the Committee of the Whole under a special rule that placed an overall time limit on the amendment process, including the time consumed by record votes. The Chair announced, and then strictly enforced, a policy of closing electronic votes as soon as possible after the guaranteed period of 15 minutes. Members appreciated and cooperated with the Chair's enforcement of the policy on that occasion. The Chair desires that the example of October 30, 1991, be made the regular practice of the House. To that end, the Chair enlists the assistance of all Members in avoiding the unnecessary loss of time in conducting the business of the House. The Chair encourages all Members to depart for the Chamber promptly upon the appropriate bell and light signal. As in recent Congresses, the cloakrooms should not forward to the Chair requests to hold a vote by electronic device, but should simply apprise inquiring Members of the time remaining on the voting clock. Members should not rely on signals relayed from outside the Chamber to assume that votes will be held open until they arrive in the Chamber. Members will be given a reasonable amount of time in which to accurately record their votes, and the Chair will endeavor to assess the presence of the membership and the expectation of further votes prior to exercising the authority under clause 9 of rule XX or clause 6(g) of rule XVIII. The Speaker believes the best practice for presiding officers is to await the Clerk's certification that a vote tally is complete and accurate. Members are further reminded, in accordance with the Speaker's statement of January 7, 2016, that the standard policy is to not terminate the vote when a Member is in the well attempting to cast a vote. Other efforts to hold the vote open are not similarly protected.

8. Use of Handouts on House Floor

The Speaker's policy announced on September 27, 1995, which was prompted by a misuse of handouts on the House floor and made at the bipartisan request of the Committee on Standards of Official Conduct, will continue in the 118th Congress. All handouts distributed on or adjacent to the House floor by Members during House proceedings must bear the name of the Member authorizing their distribution. In addition, the content of those materials must comport with standards of propriety applicable to words spoken in debate or inserted in the Record. Failure to comply with this admonition may constitute a breach of decorum and may give rise to a question of privilege. The Chair would also remind Members that, pursuant to clause 5 of rule IV, staff is prohibited from engaging in efforts in the Hall of the House or rooms leading thereto to influence Members with regard to the legislation being amended. Staff cannot distribute handouts. In order to enhance the quality of debate in the House, the Chair would ask Members to minimize the use of handouts.

9. Use of Electronic Equipment on House Floor

The Speaker's policy announced on January 27, 2000, as clarified on January 6, 2009, and as modified by the change in clause 5 of rule XVII in the 112th Congress, will continue in the 118th Congress with modifications as follows. All Members and staff are reminded of the absolute prohibition contained in clause 5 of rule XVII against the use of mobile electronic devices that impair decorum. Those devices include wireless telephones and personal computers. The Chair wishes to note that electronic tablet devices without an external keyboard do not constitute personal computers within the meaning of this policy and thus may be unobtrusively used in the Chamber. No device may be used for still photography or for audio or video recording or for live broadcasting. The Chair requests all Members and staff wishing to receive or make wireless telephone calls to do so outside of the Chamber. The Chair further requests that all Members and staff refrain from wearing electronic headsets, headphones, or earbuds in the Chamber and to deactivate any audible ring of wireless phones before entering the Chamber. To this end, the Chair insists upon the cooperation of all Members and staff and instructs the Sergeant-at-Arms, pursuant to clause 3(a) of rule II and clause 5 of rule XVII, to enforce this prohibition. In light of the changes to rule II and rule XVII in the 115th Congress, the Chair would like to take this opportunity to educate all Members and staff on how these changes will be implemented. The Sergeant-at-Arms is charged with enforcement of clause 3(g) of rule II, which prohibits the use of electronic devices for still photography or for audio or visual recording or broadcasting in contravention of clause 5 of rule XVII and the policies just articulated, The Chair would advise Members of the following policies of the Sergeant-at-Arms surrounding the rules change. The Sergeant-at-Arms will enforce the prohibition with respect to violations observed first-hand on the House floor as well as violations that become apparent at a later time, such as through publication online or broadcast on television. In the case of violations observed on the floor, the Sergeant-at-Arms will hand the offending Member a card noting the violation, and will follow up by sending the Member a written letter. In the case of other violations, Members will receive a written letter detailing the offending conduct. The fine for a first offense is $500. The fine for each subsequent offense is $2500. The Sergeant-at-Arms will endeavor to provide Members a written warning prior to assessing a fine for a first offense. Because of the inherent difficulty of enforcing this prohibition during ceremonial events, the Sergeant-at-Arms may choose not to cite minor violations occurring during such an event. Pursuant to clause 3(g)(3) of rule II, in addition to notifying the Member, Delegate, or Resident Commissioner concerned, the Sergeant-at-Arms will also notify the Speaker, the Chief Administrative Officer, and the Committee on Ethics of any fine imposed. Upon receiving notification of a fine, a Member, Delegate, or Resident Commissioner may appeal the fine to the Committee on Ethics within 30 calendar days or 5 legislative days, whichever is later. The Sergeant-at-Arms and the Committee on Ethics are each authorized to establish policies and procedures for the implementation of these rules. The Chief Administrative Officer is authorized to establish policies and procedures for deducting any such fine from a Member's net salary. It is the desire of the Chair that any such policies and procedures be submitted for printing in the Congressional Record. Nothing in the House rules or this policy deprives the House of its ability to address breaches of decorum or other violations of House rules that may give rise to questions of the privileges of the House under rule IX. The Chair appreciates the attention of all Members to these efforts.

10. Use of Chamber

The Speaker's policy announced on January 6, 2009, with respect to use of the Chamber will continue in the 118th Congress. The Chair will announce to the House the policy of the Speaker concerning appropriate comportment in the chamber when the House is not in session. Under clause 3 of rule I, the Speaker is responsible to control the Hall of the House. Under clause 1 of rule IV, the Hall of the House is to be used only for the legislative business of the House, for caucus and conference meetings of its Members, and for such ceremonies as the House might agree to conduct there. When the House stands adjourned, its chamber remains on static display. It may accommodate visitors in the gallery or on the floor, subject to the needs of those who operate, maintain, and secure the chamber to go about their ordinary business. Because outside ''coverage'' of the chamber is limited to floor proceedings and is allowed only by accredited journalists, when the chamber is on static display no audio or video recording or transmitting devices are allowed. The long custom of disallowing even still photography in the chamber is based at least in part on the notion that an image having this setting as its backdrop might be taken to carry the imprimatur of the House. The imprimatur of the House adheres to the Journal of its proceedings, which is kept pursuant to the Constitution. The imprimatur of the House adheres to the Congressional Record, which is kept as a substantially verbatim transcript pursuant to clause 8 of rule XVII. The imprimatur of the House adheres to the audio and visual transmissions and recordings that are made and kept by the television system administered by the Speaker pursuant to rule V. But the imprimatur of the House may not be appropriated to other, ad hoc accounts or compositions of events in its chamber.

FAMILY AND SMALL BUSINESS TAXPAYER PROTECTION ACT

Mr. SMITH of Nebraska. Mr. Speaker, pursuant to House Resolution 5, I call up the bill (H.R. 23) to rescind certain balances made available to the Internal Revenue Service, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 5, the bill is considered read.

The text of the bill is as follows:

H.R. 23

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Family and Small Business Taxpayer Protection Act''.

SEC. 2. RESCISSION OF CERTAIN BALANCES MADE AVAILABLE TO THE INTERNAL REVENUE SERVICE.

The unobligated balances of amounts appropriated or otherwise made available for activities of the Internal Revenue Service by paragraphs (1)(A)(ii), (1)(A)(iii), (1)(B), (2), (3), (4), and (5) of section 10301 of Public Law 117–169 (commonly known as the ''Inflation Reduction Act of 2022'') as of the date of the enactment of this Act are rescinded.

The SPEAKER pro tempore (Mr. ROUZER). The bill shall be debatable for 1 hour, equally divided and controlled by the majority leader and the minority leader, or their respective designees.

The gentleman from Nebraska (Mr. SMITH) and the gentleman from Massachusetts (Mr. NEAL) each will control 30 minutes.

The Chair recognizes the gentleman from Nebraska.

GENERAL LEAVE

Mr. SMITH of Nebraska. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on the bill currently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. SMITH of Nebraska. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the process for considering our first bill of the 118th Congress reflects our commitment to Americans and an open legislative process.

Congresswoman MICHELLE STEEL and I first introduced this bill in September. Members were given more than 72 hours' notice prior to today's consideration.

Mr. Speaker, 72 hours is more than enough time for Members to review this bill. In fact, it is two pages long and covers only one topic.

If Members wish to vote on this bill, they must be present in the House Chamber because proxy voting is no longer an option.

Now let's focus on what this bill does—it repeals the vast majority of the Internal Revenue Service funding Democrats enacted last year in order to pay for their Green New Deal.

The primary purpose of that funding is hiring more auditors and support staff to vastly expand IRS's audit capacity. And not just audits on wealthy Americans. With that expanded capacity, IRS can bring in more revenue by auditing more middle- and lower-income families and more small businesses.

Families and small businesses are struggling under the weight of record inflation and supply chain shortages. Small businesses are struggling to find workers at any wage.

The overwhelming majority of Americans, about 85 percent, follow the law and pay their taxes. The last thing they need is more IRS agents knocking on doors to conduct audits.

Yet, this IRS funding is part of the broad Biden administration strategy to tax and audit exponentially more Americans by looking into their bank accounts, requiring online payment services to report them when they split a dinner check with friends or pay their babysitter after a night out, and then target them using 87,000 new IRS employees.

Americans deserve to know their government is working for them, not against them.

Today, Mr. Speaker, you are going to hear Democrats claim there really won't be 87,000 new IRS employees. I imagine that they will say that new employees aren't going to target middle-class families and small businesses, and that Republicans don't care about IRS's customer service failings.

