

**Congress of the United States**  
**Washington, DC 20515**

April 27, 2022

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) 2023 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 \$5.86 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, enhance taxpayers' experiences, modernize antiquated IRS business systems, improve compliance, and ensure that all Americans pay their fair share.

The National Taxpayer Advocate's (NTA) *2021 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." From 2010-2019, IRS appropriations, in real (inflation-adjusted) dollars, have decreased by about 20 percent, with a corresponding 17 percent reduction to the IRS workforce. Staffing levels are decreasing while individual and business tax returns are increasing. In March 2022, IRS Commissioner Chuck Rettig testified before Congress that in FY2021, the IRS realized less than 79,000 full-time equivalent (FTE) employees, which is close to 1974 levels. Further, since 2010, IRS enforcement FTEs have decreased by 30 percent. Commissioner Rettig testified that over the next six years, the IRS will need to hire an estimated 52,000 employees just to maintain current levels. With 22 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.

During the March 2022 Congressional hearing, Commissioner Rettig also testified that "a lack of resources also threatens to reduce the effectiveness of our criminal investigative work." In fact, he went on to note that the IRS Criminal Investigation (CI) division is close to its lowest staffing level in the past 30 years. We also note that IRS CI is currently faced with the additional burden of aiding in the enforcement of the newly imposed Russian sanctions. We urge your Subcommittee to provide the resources needed for criminal enforcement activity and to ensure that adequate resources are afforded IRS CI to undertake these new responsibilities.

In FY 2021, the IRS collected approximately \$4.1 trillion on a budget of \$11.9 billion, an astonishing return on investment that underscores opportunities for revenue generation through additional funding. Notably, this year, the National Taxpayer Advocate reported that according to the Department of Treasury, the gross tax gap is estimated to have totaled about \$580 billion for 2019 alone and is expected to rise to about \$7 trillion by 2029 if left unaddressed. In *Effects of Increased IRS Funding*, the Congressional Budget Office (CBO) projected that increasing enforcement funding by \$80 billion over ten years would improve taxpayer compliance and increase revenue by \$200 billion. That plan depends on immediate efforts to start rebuilding enforcement capabilities, so we ask that the enforcement account for IRS receive at least \$5.86 billion for FY 2023.

The IRS has a backlog crisis that must be addressed. According to the NTA's 2021 report, at the end of the 2021 filing season, the IRS had a backlog of over 35 million returns, and in FY 2021 received only two-thirds of the funding needed to modernize systems to efficiently process documents and respond to taxpayers. In some cases, taxpayers are still waiting for refunds containing COVID-19 relief that Congress provided over a year ago. The National Taxpayer Advocate notes that this is a result of not only the pandemic, but also a direct result of a diminishing budget since FY 2010 that has led to lack of adequate processing staff. We urge the Subcommittee to provide the IRS the resources to hire staff, modernize processing systems, and address the backlog.

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."

The President's budget request, while imperative for the IRS's functioning, is not sufficient to enable the agency to serve the American people the way they deserve. The IRS's IT is the oldest in the American government and needs funding to be brought into the 21st century. Today less than 20 percent of taxpayer phone calls are answered because the agency's workforce has been so decimated. There are fewer revenue agents pursuing sophisticated tax evaders than at any time since World War II. In order for the IRS to rebuild meaningfully, it requires a stream of stable, long-term, multi-year funding.

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 to 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 continuing to face increasing workloads and additional responsibilities, it is high time for Congress to roll back the steady decline in IRS funding that occurred over the last decade and provide the IRS with the funding and resources it needs to fairly, fully, and effectively enforce tax laws while continuing to improve taxpayer experience.

