action is barred.

We recommend that the Congress amend 5 U.S.C. 5514 to provide authority to collect general debts owed the Government by offset from a Federal employee's salary.

Also, the Government's ability to collect debts by offset against payments due employees or others to whom monies are owed is affected by the Justice Department's views on the effect of the statute of limitations. In September 1978, Justice advised the Office of Personnel Management that the 6-year statute of limitations 1/ prevents the Government from collecting debts over 6 years old by means of offset.

Later, we issued a decision (B-189154) that was in direct disagreement with Justice's opinion and in November 1979, Justice reaffirmed its original position.

---

1/28 U.S.C. 2415.

Because many debts are now or will be over 6 years old before offset becomes possible, we recommend that the statute of limitations be amended to explicitly recognize that the 6-year limitation does not prohibit the offset of debts owed the Government.

#### Offset of Federal tax refunds

Federal tax refunds are routinely made to many individuals who have not paid debts owed the Government. In March 1979 we reported to the Congress 1/ that of a sample of 613 terminated debts totaling \$431,000, up to \$153,000, or 36 percent, could have been collected over a 2-year period by reducing the debtors' tax refunds. We recommended that, on a test basis, delinquent nontax receivables be collected by reducing future income tax refunds due the debtors.

IRS expressed reservations about the desirability and practicality of such a program when balanced against the value of concentrating IRS resources and expertise on the administration of tax laws. A provision in the fiscal 1980 IRS appropriations bill to fund 30 positions for such a test was defeated by a narrow margin in the Senate.

Several Members of Congress are interested in pursuing legislation on this point, and we have continued to develop related information. In response to a request from you, Mr. Chairman, as Chairman of the Legislative Appropriations

---

1/FGMSD 79-19, March 9, 1979.

Subcommittee, we issued a report 1/ in July that pointed out that in 1979 alone, the State of Oregon was able to collect by offset from tax refunds over \$2.4 million in delinquent debts that most likely would have been lost to the State. The State spent only about \$200,000 to collect this amount, while at the same time establishing strict controls to ensure that debtors' rights to due process are protected and that tax refunds are not arbitrarily offset.

#### Other Offset Possibilities

We are studying the feasibility and potential uses of other offset programs. In many cases where the Government makes a payment to an individual who is indebted to the Government, there is a potential for offset. For example, former military members who are indebted to the Government may obtain VA benefits after they are discharged. In making these studies, consideration will be given to such factors as: (1) the feasibility of identifying potential offsets through matching of computerized data or other means, (2) the cost effectiveness of an offset program, and (3) whether changes to existing laws will be required.

#### Debt Litigation by Agencies

Under the Federal Claims Collection Act, agencies are responsible for prelitigation collection efforts. Giving agencies a role in litigation, which is now the responsibility of the Department of Justice, could result in more

---

1/"Oregon's Offset Program for Collecting Delinquent Debts Has Been Highly Effective," FGMSD 80-68, July 17, 1980.



timely recovery action, intensified prelitigation collection efforts, and better management of programs to prevent overpayments and reduce loan defaults. Another possible benefit of agency litigation is that debts, especially those under \$600 which generally are not referred to Justice, might be pursued in State, local, and small claims courts.

{ An important goal of agency litigation should be to relieve Justice of a rapidly increasing backlog of debt litigation cases. } As of September 1980, Justice had an inventory of over 63,000 VA debts totaling \$69 million. During fiscal 1980, VA referred 31,000 cases totaling \$36 million for collection action whereas during this same period Justice settled only 12,000 VA accounts totaling \$16 million. Also, during the past 3 years, the workload at Justice has been heavily affected by Department of Education referrals of 26,000 Guaranteed Student Loan default cases totaling \$43 million.

