

Congress of the United States
Washington, DC 20515

April 30, 2021

The Honorable Mike Quigley
Chairman
Subcommittee on Financial Services
And General Government
2000 Rayburn House Office Building
Washington D.C. 20515

The Honorable Steve Womack
Ranking Member
Subcommittee on Financial Services
And General Government
2000 Rayburn House Office Building
Washington D.C. 20515

Dear Chairman Quigley and Ranking Member Womack,

As you draft the Fiscal Year (FY) 2022 Financial Services and General Government Appropriations bill, we respectfully request that you provide \$15.4 billion for the Internal Revenue Service (IRS), including at least \$5.7 billion for the enforcement account and \$500 million for business systems modernization. Tax collection is a basic function of government, and enhanced resources for the IRS will boost revenues, decrease our national debt, improve taxpayers' experiences, modernize antiquated IRS business systems, protect taxpayer rights, and ensure that all Americans pay their fair share.

The National Taxpayer Advocate's *2020 Annual Report to Congress* cited "inadequate funding" as a primary factor damaging the IRS' ability to recruit and retain employees and provide "quality taxpayer service." Since 2010, IRS appropriations, in real (inflation-adjusted) dollars, has decreased more than 20 percent, with a corresponding 22 percent reduction to the IRS workforce. In March 2021, IRS Commissioner Chuck Rettig testified before Congress that the loss of enforcement personnel caused a decrease in audit rates. With 26 percent of IRS personnel eligible for retirement this year, the IRS needs sustained investment to build and maintain a strong workforce and carry out essential tax operations.

In FY 2020, the IRS collected \$3.5 trillion on a budget of \$11.5 billion, an astonishing return on investment that underscores opportunities for revenue generation through additional funding. However, the National Taxpayer Advocate's 2019 report noted that the IRS was unable to collect \$381 billion in unpaid taxes annually from 2010-2013, and Commissioner Rettig testified before Congress that the current tax gap could exceed \$1 trillion per year. In *Trends in the Internal Revenue Service's Funding and Enforcement*, the Congressional Budget Office (CBO) projected that increasing enforcement funding by \$40 billion over ten years would improve compliance with the tax system and increase revenue by \$103 billion. That plan depends upon immediate efforts to start rebuilding enforcement capabilities, so we ask that the enforcement account for IRS receive at least \$5.7 billion for FY 2022.

It is also imperative to continue to fund the modernization of the IRS's IT infrastructure. Certain components of the IRS's mainframe systems, such as the Individual Master File that stores information for individual accounts and upon which most IRS systems depend, use long-obsolete technology from the 1960s. In some cases, the technology used by the IRS is not supported by manufacturers and is several upgrades out of date. In fact, during his final news conference in 2017, then-Commissioner of the IRS John Koskinen cautioned about the "potential for a catastrophic system failure," adding, "I don't want anyone to say they weren't warned." As the CBO reported, additional appropriations could be used "to develop and implement new ways to audit taxpayers and to collect taxes owed."

The Taxpayer First Act (Public Law 116-25), enacted on July 1, 2019, made significant adjustments to IRS procedures and sent a clear message from Congress that changes are needed to improve the services the IRS provides. Congress must take the next step and ensure that the IRS has the resources it needs to implement the strategic plans and recommendations generated from the IRS' legislatively mandated internal reviews. With the IRS facing additional responsibilities due to the COVID-19 pandemic, it is high time for Congress to roll back the steady decline in IRS funding that occurred over the last decade and return to FY2010 funding levels, roughly \$15.4 billion in inflation-adjusted dollars. This would allow the IRS to fairly, fully, and effectively enforce tax laws while continuing to improve taxpayer experience.

Sincerely,



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Member of Congress



Peter A. DeFazio
Member of Congress



Suzan K. DelBene
Member of Congress



Judy Chu
Member of Congress



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Member of Congress

Member of Congress

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Alma S. Adams, Ph.D.
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Donald S. Beyer Jr.
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