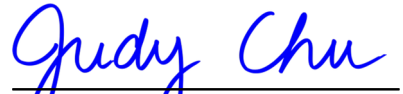
Sincerely,



Suzan K. DelBene  
Member of Congress



Jackie Speier  
Member of Congress



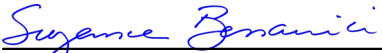
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Suzanne Bonamici  
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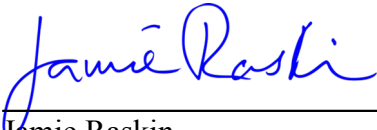
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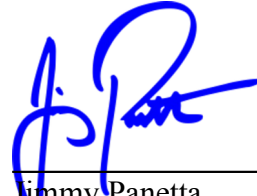


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Member of Congress



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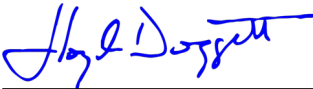
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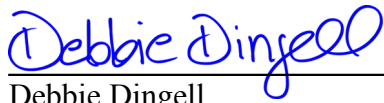
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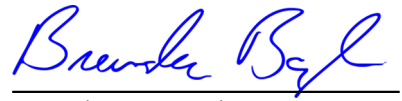
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Cynthia Axne  
Member of Congress



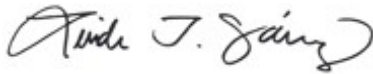
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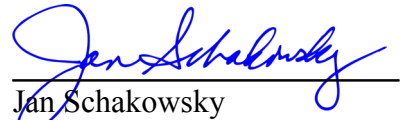
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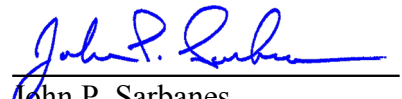
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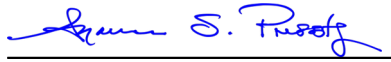
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John Yarmuth  
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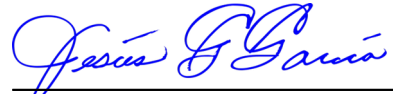


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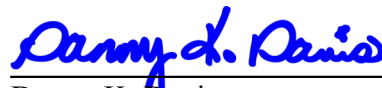


Mike Thompson  
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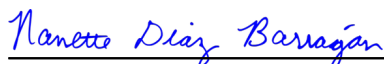
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Eric Swalwell  
Member of Congress



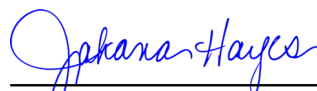
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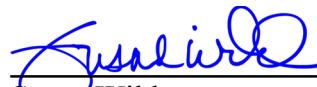
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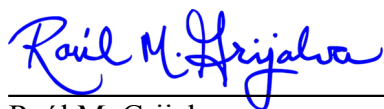
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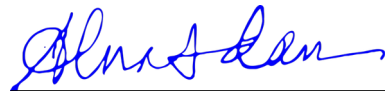
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Henry C. "Hank" Johnson, Jr.  
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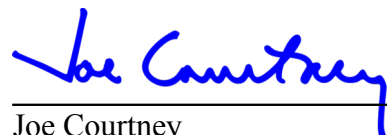
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Alma S. Adams, Ph.D.  
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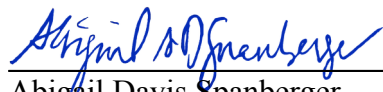
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Joe Courtney  
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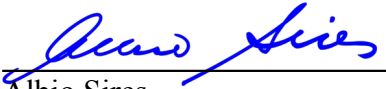
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Abigail Davis Spanberger  
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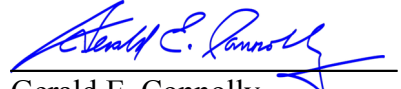


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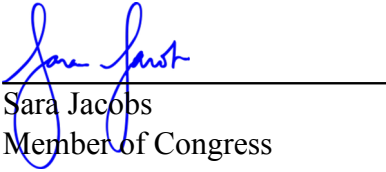
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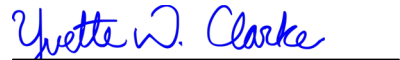
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Yvette D. Clarke  
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Ilhan Omar  
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Sean Casten  
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A. Donald McEachin  
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Mike Doyle  
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