October 7, 2021

Dear Members of Congress:

The undersigned organizations write in opposition to the proposed new reporting regime to have the IRS collect the account inflows and outflows for bank, loan, and investment accounts as well as Venmo, CashApp, and PayPal accounts. The Biden administration has proposed subjecting every account exceeding gross inflows and outflows of $600 to this proposal while Senate Democrats have suggested a threshold of $10,000. Either way millions of working-class families including many making less than $400,000 per year will be impacted by this proposal.

This proposal is part of President Biden's plan to give the IRS $80 billion in new funding over the next decade and hire 87,000 new IRS agents. While Democrats claim they want to go after "the rich" and large corporations, this new reporting regime suggests they will target and harass middle class families and small and medium sized businesses.

Moreover, the reporting requirements impose a burden on banks, the cost of which will be passed on to their customers. It is likely that this cost will be borne most by those at the margin of the banking system, some of whom will be forced out of the system to join the ranks of the underbanked and unbanked.

There are also significant potential privacy violations with this new proposal. The plan could put the data security and personal information of taxpayers at risk at a time that the IRS has repeatedly proven it cannot safeguard taxpayer data.

Several months ago, ProPublica announced that it had the tax returns of thousands of taxpayers stretching back 15 years. This sensitive taxpayer data was either obtained through an unauthorized leak by an IRS employee or through a data breach – either way the IRS failed to safeguard taxpayer information.

Unfortunately, this is not an isolated incident. For decades, the IRS has proven incapable of protecting taxpayer data and acting in an impartial way. The IRS has had multiple, serious security breaches, has had employees leak sensitive taxpayer information to the public, and the agency has been caught discriminating against organizations and taxpayers for political gain.

This malfeasance even extends to existing financial reporting. A 2017 Treasury Inspector General for Tax Administration (TIGTA) report found that the IRS routinely skirted or ignored due process requirements when investigating taxpayers for violating the $10,000 currency transaction requirements that exist under the Bank Secrecy Act. The IRS Criminal Investigations Division (IRS-CI) utilized this reporting to investigate taxpayers that they suspected may be violating the law.

TIGTA found that most of these investigations were fishing expeditions – just 8 percent of taxpayers investigated were found to have broken the law. Instead, the inspector general uncovered numerous examples of IRS overreach including violations of the Eighth Amendment and failure to provide the taxpayer of their basic rights including considering reasonable explanations for exceeding the threshold, providing the purpose of the interview, proper agent identification, and that a seizure of their property took place.

The IRS has a long record of failing to do its job and targeting and harassing taxpayers. This proposed new financial reporting regime would provide another way for the agency to target taxpayers or lead to taxpayer data being leaked or stolen. Lawmakers should stand with taxpayers and reject this proposal.

Sincerely,

Grover Norquist
President, Americans for Tax Reform

Lisa B. Nelson
CEO, ALEC Action

Bob Carlstrom
President, AMAC Action

Dick Patten
President, American Business Defense Council

Phil Kerpen
President, American Commitment

Brent Wm. Gardner
Chief Government Affairs Officer, Americans for Prosperity

Ryan Ellis
President, Center for a Free Economy

Jeffrey Mazzella
President, Center for Individual Freedom

Andrew F. Quinlan
President, Center for Freedom and Prosperity

Tom Schatz
President, Citizens Against Government Waste

Iain Murray
Vice President for Strategy, Competitive Enterprise Institute

Matthew Kandrach
President, Consumer Action for a Strong Economy

David McIntosh
President, Club for Growth

Katie McAuliffe
Executive Director, Digital Liberty

Jeremy Cerone
CEO, EliteSafe Inc.

Adam Brandon
President, FreedomWorks

George Landrith
President, Frontiers of Freedom

Garrett Bess
Vice President, Heritage Action for America

Jon Caldara
President, Independence Institute

Carrie Lukas
President, Independent Women's Forum

Heather R. Higgins
CEO, Independent Women's Voice

Andrew Langer
President, Institute for Liberty

Tom Giovanetti
President, Institute for Policy Innovation

Seton Motley
President, Less Government

Charles Sauer
President, Market Institute

Pete Sepp
President, National Taxpayers Union

Keith Erf
New Hampshire State Representative (Hillsborough 2)

David Miller
Southwest Ohio Center Right Chair

Brandon Dutcher
Senior Vice President, Oklahoma Council of Public Affairs

Tom Hebert
Executive Director, Open Competition Center

Bryan Bashur
Executive Director, Shareholder Advocacy Forum

Saulius "Saul" Anuzis
President, 60 Plus Association

Jim Martin
Founder/Chairman, 60 Plus Association

Lorenzo Montanari
Executive Director, Property Rights Alliance

Karen Kerrigan
President & CEO, Small Business & Entrepreneurship Council

David Williams
President, Taxpayers Protection Alliance

Kevin Roberts
CEO, Texas Public Policy Foundation