Recently enacted legislation 1/ provides that, under the direction and supervision of Justice, VA can litigate debts resulting from VA benefit programs. This should reduce the workload at Justice. However, the growing backlogs of uncollectible debts suggests that the Government may need additional litigative resources. { If VA's litigative efforts are successful, consideration should be given to similar delegations of Justice's litigative authority to other agencies with large volumes of receivables.

---

1/Public Law 96-466 October 17, 1980.

### Using IRS Locator Assistance

Legislation is needed to remove a restriction on redisclosure of a debtor's address that has been obtained from the Internal Revenue Service. A provision of the Tax Reform Act of 1976 1/ specifically authorizes the Director of IRS to furnish locator assistance to agencies for debt collection purposes. We had sought this provision because experience shows that the locator assistance available from IRS is far more effective and less costly (currently only 11 cents for each address) than any alternative locator technique.

The usefulness of the IRS address information has been greatly restricted, however, because the Tax Reform Act precludes redisclosure of an address obtained from IRS to credit bureaus or other contractors who are assisting in the collection effort. This is a problem, for example, in complying with the requirement of the Federal Claims Collection Standards that debts sent to Justice for collection be accompanied by reasonably current credit data. The purpose of this requirement, which is usually met by obtaining a commercial credit report, is to avoid fruitless legal action against debtors who cannot pay.

This problem indirectly affects Senate bill 3160 because unless this restriction is lifted, agencies will not be able to report debtors whose addresses were obtained from

---

1/26 U.S.C. 6103(m)(2)

IRS to commercial credit bureaus to affect the debtors' credit standings. This problem will have a similar impact on referrals to collection agencies.

In June 1980, we wrote to Senator Long and Representative Ullman of the Joint Committee on Taxation requesting their assistance in gaining legislative relief from this restriction. House bill 4155, with proposed Senate amendments, would provide some redisclosure privileges for the Department of Education and VA; however, to our knowledge, no Government-wide legislation has been introduced to relieve this problem.

In your recent statement before the "Oversight of the Internal Revenue Service" Subcommittee of the Senate Finance Committee, you pointed out that "the present IRS restriction on redisclosure of essential IRS address information has the effect of precluding Federal agencies from fully carrying out their collection responsibilities."

#### The Debt Collection Project

One of the significant recent developments in Federal debt collection is a Government-wide study started in October 1979 prompted by the growing concern resulting from a number of GAO reports and Congressional hearings.

The project was sponsored by the President's Management Improvement Council. The Council--of which I am a member--is cochaired by the Directors of OMB and the Office of Personnel Management. The project staff, with agency assistance, has

carried out in-depth reviews of 24 major collection programs and studied a number of Government-wide issues regarding accounting for and managing receivables.

The target date for completion of the study has slipped considerably and the responsibility for completing the study, reporting on the project's work, and monitoring agency corrective actions has been assumed by OMB. I simply want to make the point that the project appears to be one of the most comprehensive and thorough studies of these issues ever made and it is important that the Government makes effective and timely use of the information in improving its debt collection programs.

#### SUMMARY

In addition to the issues addressed by Senate bill 3160, we believe that legislation is needed to:

- provide authority to collect general debts owed the Government by offset from a Federal employee's salary,
- recognize that the 6-year statute of limitations does not prohibit the offset of debts owed to the Government, and
- remove the restriction on redisclosure of a debtor's address that has been obtained from the Internal Revenue Service.

I am providing for the record proposed language for the needed legislation.

Despite the unresolved status of some of the issues that I have mentioned today, progress is being made in developing

an improved statutory and administrative framework. The need for the Government to improve its debt collection is now widely recognized in the legislative and executive branches. However, in order for Government collections to keep pace with the growing amounts owed and to reduce writeoffs, agencies must devote the resources needed and be more aggressive in collecting. Expensive, slow, and ineffective collection methods must be improved or replaced--in some cases by using the resources and techniques of private industry. Also, higher priority should be placed on debt collection in relation to conflicting concerns for personal privacy.