Let's focus on the facts. When a Federal agency hires a new employee to replace one who retires, it does not increase the agency's head count. Yet, the Biden administration's own documents say they are increasing the head count by 87,000 over the next decade with these funds.

Secretary Yellen's own instructions to IRS stated audit rates of families earning less than $400,000 should continue to be audited at historically similar rates. Under those instructions, 9 out of every 10 new audits can target families earning less than $400,000.

And because Republicans are committed to delivering a government that is accountable, this bill retains funding for customer service and IT modernization at IRS—despite the fact these accounts would be more appropriately addressed through regular appropriations—to ensure IRS has the resources to make much-needed improvement to taxpayer services.

Mr. Speaker, there are numerous reasons to support this bill. It protects families and small businesses. It ensures agencies are funded appropriately. Most importantly, it stops autopilot funding for an out-of-control agency that is perhaps most in need of reform. IRS needs to fix its customer service and return processing problems, not focus on auditing families and small businesses.

Americans want an IRS that works for them, not against them.

This bill is a great first step in that direction, and I reserve the balance of my time.

Mr. NEAL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong opposition to H.R. 23. My friend from Nebraska suggested a number of issues that we intend to challenge during the course of the next half hour, based upon the facts.

This is theater tonight, Mr. Speaker. If we didn't get enough of the entertainment factor last week, we are going to proceed with it again this evening.

Mr. Speaker, 87,000 IRS agents, let me debunk that right away. There are regular retirements of up to 8,000 a year, we are replacing them.

How about the methodology of a computer upgrade, an investment in technology, more modeling, or should we have an IRS that operates the way Southwest Airlines did last week—to the dismay of the American family.

This is a messaging bill, Mr. Speaker. The message that they choose to send—and let everybody understand this, the first bill that they have submitted, according to the Congressional Budget Office, adds $114 billion to the Federal deficit. Legislation number one.

They don't want a fairer tax administration. They think it is bad for some of their supporters. You know what they're attempting to do tonight is bad for middle-class families, it is bad for small businesses, who are then asked to pay more when the people at the top don't pay their fair share.

Mr. Speaker, I include in the RECORD a letter from Charles Rossotti, the former IRS Commissioner.

March 1, 2020.

Hon. RICHARD NEAL,
Chairman, Committee on Ways & Means, House of Representatives, Washington, DC.

DEAR CHAIRMAN NEAL: I was IRS commissioner from 1997 to 2002. At the time, Congress passed a major bill that produced some important, long-lasting reforms, including converting the IRS to electronic filing and improving treatment of taxpayers.

I believe there is a major modernization opportunity today that could efficiently recover a large amount of revenue. It could gradually shrink the tax gap, while also easing burden for millions of taxpayers who interact with the IRS.

I am enclosing my article in Tax Notes, entitled ''Recover $1.6 Trillion, Modernize Tax Compliance and Assistance,'' which explains this opportunity.

I would be happy to talk further to you or your staff about this opportunity.

Sincerely,

CHARLES O. ROSSOTTI,
Commissioner of Internal Revenue, 1997–2002.

[From Tax Notes Federal, Mar. 2020]

RECOVER $1.6 TRILLION, MODERNIZE TAX COMPLIANCE AND ASSISTANCE

(By Charles O. Rossotti)

I. THE PROBLEM

Last year the federal government failed to collect $574 billion of taxes that were legally due but not paid. That's equal to more than half the budget deficit and, remarkably, is equal to more than all the income taxes paid by 90 percent of individual taxpayers.

No business would tolerate such a gigantic financial loss, so why is it accepted in the government?

Columnist George Will captured a widespread view when he recently wrote that ''shrinking the tax gap . . . is a decades-old aspiration in Washington that would have been accomplished already if it were possible.''

This resignation in the face of massive revenue loss is a self-fulfilling prophecy. The perception that nothing can be done to reduce the loss rationalizes inaction, which allows the loss to grow year after year.

The tax gap has indeed been around for a long time, but very little has been done to fix it.

As the economy and the tax system have become bigger and more complex, the resources provided to the IRS have been regularly cut. These cuts have been made in small but steady increments over the past 25 years. They have served in some ways to validate complacency about the tax gap, which, while growing in dollar amount, has remained relatively constant as a percentage of taxes due. The implicit conclusion of many observers is, ''If IRS budgets can be cut and the IRS continues to maintain the status quo, maybe nothing the IRS does really makes much difference.'' That conclusion is demonstrably false.

Most taxes continue to be collected without IRS intervention for two reasons: First, most taxpayers have no choice but to pay because their taxes are withheld or their income is clearly reported; and second, about 85 percent of the public has a positive attitude toward tax compliance.

These factors still allow a substantial proportion of taxpayers to fail to pay what they owe, producing an ever-increasing tax gap.

In the limited number of cases in which the IRS audits returns, it directly collects additional revenue that exceeds the cost of enforcement. A recent study by Natasha Sarin and Lawrence Summers showed that revenue collected from audits declined proportionately as audits were reduced. Taking a broader, top-down view, IRS enforcement activities in fiscal 2017 produced $56 billion in revenue, of which $12 billion was from auditing, while the entire IRS enforcement budget was $4.7 billion.

Although traditional IRS enforcement activities do produce revenue that reduces the tax gap, these results are not entirely inconsistent with the perception that there is no way to make a big reduction in the gap. Again taking a top-down view, if all of IRS auditing produces $12 billion of revenue, doubling the audit rate would reduce the current tax gap by only about 2 percent if the revenue increase were proportionate. While an extra $12 billion of revenue per year would be considered a big gain on almost any scale, it is only a dent in the massive amount of the tax gap.

Although not a justification for failing to do more with traditional means to recover taxes from those who don't pay, these facts emphasize the importance of new approaches to shrink the tax gap. This report proposes a program, Tax Compliance and Assistance 2020 (TCA 2020), to put the tax gap on a reliably declining path, recovering an estimated $1.6 trillion over the first 10 years while also improving service to all taxpayers.

II. A NEW APPROACH

TCA 2020 proposes two major reforms: adding third-party reporting of some income that is not now reported, and using new technology to transform the IRS compliance and assistance process.

Because the biggest part of the tax gap is from income that's not reported to the IRS by third parties, some additional reporting will help identify the missing income. However, the IRS today cannot use all the information it already receives, and significant areas of noncompliance are barely addressed, so more reporting alone will not solve the problem.

New technology will make it possible for the IRS to rapidly assess all returns and sources of information, identify likely areas of noncompliance, and assist in efficient follow-up. It will gradually transform the IRS process for compliance and taxpayer assistance.

This new approach will improve the way millions of taxpayers interact with the IRS, and no additional reporting would be required for individuals who receive modest income from sources like home businesses or driving.

This proposal does not require the invention of new technology, but rather application of new methods already used in government and industry, including methods used on a limited scale in the IRS today.

This proposal is based on more than 50 years of business and government experience that I gained as a company founder, CEO, director of 20 public and private companies, IRS commissioner, and member of President George W. Bush's tax reform panel, and through service on nonprofit boards and government committees. Almost all of these ideas have been previously advanced in some way by others, but TCA 2020 is my own integration of those ideas with practical ways to implement them. I was ably assisted in this work by Michael Udell of the District Economics Group and other experts in tax and technology.

III. SUMMARY OF ESTIMATED RESULTS

If these proposals were implemented starting in 2020, we estimate the results would be as shown in the Estimated Results table. The method and details are provided in Appendix A, Exhibit 1, to this report, which is available on our website.

As the new proposals are implemented, the gain would steadily increase, reducing the unmitigated tax gap by about 29 percent in the 10th year and gaining a 10-year total of about $1.6 trillion. In subsequent years, the gain would continue to grow both in dollars and as a percentage of the unmitigated gap.

This new approach to address the tax gap would not require a proportional increase in the IRS budget. We estimate that the revenue gained would be 16 to 33 times the additional cost to implement it.

IV. UNDERSTANDING THE TAX GAP

The tax gap is not a result of a taxpayer's judgment or interpretation of the tax code. It's a matter of many taxpayers not paying all of what they legally owe, and the government allowing that noncompliance to continue.

The tax gap therefore constitutes a large loss of revenue that's not intended by the tax code. It is intrinsically unfair, because it's a financial advantage that only noncompliant taxpayers receive.

An IRS study of tax returns filed from 2011 to 2013 found that the net tax gap per year was $381 billion. This is the amount that should have been paid under the law but wasn't, even after IRS enforcement efforts. The tax gap grew to an estimated $574 billion in 2019, applying the same ratios of income as in the last IRS study.

This huge revenue loss doesn't even include revenue lost from large corporations that skillfully exploit the many arcane provisions of the tax code to reduce their taxes but usually remain in technical compliance. Only 5 percent of the IRS estimate of the tax gap was from large corporations.

In the years studied, after IRS enforcement, about 14 percent of the amount that taxpayers initially failed to pay was eventually collected. The remaining 86 percent represents an opportunity to increase revenue solely from taxpayers who should have paid anyway.

Unfortunately, the fraction of revenue recovered from the tax gap has remained low and stable for many years. Although some revenue could be gained simply by doing more auditing, substantial progress will require new methods, which are possible today only because of advances in technology.

A. Unreported Income by Individuals

The largest source of the tax gap is from individual taxpayers who fail to report all the income they receive from a business they own, rather than income they receive from others as wages, interest, or dividends.

The key difference between these sources of income is that income reported to both the IRS and the taxpayer by payers such as an employer or bank is easy for the taxpayer to report accurately and for the IRS to verify.

The stark difference in compliance accuracy depending on the degree of independent reporting is shown in Figure 1 from the IRS compliance study.

As also shown in the figure, it's not necessary to have perfectly accurate reporting to make a big difference in compliance accuracy. Of income that is subject to little or no reporting, 55 percent is not reported, while only 17 percent of income that is subject to some reporting is not reported.

