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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

July 12, 2006

KOLAN DAVIS, STAFF DIRECTOR AND CHIEF COUNSEL
RUSSELL SULLIVAN, DEMOCRATIC STAFF DIRECTOR

The Honorable J. Russell George
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Mr. George:

The IRS's Headquarters building in Washington, D.C. is closed because of extensive damage due to recent flooding. The subbasement that holds all of the building's electrical and maintenance equipment was submerged in more than 20 feet of water and the equipment appears to be 95 percent damaged or destroyed. While the IRS has made progress in clean-up and decontamination, the building may be closed until next year. The costs of remediation are expected to run in the tens of millions of dollars.

This incident underscores the importance of a comprehensive IRS continuity of operations plan to ensure that our nation's tax system will be able to operate effectively in the event of a natural disaster or terrorist act. The 2,400 employees who work at the building have been relocated to other IRS-occupied buildings in the metro area or into temporary space, and some are telecommuting. Although the IRS has reported that all business units have extensive business resumption plans that have been executed, the Committee has learned that many workers do not have access to the necessary equipment or data to carry out their official duties.

I am requesting the TIGTA to determine the extent and nature of disruptions to IRS operations, and to identify the functions and locations that have been the most impacted, as a result of the flooding. What costs and challenges does the IRS face in dealing with the damages incurred and the interruption of normal operations? How does the IRS plan to pay for the remediation? In addition, TIGTA should consider the impact on taxpayers and tax administration.

I am also writing to the Government Accountability Office to request a review of the IRS's Continuity of Operations Plan and to the IRS asking for an assessment of the damages incurred and to keep the Committee apprised of the agency's plans to repair and replace damaged property.

Sincerely,



Max Baucus
Ranking Member