

March 7th, 2022

AMERICANS
for TAX REFORM

Amac
*** ACTION ***

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CONSUMER ACTION for a STRONG ECONOMY

FreedomWorks

FRONTIERS of
FREEDOM
Securing the blessings of liberty

Dear Senator/Representative:

We write in opposition to any increased funding for the IRS in any government funding legislation. Democrats have called for increasing the IRS budget, arguing that the agency's inability to do its job is due to long-term underfunding. However, the true reason the IRS struggles to perform basic responsibilities is a long history of incompetence, ineptitude, and corruption.

New funding would be a down payment on the Left's goal to give the IRS \$80 billion in new funding to hire 87,000 new agents that will audit and harass American taxpayers. Senator Chris Van Hollen (D-Md.), head of the Senate Financial Services and General Government Appropriations subcommittee [said](#) his panel was considering including \$13.6 billion in funding to the IRS, a 14 percent increase. 15 Democrat Senators led by Elizabeth Warren (D-Mass.) and Jeff Merkley (D-Ore.) penned a [letter](#) calling for increasing IRS funding by at least 14 percent this year and for passing the \$80 billion in new IRS funding in the Left's Build Back Better (BBB) Act.

This would be a mistake. The IRS has proven it wants to target middle class taxpayers and has also proven it cannot do its current job.

The Left wants to increase IRS funding in order to target middle-class Americans and small businesses to more audits. New IRS enforcement will fall on American families and small businesses, not the "rich." The wealthy and large corporations already have armies of lawyers and accountants that ensure they legally take advantage of the plethora of credits and deductions offered by the tax code.

The IRS plans to [increase](#) small business audits by 50 percent and the IRS funding included in the BBB would lead to 1.2 million more annual [IRS audits](#), about half of which would hit households making less than \$75k. IRS "enforcement" funding in BBB was [23 times greater](#) than the amount allocated to "taxpayer services."

Democrats also want to have the IRS snoop on virtually every American. Specifically, Democrats included in their Build Back Better Act a "comprehensive financial account information reporting regime" to track the withdrawals and deposits of bank accounts, investment accounts, and Venmo, PayPal, and CashApp accounts of American individuals and businesses. This proposal would clearly harm Americans making less than \$400,000 per year, despite assurances by the left. It would hit 87 to 134 million Americans earning less than \$400,000 per year, according to an [analysis](#) by the Joint Committee on Taxation (JCT).

The Left even wants to have the IRS create and administer a new, government tax filing and preparation system. This policy, which has long been a pet project of progressives would replace the existing system of voluntary compliance, where Americans are responsible for filling out their own tax returns, with a system where the government assesses and files taxes for Americans.



At best, it would require the IRS to collect more personal data to properly assess taxes. A recent report by the Progressive Policy Institute [noted](#) that the IRS currently does not have the information it needs to prepare tax returns for American families especially refundable tax credits claimed by millions of low-income taxpayers.

At worst, it would give the IRS more power to intrude in the lives of Americans and create a strong conflict of interest. Americans barely understand the tax code as it stands. Sixty-five percent think the tax code is [too complex](#), compared to 7 percent that think it is too simple.

The IRS already wastes an immense amount of Taxpayer Funded Union Time (TFUT). In fiscal year 2019, 1,421 Treasury employees consumed 353,820 hours of TFUT. The compensation costs for this time were \$17.27 million. Further, individuals on TFUT may freely use government property, a cost amounting to \$2.5 million.

The IRS union also shovels [97 percent](#) of their money into Democrat campaign coffers. In the 2019-2020 campaign cycle, National Treasury Employees Union (NTEU's) political action committee raised \$838,288. Out of \$609,000 in spending on federal candidates, an overwhelming 97.04 percent went to Democrats.

The IRS has also proven it cannot protect taxpayer data. Last year, thousands of Americans' private taxpayer files were stolen, and several tax documents were published by the progressive news outlet ProPublica to push their own political agenda. More than six months later, the IRS has [not provided](#) any substantive response to this scandal.

While this is concerning, it is not the only case where the IRS has failed to protect taxpayer data. For instance, a 2016 TIGTA report found that the IRS had lost track of 1,000 laptops containing sensitive taxpayer data that contract employees used. Similarly, in 2015, hackers stole the personal data of 330,000 taxpayers. Reports indicated that the hackers didn't use suspected tactics but instead managed to steal data by going through the website and pretending to be regular people filing their taxes.

We urge you to reject any effort to increase the IRS's budget in any government funding legislation. Any new IRS funding will only be a down payment on the Left's goal of giving the IRS \$80 billion and hiring 87,000 agents to audit and harass middle class families and small businesses.

Sincerely,

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Bob Carlstrom
President, AMAC Action

Dick Patten
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Phil Kerpen
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