Nor is it necessary for the IRS to increase reporting about taxpayers who earn small amounts of business income from occasional business activities like babysitting and home businesses.

Sole proprietor income constitutes the majority of income in the low-visibility category. Taxpayers with less than $25,000 in sole proprietor business income comprise about 70 percent of the returns but represent only 14 percent of reported income and a somewhat greater proportion of the tax gap from underreported income.

TCA 2020 recommends that these small-income taxpayers be exempt from any increased reporting requirements.

Taxpayers with more than $25,000 of business income would be required to report to their bank and on their returns the bank account or accounts in which their business income is deposited. Taxpayers who had only income that's already reported to the IRS by employers, banks, or customers (on documents such as the familiar Form W–2 or Form 1099) wouldn't have to do anything except check a box on their return.

The banks that were designated by taxpayers as receiving their business income would be required at year-end to provide the taxpayer and the IRS with a summary report of deposits received and disbursements made in these accounts, including those from credit card payments. This would be a report similar to the Form W–2.

The taxpayer would attach a schedule to the tax return reconciling the total amounts reported by the bank with the income and expenses reported on the tax return. For example, if the cash received in the bank account was greater than the amount reported on the return, the schedule would itemize the difference. The IRS would design a form for this reconciliation schedule that any bookkeeper could complete.

This process wouldn't require taxpayers to change anything about their banking arrangements and wouldn't restrict any banking transactions. Taxpayers wouldn't be required to isolate their business bank accounts from their personal accounts, although many do have separate accounts, and others might choose to do so out of convenience.

Instituting this increased bank and taxpayer reporting would alone improve the accuracy with which taxpayers report business income. Past experience shows that when additional specific data is required, taxpayers improve their own reporting.

For example, in 1988, when taxpayers were first required to list the Social Security numbers of dependents claimed as exemptions, more than 42 million fewer dependent exemptions were claimed than in 1986, on just over 100 million returns. This equates to almost half a claim dropped per return filed, before the IRS did anything with the data.

Additional reporting, while an essential element, is only one part of the TCA 2020 program. The most significant gains would be made possible only by a much more effective IRS compliance process enabled by modern technology that applies newer analytical techniques to larger volumes of data.

With additional bank and taxpayer data, together with data already collected from third parties, the IRS could more readily detect which returns likely had significant unreported income and follow up with more precisely targeted taxpayer communication or auditing. In fact, much of the follow-up could also be automated. This modernized process is described in more detail later.

These reforms would also increase the amount of income recovered where some limited reporting already occurs, such as for capital gains and partnership income reported on individual returns.

We estimate that if this proposal had been fully effective in 2019, it would have generated approximately $97 billion in revenue. However, as discussed later, we estimate that its effectiveness would phase up over a 10–year period.

B. Passthrough Businesses

Unlike most corporations, many private businesses do not pay tax as a business. Instead, their owners pay tax on the income of their business on their individual returns. Businesses organized in this way are called passthroughs because the business income is passed through to the owners.

The IRS designates three categories of passthrough businesses: sole proprietorships, partnerships, and S corporations. Sole proprietorships report their business income on a schedule attached to the owner's individual return, while S corporations and partnerships are legal entities that file separate returns.

The amount of business income produced by passthrough entities has steadily and vastly increased in the last 40 years, as shown in Figure 2: Twenty-five years ago, corporations, which pay tax directly, accounted for almost all the income produced by significant-sized businesses. Today passthrough entities account for almost as much income as corporations.

Mr. NEAL. Mr. Speaker, he points out in the opening paragraph of a tax notes special. By the way, those of us in the tax world know what tax notes means. He said that last year, this would be 2021, the Federal Government failed to collect $574 billion of taxes that were legally due but not paid. That is equal to more than most of the Federal deficit. If they want to reduce the Federal tax deficit, we should do a better job with tax compliance, which, after all, is the basis of a representative democracy.

Mr. Speaker, 86 percent of the American people pay their taxes every year on time. Do you know why? Because they get paid in wages and it comes from withholding taxes, that is what it is about.

The American people are wise to what is being presented here tonight. We live in a two-tier tax system. Wage earners follow the rules. Wealthy billionaires, they get to skirt their responsibilities. That is what we are being asked to vote on tonight.

IRS funding has been stagnant, staffing levels have dropped. Have you tried getting an IRS office on the phone?

How many times will we continue to let those at the top get away without paying their share?

We lose out on—just think of it again—almost $600 billion a year in unpaid taxes. It is very sophisticated tax planning that is done by high-priced attorneys and CPAs. It is estimated that this could be up to $7 trillion because we score items over the course of 10 years.

What might this funding pay for?

How about Social Security? How about Medicare? How about a strong military? How about a child tax credit that could be expanded? How about universal paid family and medical leave? How about bringing down healthcare costs?

The audit rates amongst millionaires have declined by 70 percent since 2010. Let me repeat that for anybody who didn't get that. The audit rate for millionaires has declined by 70 percent since 2010.

Low-income workers who receive the earned income tax credit, they are audited more now than taxpayers who are making over $1 million a year.

All we are asking for is fairness in the distribution of the responsibilities as to how we pay for government. There is a different set of standards across the land now. And to point that out to you once again—what is our commitment to America?

It should be based on a fair tax system that collects what is due from those who ought to be paying.

The former IRS Commissioner, a Republican, Charles Rettig, he pointed out that he was fully in support of the legislation that we were offering because the IRS is continually out-maneuvered and out-gunned by sophisticated efforts from tax lawyers and CPAs.

We have to put American families over the politics in the distribution of theater that we are witnessing tonight. See through this legislation and vote "no."

Mr. Speaker, I reserve the balance of my time.

Mr. SMITH of Nebraska. Mr. Speaker, I include in the RECORD an excerpt from a 2021 Biden administration proposal called "The American Families Plan Tax Compliance Agenda" that asks for $80 billion in IRS funding and clearly shows a plan for 86,852 new hires.

[From the U.S. Department of the Treasury, May 2021]

THE AMERICAN FAMILIES PLAN TAX COMPLIANCE AGENDA

RESTORING IRS RESOURCES

The first step in the President's efforts to restore IRS enforcement capability is a sustained, multi-year commitment to rebuilding the IRS. This involves spending nearly $80 billion on IRS priorities over the course of the decade including hiring new specialized enforcement staff, modernizing antiquated information technology, and investing in meaningful taxpayer service—including the implementation of the newly expanded credits aimed at providing support to American families. Importantly, the additional resources will go toward enforcement against those with the highest incomes, and audit rates will not rise relative to recent years for those earning less than $400,000 in actual income.

The President's proposal includes two components: a dedicated stream of mandatory funds ($72.5 billion over a decade) and a program integrity allocation ($6.7 billion over a decade). These mechanisms provide for a sustained, multi-year commitment to revitalizing the IRS that will give the agency the certainty it needs to rebuild.

The IRS proposal includes year-by-year estimates of the additional resources that will be directed toward the agency as well as the specific activities that these resources would support. The design ensures that the IRS is able to absorb and usefully deploy additional resources over the entire 10-year horizon and keeps budget growth manageable at around 10 percent per year.

Mr. SMITH of Nebraska. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina (Mr. MURPHY), a member of the Ways and Means Committee.

Mr. MURPHY. Mr. Speaker, I rise today in support of the Family and Small Business Taxpayer Protection Act, one of the first legislative acts of the new Republican majority.

□ 1930

Main Street America has suffered 2 years too many of Democrats' one-party rule. Inflation continues to hover at record highs, and small businesses continue to struggle.

The last thing that these small businesses can afford right now is 87,000 new IRS agents not only targeting their enterprises but targeting their livelihoods. With 11 million tax returns still awaiting IRS action, the IRS should be focusing on doing their job rather than weaponizing their agency.

This isn't new. The Democrats have used the IRS and the Tax Code as a weapon before and are attempting to do it again. The Family and Small Business Taxpayer Protection Act rescinds new IRS funding intended to target middle-class families.

This cannot wait.

Mr. Speaker, I urge passage of this bill so our small businesses can thrive absent any fear of IRS agents knocking at their door.

Mr. NEAL. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. DOGGETT), who intends to talk about the tax gap.

Mr. DOGGETT. Mr. Speaker, this first Republican bill should be known as the protect Donald Trump and his tax cheating cronies act.

After years of obstructing access to Donald Trump's tax returns, we learned how little he paid toward the cost of our national security and how poorly the Trump Internal Revenue Service enforced our tax laws.

Each year the richest 1 percent in our country avoid paying an incredible $160 billion of the taxes they owe. This crime wave of Trump-style tax cheating is made possible by Republican insistence on defunding the revenue police. Over the past decade, audit rates for corporations are down by half and the ultrarich by three-fourths.

Republican claimed interest in law and order seems to vanish when it comes to tax fraud by the wealthiest few. And their very first bill adds $114 billion to our deficit. Yes, Trump may have been indispensable last week, but this is outrageous. When those, like Trump, don't pay what they owe, then the tax burden gets shifted to small businesses and to families across the country.

Reject the Republican drive to defund.

Mr. SMITH of Nebraska. Mr. Speaker, I include in the RECORD a Republican Ways and Means Committee release that explains the Congressional Budget Office's determination that it expects over $20 billion in revenue to come from the increased audits on taxpayers—that means families and small businesses making less than $400,000.

[From waysandmeans.house.gov, August 12, 2022]

CBO: NEW IRS AUDITS WILL GRAB AT LEAST $20B FROM LOWER- & MIDDLE-INCOME FAMILIES

Key Point: At least $20 billion of the revenue Democrats hope to collect from taxpayers with a supercharged IRS would come from lower- and middle-income earners and small businesses, according to a new analysis by the nonpartisan congressional scorekeeper. That's in addition to existing audits of these income levels.