Where possible, we are attempting to increase collections by initiating revisions to the Government-wide debt collection regulations. We are also working with the Congress for legislative changes that will reduce impediments to more effective collection programs. Senate bill 3160 would remove the present obstacle to reporting debts to credit bureaus, thereby permitting use of an important collection tool. The bill's other major provision will strengthen accountability in agency collection programs. I support these efforts and assure this Committee that we will continue work to resolve the other issues that I have discussed.

This concludes my statement. We will be happy to respond to any questions you or other members of the committee may have.

Attachment

PROPOSED AMENDMENT TO 5 U.S.C. §5514(a)  
TO PERMIT OFFSET OF GENERAL GOVERNMENT DEBTS  
FROM CURRENT SALARIES OF FEDERAL EMPLOYEES

The first sentence of section 5514(a) of title 5, United States Code, is amended to read as follows:

"(a) When the head of an agency concerned or his designee determines or is advised that an employee, a member of the armed forces, or a Reserve of the armed forces, is indebted to the United States because of an erroneous payment made by the agency or any other agency to or on behalf of the individual arising out of any transaction, the amount of the indebtedness may be collected in monthly installments, or at officially established regular pay period intervals, by deduction in reasonable amounts from the current pay account of the individual."

Section 5514(a) as amended (new language underlined):

"(a) When the head of an agency concerned or his designee determines or is advised that an employee, a member of the armed forces, or a Reserve of the armed forces, is indebted to the United States because of an erroneous payment made by the agency or any other agency to or on behalf of the individual arising out of any transaction, the amount of the indebtedness may be collected in monthly installments, or at officially established regular pay period intervals, by deduction in reasonable amounts from the current pay account of the individual. The deductions may be made only from basic pay; special pay, incentive pay, retired pay, retainer pay, or, in the case of an individual not entitled to basic pay, other authorized pay. Collection shall be made over a period not greater than the anticipated period of active duty or employment, as the case may be. The amount deducted for any period may not exceed two-thirds of the pay from which the deduction is made, unless the deduction of a greater amount is necessary to make the collection within the period of anticipated active duty or employment. If the individual retires or resigns, or if his employment or period of active duty otherwise ends, before collection of the amount of the indebtedness is completed, deduction shall be made from later payments of any nature due the individual from the agency concerned."

PROPOSED AMENDMENT TO 28 U.S.C. §2415  
TO MAKE CLEAR THAT STATUTE OF LIMITATIONS  
DOES NOT BAR ADMINISTRATIVE OFFSET OF CLAIMS

Section 2415 of title 28, United States Code, is amended by adding the following new subsection (i):

"(i) The provisions of this section shall not prevent the United States or an officer or agency thereof from collecting by means of administrative offset any claim of the United States or an officer or agency thereof from money payable to or held on behalf of an individual."

PROPOSED AMENDMENT TO 26 U.S.C. §6103(m)(2)  
TO PERMIT REDISCLOSURE OF MAILING ADDRESSES

Section 6103(m)(2) of title 26, United States Code, is amended to read as follows:

"(2) Upon written request, the Secretary may disclose the mailing address of a taxpayer to officers and employees of an agency, and their contractors, directly engaged in, and solely for their use, including redisclosure, in preparation for any administrative or judicial proceeding (or investigation which may result in such a proceeding) or other activity pertaining to the collection or compromise of a Federal claim against such taxpayer in accordance with the Federal Claims Collection Act of 1966."

Section 6103(m)(2) as amended (new language underlined; deleted language bracketed):

"(2) Upon written request, the Secretary may disclose the mailing address of a taxpayer to officers and employees of an agency, and their contractors, [personally and] directly engaged in, and solely for their use, including redisclosure, in [,] preparation for any administrative or judicial proceeding (or investigation which may result in such a proceeding) or other activity pertaining to the collection or compromise of a Federal claim against such taxpayer in accordance with the [provisions of section 3 of] the Federal Claims Collection Act of 1966."