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U.S. House of Representatives

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April 1, 2004

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The Honorable Jeffery Rush, Jr.
Inspector General
United States Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Inspector General Rush:

An article by Bob Davis in The Wall Street Journal of March 31, 2004, highlights the use of civil servants in the Department of the Treasury to produce estimates of the cost of what purports to be Senator Kerry's tax plan. This appears to be an instance of the Bush Administration misusing government resources for political purposes. There are several troubling aspects of this event.

First, on March 22, 2004, the Republican National Committee issued a press release attacking the Kerry campaign using new and detailed Treasury Department revenue estimates. The Treasury Department posted this same information on its own website that very same day. Obviously, this did not happen by accident, but rather appears to be clear evidence of improper coordination between Treasury Department officials and the Republican National Committee.

Second, in creating these estimates, the Treasury Department filled in the "details" of the Kerry proposal and did so in an overtly political way. Treasury officials did not create an estimate based on present law. Instead, they made selective assumptions about which temporary tax cuts under present law would be made permanent and proceeded to estimate the Kerry plan's costs. Undoubtedly, this took tax and economic experts within the Treasury Department much time and effort.

Third, the political nature of the Treasury Department analysis is indicated by its constant use of terms, such as references to "hardworking

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individuals and married couples." We have never seen in a revenue analysis prepared by either the Congressional Joint Committee on Taxation or previously by the Treasury Department that used terminology or political jargon such as this.

Fourth, at no time in the past have Treasury revenue analyses been shared with political officials for use in their party's election campaigns. Former Treasury Department officials from both parties have criticized this recent political work by civil servants of the Treasury Department. One former Reagan Treasury tax official indicated that Treasury's March 22nd analysis of the Kerry plan for political purposes "stepped over the line" that is supposed to protect career officials from political influence.

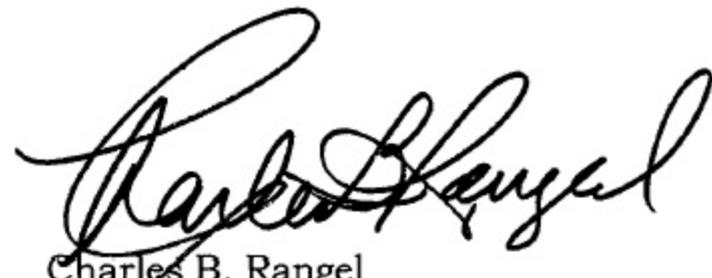
Fifth, the Joint Committee on Taxation is the Congressional revenue estimating body on tax proposals. The JCT produces thousands of revenue estimates on tax proposals each year and clearly could have provided estimates as quickly as the Treasury Department, if requested. The JCT would not have been willing to provide estimates of the Kerry proposal at this time because, in doing so, they would have had to fill in significant and unknown details for an analysis. The fact that Treasury staff were asked to fill in many such details adds to the appearance that civil servants were used for political purposes.

As a result of these concerns, we believe that it is appropriate you, as Treasury Inspector General, fully review the matter and issue a report on your findings. The public and the Congress need to fully understand (1) the extent of coordination between the Treasury Department officials and the Republican National Committee members/staff on development and release of Treasury's March 22nd revenue study, and (2) how federal employees of the Treasury Department were used inappropriately to assist the political objectives of the Republican Party.

Thank you for your consideration.

Sincerely,


Nancy Pelosi
Democratic Leader


Charles B. Rangel
Ranking Member