Explanation: Last weekend, all 50 Senate Democrats voted against an amendment offered by Senate Finance Republican Leader MIKE CRAPO (R–ID) that would have protected lower- and middle-income American taxpayers against new audits by the IRS.

The Congressional Budget Office (CBO) confirms that had this amendment passed and lower- and middle-income taxpayers been protected, revenue in Democrats' bill would have been reduced by at least $20 billion—confirming that at least $20 billion of the $124 billion in new revenue expected by a supercharged IRS will be coming from higher audits on low- and middle-income Americans. This will be in addition to existing audits on these income levels.

From CBO:

"CBO has not completed a point estimate of this amendment but the preliminary assessment indicates that amendment 5404 would reduce the 'non-scorable' revenues resulting from the provisions of section 10301 by at least $20 billion over the FY2022–FY2031 period."

Additional Background:

Lower- and middle-income earning Americans are the primary target in Democrats' bill:

A previous Congressional Budget Office analysis makes clear that under this plan, audit rates will "rise for all taxayers" and the policy "would return audit rates to the levels of about 10 years ago."

The Joint Committee on Taxation, Congress's official tax scorekeeper, says that from 78 percent to 90 percent of the money raised from under-reported income would likely come from those making less than $200,000 a year. Nearly half of the audits would hit Americans making $75,000 per year or less and only 4 percent to 9 percent would come from those making more than $500,000.

Democrats voted against guardrails preventing audits for middle-income earners, instead using non-binding legislative language that would do nothing to protect taxpayers from agency abuse.

Mr. SMITH of Nebraska. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas (Ms. VAN DUYNE).

Ms. VAN DUYNE. Mr. Speaker, I rise today in full support of H.R. 23 which rescinds the additional funding for the already inflated IRS. I think we can all agree that the last thing Americans need right now is a government who is actively working against them.

One of the most outrageous provisions in the Democrats' so-called Inflation Reduction Act was giving the IRS 72 billion taxpayer dollars to hire 87,000 additional agents whose job would be to stalk transactions of everyday Americans and attack small businesses.

Middle-class Americans and the small businesses that fuel our economy have been unable to catch a break over the last 2 years. That ends today. There is simply no reasonable rationale to make the IRS larger than the Pentagon, State Department, FBI, and Border Control together.

If we are adding an additional 87,000 agents, why don't we send them to the southern border to help our border agents who are already overwhelmed and understaffed?

I stand with my colleagues today in support of H.R. 23 to block the intrusive and unnecessary 87,000 new IRS agents. Americans deserve a government that will work for them, and stopping this funding is a first step in the right direction.

Mr. NEAL. Mr. Speaker, I include in the RECORD the Statement of the Administration Policy opposing H.R. 23.

STATEMENT OF ADMINISTRATION POLICY

H.R. 23—TO RESCIND CERTAIN BALANCES MADE AVAILABLE TO THE INTERNAL REVENUE SERVICE

The Administration strongly opposes H.R. 23, to rescind certain balances made available to the Internal Revenue Service (IRS). The bill would rescind funding passed in the Inflation Reduction Act (IRA) that enables the IRS to crack down on large corporations and high-income people who cheat on their taxes and evade the taxes that they owe under the law.

This reckless bill would increase the deficit by nearly $115 billion over 10 years per an estimate by the Congressional Budget Office by enabling wealthy tax cheats to engage in additional tax fraud and avoidance. To be clear, the Treasury Secretary has already directed that none of the additional IRS resources be used to increase audit rates relative to historical levels for small businesses or households with incomes below $400,000. Far from protecting middle-class families or small businesses, H.R. 23 protects wealthy tax cheats at the expense of honest, middle-class taxpayers. Each year the top one percent hides about 20 percent of their income from the government so they can get away with not paying any tax on it. That means that working people—who report 99 percent of their income to the IRS—pay a larger share of collected taxes than they should. Not only does it shift the tax burden from the wealthy to the middle-class, it would also make it harder for middle-class families and small businesses to get timely tax refunds and other important services from the IRS, by rescinding billions in funding for IRS information technology and operations.

With their first economic legislation of the new Congress, House Republicans are making clear that their top economic priority is to allow the rich and multi-billion dollar corporations to skip out on their taxes, while making life harder for ordinary, middle-class families that pay the taxes they owe. That's their agenda; not lowering costs or cutting taxes for hard working Americans—as President Biden has consistently advocated.

If the President were presented with H.R. 23—or any other bill that enables the wealthiest Americans and largest corporations to cheat on their taxes, while honest and hard-working Americans are left to pay the tab—he would veto it.

Mr. NEAL. Mr. Speaker, I include in the RECORD a CBO score for this bill that is showing that it will add $114 billion to the Federal deficit over the next 10 years.

ESTIMATED BUDGETARY EFFECTS OF H.R. 23, THE FAMILY AND SMALL BUSINESS TAXPAYER PROTECTION ACT, AS POSTED ON THE WEBSITE OF THE CLERK OF THE HOUSE OF REPRESENTATIVES ON JANUARY 9, 2023 AS AN ITEM THAT MAY BE CONSIDERED PURSUANT TO A RULE

	By fiscal year, millions of dollars—											
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2023–2027	2023–2032
	Decreases (−) in Direct Spending											
Total Changes in Direct Spending												
Budget Authority	−71,473	0	0	0	0	0	0	0	0	0	−71,473	−71,473
Outlays	−2,359	−2,835	−4,124	−5,589	−7,252	−9,249	−11,423	−14,027	−14,605	0	−22,159	−71,463
	Decreases (−) in Revenues											
Total Changes in Revenues	−1,645	−6,186	−12,506	−17,394	−21,574	−25,416	−28,983	−31,441	−31,879	−8,814	−59,305	−185,838
	Net Increase or Decrease (−) in the Deficit from Changes in Direct Spending and Revenues											
Net Effect on the Deficit	−714	3,351	8,382	11,805	14,322	16,167	17,560	17,414	17,274	8,814	37,146	114,375

Source: Congressional Budget Office.

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays and revenues that are subject to those procedures are shown above.

The Congressional Budget Office adheres to laws and Congressional rules concerning the federal budget and to a set of principles (called the Scorekeeping Guidelines) created by the Congress. Those principles guide how the House and Senate Budget Committees, the Congressional Budget Office, and the Office of Management and Budget attribute budgetary effects to legislation, with the goal of promoting consistent treatment of estimated effects among those agencies. (For more information on those guidelines, see Congressional Budget Office, CBO Explains Budgetary Scorekeeping Guidelines, January 2021, www.cbo.gov/publication/56507.)

When a provision in an authorization bill provides funding for administrative or program management activities, such as when the IRS receives additional funding for administrative activities, spending of those amounts can result in increases in receipts. Guideline 14, however, directs scorekeepers to exclude those increases when estimating the budgetary effects of proposals that would provide additional mandatory funding for such activities.

Guideline 14 was adopted in part to avert cases in which possible, but uncertain, receipts were used to offset near-term increases in spending resulting from the same bill. That guideline is asymmetrical, however. That is, even though increased receipts cannot be credited to a bill that would increase administrative funding, estimated receipt losses that might result from a decrease in such funding are included in the estimated budgetary effects.

H.R. 23 would rescind unobligated funds provided by paragraphs (1)(A)(ii), (1)(A)(iii), (1)(B), (2), (3), (4), and (5) of section 10301 of Public Law 117–169. CBO estimates that the bill would decrease outlays by $71 billion and decrease receipts by $186 billion over the 2023–2032 period. Both of those effects are included in accordance with Guideline 14.

Mr. NEAL. Mr. Speaker, I include in the RECORD an op-ed piece from the former IRS Commissioner Charles Rettig, a Republican, titled: "IRS sets the record straight: We're going after tax evaders, not honest Americans."

[From Yahoo! Finance, Aug. 25, 2022]

IRS SETS THE RECORD STRAIGHT: WE'RE GOING AFTER TAX EVADERS, NOT HONEST AMERICANS: OP-ED

(By Charles P. Rettig)

As the nation's tax administrator, the IRS plays a unique role in our nation. It can be a difficult job. After all, does anyone really like paying taxes? Of course not. But they're essential to fund the roads we drive on, the schools our children attend, support our military and so much more. Unfortunately, given the nature of this work and historical stereotypes, the IRS is often perceived as an easy target for mischaracterizations of what

IRS employees do—and that's exactly what's happened in recent weeks.

The recent debate over providing badly needed funding to the IRS is filled with outright false suggestions about what the agency and our hardworking employees do—as well as how the additional resources will be handled.

The bottom line is this: These resources are absolutely not about increasing audit scrutiny on small business or middle-income Americans. The investment of these important resources is designed to support honest, compliant taxpayers. Our investment is designed around a Treasury directive that audit rates do not rise relative to recent years for households making under $400,000.

We all want a fair and impartial system where everyone contributes their fair share, no more and certainly no less. A robust, visible tax enforcement effort focused on high-end tax evaders and those supporting them is a priority. Underpayments by tax evaders shift the burden of operating our great country onto honest, hard-working Americans who follow the law. With this new law, honest taxpayers will see badly needed, meaningful service improvements at the IRS. The IRS should be able to answer the phones and process information—including tax returns—in a timely manner. Enhanced IT systems and taxpayer services will mean that honest taxpayers will be better able to comply with the tax laws, ultimately resulting in a lower—yes, lower—likelihood of being audited and a reduced burden on them.

To set the record straight on this important legislation and dispel any lingering misperceptions, here are some key facts to keep in mind:

False Statement: The IRS is hiring 87,000 armed special agents to harass taxpayers.

Reality: Absolutely false. The majority of new hires the IRS makes will be those who answer the phones, work on processing individual tax returns or go after high-end taxpayers or corporations who are avoiding their taxes. Less than 1 percent of new hires will be in our IRS Criminal Investigation (IRS-CI) area, which currently has a total of about 2,100 special agents and is currently hiring about 300 more.

These CI special agents investigate criminal tax violations typically related to money laundering, Bank Secrecy, National Security and National Defense matters. They have been involved in dismantling terrorist financing efforts and criminal cartels as well as eliminating child exploitation operations in the Dark Net that led to the arrests of hundreds of people throughout the world. They do not perform civil tax administrative functions such as audits of tax returns. They are law enforcement officers, and every American should be extremely proud they are on our team.

False Statement: All IRS employees—and those being hired under the new legislation—will carry firearms.

Reality: Again, absolutely false. More than 97 percent of IRS employees do not carry weapons. This includes key civil-side enforcement personnel, including revenue agents, examiners and others involved in audits and compliance work. Less than 3 percent of IRS employees—expressly limited to Criminal Investigation special agents—carry firearms. IRS Criminal Investigation oversees the entirety of the work related to criminal violations of the tax law and other financial crimes. This is consistent with other federal law enforcement agencies.

False Statement: The additional funding will be used to hire more auditors to ‘‘shake down’’ average taxpayers.

Reality: False. Wage-earning taxpayers like firefighters, construction workers, teachers and police officers are among the most compliant taxpayers, given that their incomes come from Forms W–2 and 1099. These resources are absolutely not about increasing audit scrutiny on small businesses or middle-income Americans. Instead, the additional resources will also be focused on large corporate and high net-worth taxpayers to enforce laws already on the books that the IRS does not have enough resources to pursue.

False Statement: The new legislation will be a massive overnight expansion of the IRS.

Reality: False. This funding—which will be spread over 10 years—will add employees over time as we modernize our operations with meaningful technological enhancements. In addition, the IRS has one of the oldest workforces in government, and staffing has been in a deep decline for many years. More than 50,000 employees will retire in the next few years, leaving the foundation of the tax system that the nation relies on at risk. We've been losing 10,000 employees a year.

Overall, current IRS staffing is far below historical norms. In 1992, the IRS had 117,000 employees—38,000 more than today. Back then, the agency was dealing with fewer taxpayers; the U.S. population has grown almost 30 percent since 1992.

False Statement: This new funding will allow overreach by the IRS, putting agents on every street corner and prying into people's personal financial lives.

Reality: False. This funding will allow the IRS to better serve the nation's taxpayers—and ultimately meet the critical needs of our country. Our employees care and, like others in government, take an oath to support our country. We take pride in hiring veterans, people with disabilities and people from all walks of life and from every corner of our country. Many of our employees, including myself, are members of a military family. And all of our employees reflect the taxpayers we serve.

I am an extremely proud American, a member of a proud military family, and simply will not accept baseless, harmful assertions against the interests of our country and the proud, hard-working employees of the IRS.

Everyone should know this about IRS employees: We care, a lot, about this country and you.

Mr. NEAL. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. THOMPSON), who is a much-valued member of the Ways and Means Committee.

Mr. THOMPSON of California. Mr. Speaker, I rise in opposition to this misguided, expensive, and unpaid for legislation.

For years, my colleagues on the other side of the aisle have done everything they can to demonize the IRS. But here is the reality: When the IRS doesn't have the funding it needs, then two very bad things happen. The very wealthy tax cheats are able to avoid paying their fair share; and two, our constituents who need help from the IRS face unnecessary and destructive delays in getting that help.

The majority can't criticize the IRS for its performance while simultaneously fighting to cut the IRS budget.

Despite what my colleagues on the other side of the aisle would lead you to believe, Mr. Speaker, there aren't 87,000 storm troopers funded in this bill who are going to bang down your door. That is pure and utter nonsense.

Taxes are the price we pay to live in a civilized society. They are a fundamental part of our civic responsibility to one another.

This bill is a bad idea, and I encourage all my colleagues to vote ‘‘no’’.

Mr. SMITH of Nebraska. Mr. Speaker, I yield 1 minute to the gentleman from Kansas (Mr. ESTES).

Mr. ESTES. Mr. Speaker, I am pleased today to rise in support of commonsense legislation that puts the American people ahead of padding the coffers of the IRS.

It wasn't long ago that Washington was under one-party rule. This Chamber was recently under the leadership of the Democratic Party that worked to give D.C. bureaucrats more power and wanted to hire an army of IRS agents to harass and audit my constituents while ignoring the need for more border agents to address the crisis at our southern border.

Congressman SMITH's legislation eliminates the devastating IRS provision that Democrats snuck into their so-called Inflation Reduction Act by rescinding the funding to this D.C. agency.

The facts are that middle- and lower-income people are audited more by IRS agents by design of the IRS.

The Kansans I represent need relief from high gas prices and rampant inflation caused by the current administration and one-party rule. My constituents don't need a supercharged IRS that will investigate their transactions between friends and sic 87,000 new agents on them.

This bill, as the first bill that the new Congress addresses, puts our priorities on full display. Republicans are ready to restore our Nation and hold government accountable.

Mr. Speaker, I urge my colleagues to support this crucial legislation.

Mr. NEAL. Mr. Speaker, I thank the gentleman from Kansas, my friend. He just pointed out that the people at the bottom are audited more than the people at the top. That is precisely the point that we are attempting to make here during the course of the next few minutes.

Mr. Speaker, I yield 1 minute to the distinguished gentleman from Maryland (Mr. HOYER), who is the former majority leader.

Mr. HOYER. Mr. Speaker, I thank the gentleman for yielding and adopt all the remarks he made in his opening statement.

This debate about IRS lends itself to being the most dishonest and demagogic rhetoric that I have seen in the Congress at any point in time.

I rise as the former chairman of the Treasury-Postal Committee, now the Financial Services and General Government Committee to which I will return having left the majority leader's spot.

This bill is a bad bill. Every small American taxpayer ought to be for this bill because this bill will make sure that others pay their fair share as they do.

That is the issue. They are paying their fair share, as the chairman noted, because we take it out of their salary. But the people who get it through dividends and capital gains, et cetera, et cetera, aha, they have got the lawyers, the accountants, and the people who can tell them how not to pay their fair share.

This is a bill against small business. This is a bill against the small taxpayer. This is against paying your fair share.

Mr. SMITH of Nebraska. Mr. Speaker, I include in the RECORD a Republican Ways and Means Committee release explaining that Senate Democrats voted down an amendment that would prevent increased audits on taxpayers making less than $400,000 a year and House Democrats refuse to take up a bill that would do the same.

[From waysandmeans.house.gov, Aug. 17, 2022]

DEMOCRATS FAIL TO PROTECT MIDDLE CLASS FROM IRS AUDITS

Democrats voted against guardrails that would have protected lower- and middle-income taxpayers from more audits as a result of supercharging the IRS with 87,000 new agents.

Instead, they hope you'll just ''take their word for it'' that the IRS won't target American families who are living paycheck to paycheck. Various news outlets have circulated these claims as facts, but the bill text says otherwise, Reason Magazine's Matt Welch reports.

Democrats claim they won't target lower- and middle- income earners with their expansion of the IRS by 87,000 agents . . .

''. . . top Democrats have been busy escalating their already implausible claims that goosing the IRS enforcement budget by 69 percent over a decade, hiring 87,000 additional new staffers at an agency that currently employs 79,000, and nabbing an estimated extra $124 billion in tax revenue will miraculously not bring any percentage increase in audits performed on Americans earning less than $400,000 a year.''

. . . but the nonpartisan Congressional Budget Office predicts boosted IRS funding will increase audits for all taxpayers . . .

''CBO Director Phillip L. Swagel estimated that boosting IRS funding by $80 billion would increase tax revenues by $200 billion (the number would later rise to $207 billion, before settling at $204 billion), adding that 'the proposal . . . would return audit rates to the levels of about 10 years ago; the rate would rise for all taxpayers' (italics mine), though 'higher-income taxpayers would face the largest increase.' ''

. . . and Democrats voted against Republican amendments preventing lower income earners from being targeted by higher audits.

''In the final IRA bill, in fact, $45.7 billion is earmarked for 'enforcement,' and $25.3 billion goes to 'operations support.' There is no reason to conclude from those dollar amounts that the number of resulting audits will be less than originally projected.''

Many ''fact checkers'' have refused to verify claims by Democrats:

''As Liz Wolfe has reported repeatedly in the pages of Reason, none of these assurances live in the text of the Inflation Reduction Act (IRA) itself. One Republican amendment ''to prevent the use of additional Internal Revenue Service Funds from being used for audits of taxpayers with taxable incomes below $400,000'' was voted down on party lines. You'll just have to take Democrats' word for it. ''That's good enough for many news organizations, who have been coughing up ''fact-checks'' aimed not at the demonstrable veracity of White House promises about significant legislation impacting literally all adult Americans but at the hyperbole of Republican criticism thereof.''

Democrats will raise audits on the middle class under the guise of going after the tax gap.

''The fact remains that you can't close the tax gap without greater enforcement on the poor and that enforcement on the poor is considerably less expensive.''

''It is true that Yellen has freshly directed the IRS to not increase the audit rate of under-$400,000s. And it's also true that there's no structural enforcement mechanism preventing the agency from continuing to go after low-hanging fruit to meet revenue targets.''

Only $3.2 billion of the $80 billion total goes towards improving services for taxpayers.

''. . . just $3.2 billion of the $80 billion is earmarked for customer service, producing a mere 9 percent increase over the previous baseline. If the agency is bad at answering phone calls—and it's bad at answering phone calls—a 9 percent bump seems inadequate to the task.''

Mr. SMITH of Nebraska. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri (Mr. SMITH).

Mr. SMITH of Missouri. Mr. Speaker, I thank the gentleman from Nebraska for yielding.

House Republicans made a promise to the American people to fight for working-class families. And we made a promise that our first order of business under a new Republican majority would be to repeal the $80 billion Democrats gave the IRS to hire 87,000 new agents to target American working-class families.

We are delivering on that promise today.

This bill rescinds the IRS funds in the Inflation Reduction Act—a law that does nothing to combat inflation but everything to empower an agency that has targeted Americans. They have leaked taxpayer information, and under the Biden administration, they threatened to snoop into the bank accounts of millions of middle-class families.

We know this because President Biden wrote such a proposal into his first budget as part of his agenda to expand the power of the IRS and shovel billions more to this troubled agency.

At that time, we asked the Joint Committee on Taxation how many Americans might be subject to such a scheme to spy into their bank accounts. The JCT said that up to 134 million taxpayers could be targeted.

So much for just going after the millionaires and the billionaires that our Democrat colleagues like to talk about.

While the Biden administration—including Treasury Secretary Yellen—has tried to dismiss concerns over how middle-class Americans would be targeted by the IRS, under the Democrats' $80 billion infusion of cash, the Congressional Budget Office has affirmed undoubtedly families making less than $400,000 per year would be subjected to increased enforcement and, yes, audits by the IRS.

But of course this would be the case when you realize that more than half of the $80 billion Democrats gave the IRS is earmarked for enforcement.

The IRS does not need a raise. It needs a reckoning. And what starts today with rescinding this $80 billion continues through rigorous IRS oversight that Democrats ignored under their one-party rule.

Taxpayers deserve true oversight for an agency that leaked the tax returns of thousands of American taxpayers at the same time the White House was calling for tax increases on those individuals. We are talking about an agency with a history of targeting conservatives with woefully underperforming customer service and whose own commissioner under Obama called this $80 billion more than three times the amount of money the agency actually needed.

House Republicans are ready to provide oversight and accountability, and that starts today with ending this $80 billion pay raise.

Mr. NEAL. Mr. Speaker, let me congratulate Mr. SMITH, incidentally, on his recent elevation to become the chairman of the Ways and Means Committee. We look forward to a productive session during the next couple of years.

Mr. Speaker, I include into the RECORD a blog post by the Center on Budget and Policy Priorities summarizing the fact check that has repeatedly debunked the false claim that we just heard a few seconds ago, that the IRS is going to hire 87,000 new agents immediately.

[From Center on Budget and Policy Priorities, January 9, 2023]

HOUSE GOP'S FIRST BILL: A MISLEADING GAMBIT TO PROTECT INTERESTS OF WEALTHY TAX CHEATS

(By Chuck Marr)

House Republicans have announced that their first legislative priority is to rescind nearly all of the Inflation Reduction Act's $80 billion in ten-year funding for the IRS, while repeating falsehoods and inflammatory rhetoric about how that funding will be used. While the Republicans have launched a campaign about a false ''army'' of 87,000 agents, the debate should focus on one accurate and alarming number: the IRS has 2,284 fewer skilled auditors to handle the sophisticated returns of wealthy taxpayers than it did in 1954. The decade-long, House Republican-driven budget cuts have created dysfunction at the IRS, where relatively few millionaires are now audited. If House Republicans succeed in rolling back this critically needed funding and maintaining this dysfunction, the IRS would be woefully understaffed, hindering its ability to administer the tax code and collect legally owed taxes—particularly from high-income and high-wealth taxpayers. On behalf of honest taxpayers, policymakers should reject the House Republican effort to protect wealthy tax cheats.

The IRS workforce is composed of civilian public servants, such as accountants and customer service representatives, who collect nearly all the federal revenue to fund our government, from Medicare and Social Security to our armed forces. Its skilled auditors, also known as revenue agents, are highly trained to handle sophisticated tax returns of wealthy people and multinational corporations. All of these IRS employees perform a core function of government, are central to the workings of our democracy, and work on behalf of honest taxpayers.

Republican IRS critics, however, have constructed a narrative around the IRS workforce becoming an "army" of 87,000 "armed agents" whose enemies are "hardworking American families and small businesses." This rhetoric is false and dangerous.

Fact checkers have repeatedly debunked the 87,000 figure, which comes from a prior Treasury estimate that it would use new funding to hire 87,000 total staff over the next ten years, including IRS employees in all departments, not just skilled auditors. These are people who answer phones, process returns, program computers, as well as a fraction—albeit an important one—who audit complex tax returns.

The House GOP campaign ignores the reality of today's IRS—which has resulted from the sharp budget cuts that Republicans have pushed since 2010—as well as the harm that would flow from rescinding much of the Inflation Reduction Act's new IRS funding. The upcoming debate needs to cut through the obfuscation of the House Republican campaign and focus on honest and pertinent numbers.

Consider, in 2021, the IRS had 8,321 skilled auditors. That's 40 percent fewer than the agency had in 2010, the year before House Republicans were in the majority and began driving the last decade of steep IRS budget cuts.

Moreover, it's 2,284 fewer revenue agents than the IRS had in 1954—not a typo. The last time the IRS had fewer revenue agents than it has today was in 1953. Today's economy is seven times larger than it was in 1953 and our population has more than doubled since then. Today's tax returns of wealthy people and large multinationals are more complex and global, which take more time for auditors to review.

As a result of these budget cuts and fewer skilled auditors, audit rates have plummeted for wealthy individuals and large corporations.

For the largest corporations (those with more than $1 billion in assets), the audit rate fell by more than half between 2010 and 2017. For millionaires, the audit rate fell by roughly 77 percent over the same period. Preliminary audit data for 2018 and 2019 suggest that the audit rate may have declined over 90 percent between 2010 and 2019.

House Republicans want to scare people with their false claims about how the IRS would use the new resources. But the reality is that, today, the IRS skilled audit staff is 2,284 smaller than in 1954, only a tiny fraction of millionaires is audited, and large multinationals can hire large squads of lawyers to easily overwhelm the resources of the IRS. One only needs to skim President Trump's tax returns, the indictment of convicted tax cheat Paul Manafort, and a ProPublica investigation of how Facebook outgunned the IRS to grasp the resources necessary to be serious about enforcing our tax laws and how reckless it would be to keep the number of skilled auditors at 1950s levels, as the House Republicans would do.

Honest taxpayers and business owners deserve better. They deserve an IRS that processes their tax returns and tax refunds efficiently, answers the phone when they call with questions, and ensures that the wealthy and profitable corporations are paying the taxes they legally owe.

A key element of a healthy, functioning democracy is a transparent tax system that is fairly enforced so that people and corporations pay what they owe and the well-heeled and powerful cannot flout their responsibility to pay their taxes.

Efforts to protect wealthy tax cheats and purposely undermine the IRS's ability to enforce tax laws are anti-democratic and should be resoundingly rejected.

Mr. NEAL. Mr. Speaker, I include in the RECORD a FactCheck.org article confirming that not all of the 87,000 people who will be hired are going to work on enforcement.

[From FactCheck.org, Aug. 18, 2022]

IRS WILL TARGET 'HIGH-INCOME' TAX EVADERS WITH NEW FUNDING, CONTRARY TO SOCIAL MEDIA POSTS

(By Brea Jones)

QUICK TAKE

The Inflation Reduction Act includes $79 billion for the IRS. Social media posts misleadingly claim the IRS will now hire "87,000 new agents" to investigate average citizens. But most new hires will provide customer services, and enforcement efforts will be aimed at "high-income and corporate tax evaders," a Treasury Department spokesperson said.

FULL STORY

President Joe Biden signed the Inflation Reduction Act—a climate, health care and tax package—into law on Aug. 16.

The legislation includes roughly $79 billion for the IRS over 10 years. The nonpartisan Congressional Budget Office projects that the enhanced IRS enforcement funded by the law will generate an additional $204 billion in revenue over 10 years. That represents additional taxes that are owed under existing laws, but which go unpaid.

Treasury Department officials say not all new hires will work on enforcement and increased revenues won't come from middle-income earners. Treasury Secretary Janet L. Yellen directed IRS Commissioner Charles P. Rettig not to use the new funding to increase enforcement of taxpayers earning less than $400,000. The IRS is a bureau of the Treasury Department.

"Specifically, I direct that any additional resources—including any new personnel or auditors that are hired—shall not be used to increase the share of small businesses or households below the $400,000 threshold that are audited relative to historical levels," Yellen wrote in an Aug. 10 letter to Rettig. "This means that, contrary to the misinformation from opponents of this legislation, small business or households earning $400,000 per year or less will not see an increase in the chances that they are audited."

But Republican members of Congress and social media users have spread the false claim that the new law will be used to hire "87,000 new IRS agents."

Sen. Ted Cruz, in an interview on Fox News that was posted to Facebook, got it doubly wrong when he claimed that "87,000 new IRS agents" will be going after small businesses and regular Americans.

"And, by the way, these IRS agents aren't there to go after billionaires," Cruz said. "They're there to go after you. They're there to go after your small business."

But, as we will explain later, not all of the new hires will be "agents." There's a big difference between IRS agents, such as revenue agents and special agents, and the workers who make up the bulk of the IRS staff. And, as we said, the Treasury Department has directed the IRS not to focus on small businesses and those earning less than $400,000.

Some versions of the claim suggest that the 87,000 new "agents" will be armed—but, as we've written before, only "special agents" who investigate criminal violations of the tax code are authorized to carry firearms.

Rep. Matt Gaetz took it one step further, calling it "bizarre" that the IRS bought $700,000 worth of ammunition between March and June 1 of this year. He suggested that the purchases are part of a "broader effort" to get ammunition off the market. But, as we will detail later, the purchases this year are in line with past years, according to government data.

Some of the claims about the IRS on social media were tied to an unrelated event—the FBI search of former President Donald Trump's Mar-a-Lago home in Florida.

"The IRS is coming for you. The DOJ is coming for you. The FBI is coming for you. No one is safe from political punishment in Joe Biden's America," the official Twitter account for the House Judiciary Committee Republicans tweeted.

But Rettig, the IRS commissioner, wrote in a letter to lawmakers on Aug. 4 that the resources obtained with the funding from the Inflation Reduction Act "are absolutely not about increasing audit scrutiny on small businesses or middle-income Americans."

"Other resources will be invested in employees and IT systems that will allow us to better serve all taxpayers, including small businesses and middle-income taxpayers," Rettig said.

FUNDS FOR CUSTOMER SERVICE AND ENFORCEMENT

A Treasury Department report from May 2021 estimated that a similar $80 billion investment proposed in Biden's American Families Plan would have allowed the IRS to modernize and restore the "IRS enforcement capability" in several ways—including by hiring 86,852 full-time employees. That's where the claim about hiring "87,000 new agents" apparently comes from.

The 2021 report said the $80 billion investment to restore the IRS would be broken down into two components: "a dedicated stream of mandatory funds ($72.5 billion over a decade) and a program integrity allocation ($6.7 billion over a decade)."

The $6.7 billion program integrity allocation will be used for "the hiring and retention of at least 5,000 new enforcement personnel," the 2021 report said. "The mandatory funds are allocated over a 10–year horizon. They provide enforcement resources, including a significant investment in revitalizing the IRS's examination of large corporations, partnerships, and global high-wealth and high-income individuals."

Over the past decade, the IRS has lost 40 percent of its "complex revenue agents"—agents who handle complicated tax returns of large businesses and corporations and go after high-end tax evaders—as its budget has been gutted, according to a Treasury Department spokesperson. "Today, the IRS has the same number of IRS revenue agents for complex work as it had in WWII," the spokesperson told us in an email.

Over the next five years, the IRS is expecting to lose up to 52,000 employees to attrition, the Treasury Department spokesperson told us in a phone interview. Most of the new hires will replace the outgoing employees and will be on the service side of the IRS.

"The majority of hires made with these resources fill positions of the 50,000 IRS employees who are on the verge of retirement. Of the net new hires, the majority are hired to improve customer services—from upgrading IT to answering phone calls," the Treasury Department spokesperson said.

The IRS might net about 30,000 new hires, as a result of the number of retirements and new funding. But the IRS hasn't yet released estimates for how many new employees the agency could hire with funding from the Inflation Reduction Act. The IRS is expected to release the final numbers and breakdown in the coming months.

''The resources to modernize the IRS will be used to improve taxpayer services—from answering the phones to improving IT systems—and to crack down on high-income and corporate tax evaders who cost the American people hundreds of billions of dollars each year,'' the spokesperson said. ''The majority of new employees will replace the standard level of staff departures over the next few years and will be hired to improve taxpayer services. The agency will 'also bring on experienced auditors who can take on corporate and high-end tax evaders, without increasing audit rates relative to historical norms for people earning under $400,000 each year.''

A White House spokesperson told us in an email, ''both Treasury Secretary Yellen and the IRS Commissioner have been explicit that these funds will be used for the wealthiest taxpayers and not those making less than $400,000 per year. These resources will improve technology and customer service, which will make it less likely that honest taxpayers get audited.''

SPENDING ON AMMUNITION AND ARMED AGENTS

Gaetz, a Republican from Florida, raised concerns in June that the IRS spent $700,000 on ammunition from March to June of this year, and he introduced the Disarm the IRS Act in July.

Gaetz described the ammunition acquisition as ''bizarre'' in a recent interview. Others have also echoed the claim.

But that's not an unusual amount of money for the IRS to spend on ammunition and is on par with what has been spent in previous years for the IRS Criminal Investigation division, which was established in 1919.

IRS Criminal Investigation is the sixth-largest federal law enforcement agency in the U.S. But it's a small unit of the IRS overall, less than 3 percent of its total workforce, according to the Treasury Department spokesperson.

The IRS Criminal Investigation division doesn't perform routine IRS audits on average Americans.

''The bulk of IRS's tax administration work is done by civilian auditors and revenue collectors,'' Justin Cole, a spokesman for the IRS Criminal Investigation division, told us in an email. ''IRS Criminal Investigation oversees the entirety of the work related to criminal violations of the tax law and other financial crimes.''

The division investigates cases related to money laundering, cybercrime, bank secrecy, national security, national defense and narcotics organizations—a large reason for the need for firearms and training. The division is famously known for the arrest of American gangster AL Copone. More recently, the division has been involved in the task force that is tracking the assets of Russian oligarchs.

''In order to carry out their daily duties, which include search warrants and arrests, CI special agents carry firearms,'' Cole said.

Using usaspending.gov, the official source of U.S. spending data and the site used by Gaetz, we found that the IRS has spent $816,248.90 so far in the fiscal year 2022 for ''duty ammunition'' from Vista Outdoor Sales. That's a little less than last fiscal year ($842,989,60) and slightly more than in fiscal 2020 ($761,265,40). (All amounts are ''total obligations,'' as of Aug. 18.)

The majority of the recent $725,460.10 spending went for handgun ammunition and equals about 2,545 cases of ammunition—''just enough for Special Agent handgun qualifications,'' Cole said. ''CI purchases the minimum amount of ammunition necessary to cover training and firearms qualifications for its law enforcement employees.''

The IRS spent an average of $712,500 on ammunition for fiscal years 2010 to 2017, according to a 2018 report to Congress by the Government Accountability Office on firearms and ammunition purchases by federal law enforcement agencies.

''There are about 3,000 employees in [the IRS Criminal Investigation division], 2,100 of which are special agents and the remaining professional staff. Only special agents carry firearms,'' Cole said.

In 2021, there were 2,046 special agents, who ''are among the most highly trained financial investigators in the world,'' according to the 2021 annual report.

The number of special agents in the division hasn't changed much in five years, according to the division's annual reports. In 2017, there were 2,159 special agents. But the number of special agents has declined substantially since 2009, when the bureau had 2,725—as we noted 12 years ago while addressing a misleading claim about the IRS hiring ''16,500 new agents.'' That's a 33 percent decrease from 2009 to 2021.

New special agents complete six months of training, including firearms training.

The IRS is not the only government agency that purchases guns and ammunition for enforcement officers. The 2018 GAO report lists several other agencies that make those purchases, such as the Food and Drug Administration, the National Institutes of Health and the Veterans Health Administration.

Mr. NEAL. Mr. Speaker, I yield 1 minute to the gentleman from Connecticut (Mr. LARSON) who is a distinguished member of the Ways and Means Committee.

Mr. LARSON of Connecticut. Mr. Speaker, I rise to associate myself with the remarks of the distinguished gentleman from Massachusetts.

I think he used the right words when he talked about theater.

Isn't it long overdue that we are honest with the American people about what this is about?

Come on, Mr. Speaker, you can't really believe that what you are proposing here isn't shielding the wealthiest people in this Nation and corporations.

People at Augie & Ray's in East Hartford are not fooled by this, and they understand what the agenda is. You place us further in debt and leave us with little else to do to help the people who need it the most.

What is this a guise for?

Cutting what you call entitlements.

What people at Augie & Ray's know are earned benefits that they pay for every single week out of their paycheck where they pay their taxes as well.

The SPEAKER pro tempore. Members are reminded to direct their remarks to Chair.

□ 1945

Mr. SMITH of Nebraska. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. LAHOOD), a member of the Ways and Means Committee.

Mr. LAHOOD. Mr. Speaker, I rise today in strong support of the Family and Small Business Taxpayer Protection Act.

This bill defends American taxpayers against an unchecked, supercharged IRS and prioritizes customer service and tax return processing, two of the agency's most important functions.

Included in the Democrats' reckless Inflation Reduction Act this past summer, the IRS received an additional $80 billion in funding, with over half directed toward enforcement.

What is worse, the Democrats' bill failed to include any safeguards to protect low- and middle-income taxpayers from being unfairly targeted for tax audits.

While the IRS continues to beef up their audit division, the agency still has 3.7 million unprocessed tax returns and a total of 11.1 million returns awaiting action. This is simply unacceptable. The IRS should focus on processing these returns, along with addressing the awful level of customer service currently available to taxpayers.

Law-abiding families and small businesses in Illinois need their tax returns processed and phone calls answered, not more IRS agents knocking on their doors with burdensome audits.

Mr. Speaker, I urge the adoption of this bill.

Mr. NEAL. Mr. Speaker, that is precisely the point that we have attempted to make. Customer service is not occurring because the IRS has been cut by 30 percent over the last 15 years.

Mr. Speaker, I include in the RECORD a letter from the IRS Commissioner to the House of Representatives confirming that the IRS will not raise audit rates on those making under $400,000 a year.

DEPARTMENT OF THE TREASURY,
INTERNAL REVENUE SERVICE,
Washington, DC, August 4, 2022.

DEAR MEMBER OF THE HOUSE OF REPRESENTATIVES, It has been the greatest honor of my professional life to spend the last four years at the helm of the IRS. I am struck each day by the commitment of dedicated IRS employees to helping American families. And our employees have done all that without the tools to do so effectively. For too long, the agency has not had the resources that it needs to ensure the tax laws are enforced fairly and that Americans receive the level and quality of service they deserve. We are the greatest country in the world, yet the agency that touches more Americans than any other continually struggles to receive sufficient resources to fulfill its important mission.

The resources in the reconciliation package will get us back to historical norms in areas of challenge for the agency—large corporate and global high-net-worth taxpayers—as well as new areas like pass-through entities and multinational taxpayers with international tax issues, where we need sophisticated, specialized teams in place that are able to unpack complex structures and identify noncompliance.

These resources are absolutely not about increasing audit scrutiny on small businesses or middle-income Americans. As we've been planning, our investment of these enforcement resources is designed around the Department of the Treasury's directive that audit rates will not rise relative to recent years for households making under $400,000. Other resources will be invested in employees and IT systems that will allow us to better serve all taxpayers, including small businesses and middle-income taxpayers. Enhanced IT systems and taxpayer service will actually mean that honest taxpayers will be better able to comply with the tax laws, resulting in a lower likelihood of being audited and a reduced burden on them.

Large corporate and high-net-worth taxpayers often engage teams of sophisticated representatives who pursue unsettled or sometimes questionable interpretations of tax law. The integrity and fairness of our tax administrative system relies upon the ability of our agency to maintain a strong, visible, robust enforcement presence directed to these and other similarly situated taxpayers when they are noncompliant. These important efforts also support honest taxpayers who voluntarily comply with their filing and reporting requirements.

The IRS has fewer front-line, experienced examiners in the field than at any time since World War II, and fewer employees than at any time since the 1970s. Advances in technology have been helpful but have not kept pace with the ever-increasing responsibilities and challenges facing the IRS. As a result, the IRS has for too long been unable to pursue meaningful, impactful examinations of large corporate and high-networth taxpayers to ensure they are paying their fair share. This creates a direct revenue loss from evaders and lessens the potential to deter others from pursuing a similar path of noncompliance. Every American should support a fair and impartial system of tax administration supported by an appropriately resourced tax administrator. In fact, the continued success of our country depends, in part, upon the success of the agency in appropriately, fairly and impartially enforcing the tax laws and in providing meaningful, impactful services to every American.

As an extremely proud American, I'm grateful for your support of the IRS and our dedicated employees. I cannot be forceful enough in emphasizing that these resources will be transformative for the agency and for American taxpayers. I am available to meet with you at your convenience to discuss the foregoing.

Thank you,

CHARLES P. RETTIG.

Mr. NEAL. Mr. Speaker, I include in the RECORD a letter from Secretary Yellen to the IRS Commissioner, directing the IRS not to use any additional funding to increase audits on small businesses and households earning less than $400,000 a year.

DEPARTMENT OF THE TREASURY,
SECRETARY OF THE TREASURY,
Washington, DC, August 10, 2022.

CHARLES P. RETTIG,
Commissioner, Internal Revenue Service, Washington, DC.

DEAR COMMISSIONER: The Inflation Reduction Act includes much-needed funding for the IRS to improve taxpayer service, modernize outdated technological infrastructure, and increase equity in the tax system by enforcing the tax laws against those high-earners, large corporations, and complex partnerships who today do not pay what they owe.

These crucial investments have been a focus of the Biden Administration since the President's first day in office, and I was heartened to see the legislation pass the Senate this weekend.

Notwithstanding the changes that arose because of Republican challenges during the Byrd process, I write today to confirm the commitment that has been a guiding precept of the planning that you and your team are undertaking: that audit rates will not rise relative to recent years for households making under $400,000 annually.

Specifically, I direct that any additional resources—including any new personnel or auditors that are hired—shall not be used to increase the share of small business or households below the $400,000 threshold that are audited relative to historical levels. This means that, contrary to the misinformation from opponents of this legislation, small business or households earning $400,000 per year or less will not see an increase in the chances that they are audited.

Instead, enforcement resources will focus on high-end noncompliance. There, sustained, multiyear funding is so critical to the agency's ability to make the investments needed to pursue a robust attack on the tax gap by targeting crucial challenges. like large corporations, high-net-worth individuals and complex pass-throughs, where today the IRS has resources to initiate just 7,500 audits annually out of more than 4 million returns received.

This is challenging work that requires a team of sophisticated revenue agents in place to spend thousands of hours poring over complicated returns, and it is also work that has huge revenue potential: indeed, an additional hour auditing someone making more than $5 million annually generates an estimated $4,500 of additional taxes collected. This is essential work that I know the IRS is eager to undertake.

For regular taxpayers, as you emphasized last week, the result of this resource infusion will be a lower likelihood of audit by an agency that has the data and technological infrastructure in place to target enforcement resources where they belong—on the high end of the income distribution, where the top 1 percent alone is estimated to not be paying $160 billion in owed taxes each year. That's important as a matter of revenue-raising, but it's also essential as a matter of fairness.

Crucially, these resources will support a much-needed upgrade of technology that is decades out-of-date, and an in vestment in taxpayer service so that the IRS is finally able to communicate with taxpayers in an efficient, timely manner. I look forward to working with you on creating new digital tools to allow taxpayers to get information from the IRS instantaneously and on improving taxpayer service, so the agency is well-equipped to answer calls when they come in.

This historic investment in our tax system will accomplish two critical objectives. It will raise substantial revenue to address the deficit; and it will create a fairer system, where those at the top who do not today comply with their tax obligations find it far less easy to do so, and where all taxpayers receive the service from the IRS that they deserve, and that your dedicated workforce is eager to deliver. The importance of the work ahead cannot be overstated.

Sincerely,

JANET L. YELLEN.

Mr. NEAL. Mr. Speaker, I yield 1 minute to the gentleman from Oregon (Mr. BLUMENAUER), a very capable member of the Ways and Means Committee.

Mr. BLUMENAUER. Mr. Speaker, I appreciate how Mr. NEAL laid out the facts here.

The Family and Small Business Taxpayer Protection Act is a sham. The facts are that this legislation will shield tax cheats at the expense of working families.

The last time Republicans were in charge, they systematically defunded the IRS. The agency lost nearly 20 percent of its funding, shed more than 20,000 employees, and the audit rate for millionaires dropped 70 percent. We heard one of our Republican colleagues make that point.

This legislation will enable those at the top of the heap to be able to remember the taxes they should have reported. It raises, as we have heard, $187 billion in revenue. This bill, if enacted, would add to the deficit $114 billion because it is misguided and misdirected and wrong.

Mr. Speaker, I strongly urge the rejection of this legislation enforcement of the laws for everybody.

Mr. SMITH of Nebraska. Mr. Speaker, I yield 1 minute to the gentleman from Tennessee (Mr. KUSTOFF), a member of the Ways and Means Committee.

Mr. KUSTOFF. Mr. Speaker, I rise today in support of the Family and Small Business Taxpayer Protection Act.

This new Republican majority is focused on protecting taxpayers and small businesses from overreach and abuse. Blocking the Biden administration from unleashing 87,000 new IRS agents on taxpayers is a crucial first step toward fulfilling our commitment to America.

This legislation will prohibit the IRS from using new funds to target lower- and middle-class families and small businesses with more burdensome and intrusive audits.

As households grapple with a struggling economy, the last thing they need is more harassment from a supercharged IRS.

Republicans are unified in our effort to bring economic relief to Americans, not more government overreach and hardship.

Mr. Speaker, I urge my colleagues to support this legislation and stop the administration's weaponizing of the IRS.

Mr. NEAL. Mr. Speaker, I yield 1 minute to the gentleman from New Jersey (Mr. PASCRELL), who is sure to offer clarity to this important issue.

Mr. PASCRELL. Mr. Speaker, I rise in rigorous opposition to this shortsighted bill, but thank you for allowing us the opportunity to lay the facts on the table.

I mean, it is stunning that while you peddled those falsehoods, you seek at the same time to add $114 million to the deficit. The chairman said it. Everybody said it.

Republican budget cuts have left the IRS with 2,284 fewer skilled auditors to keep wealthy taxpayers from cheating than it had in 1954. That makes no sense. You know it is more complicated. We taxed work before. Now we tax assets, and we cover them up when we do our taxes.

Who the heck are you kidding? The GOP plan would aid and abet a flood of tax cheating by Wall Street tycoons. That would be the direct impact of this bill. Thankfully, it is going to be dead on arrival when it goes to the other side of the building.

Republicans love that our massive tax gap keeps growing, and they want to make it worse.

Mr. SMITH of Nebraska. Mr. Speaker, I yield 1 minute to the gentleman from Oklahoma (Mr. HERN), a member of the Ways and Means Committee.

Mr. HERN. Mr. Speaker, on March 1, 2022, President Biden made a promise to the American people during the State of the Union Address before a joint session of Congress. I was sitting in this room as the President stated: ''Under my plan, nobody earning less than $400,000 a year will pay an additional penny in new taxes. Nobody.''

Mr. Speaker, the President lied to us all because, in August 2022, CBO confirmed that the Democrats' Inflation Reduction Act, which supercharges the IRS with 87,000 new agents, will, in fact, lead to more audits and enforcement measures and higher taxes for families making less than $400,000 a year. In fact, the CBO confirmed that lower- and middle-income taxpayers would see as many as 710,000 more audits.

Americans are suffering under harmful inflation caused by the irresponsible fiscal policies from President Biden and our congressional Democrats. The last thing the American people need is burdensome IRS audits.

Mr. Speaker, I urge my colleagues to vote ''yes'' on this bill to make Joe Biden's promise come true.

Mr. NEAL. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. DAVIS), a very capable Member from Chicago.

Mr. DAVIS of Illinois. Mr. Speaker, I know this may be the beginning of a new year, but we are back to the same old thoughts, ideas, and practices: Protect the wealthy. Disadvantage the poor.

We need a tax system that is fair. We need the skilled auditors who can look at the more complex returns of wealthy taxpayers and make sure that they are paying their fair share.

There is no doubt that this is a sham. Vote this down because it takes away opportunity for fairness in our tax system. We need the auditors.

Mr. SMITH of Nebraska. Mr. Speaker, very briefly, I point out that the Biden administration is not giving us all the information. Secretary Yellen said that the IRS will not raise audit rates for taxpayers making less than $400,000 ''relative to historic levels.'' What does ''historic levels'' really mean?

I include in the RECORD a CBO blog post from 2021 examining the Biden administration's $80 billion proposal and stating that it would ''return audit rates to the levels of about 10 years ago'' and that ''the rate would rise for all taxpayers.''

[From the CBO Blog, Sept. 2, 2021]

THE EFFECTS OF INCREASED FUNDING FOR THE IRS

(By Phill Swagel)

Last month, the Congressional Budget Office published An Analysis of Certain Proposals in the President's 2022 Budget. Since then, CBO has completed its analysis of another proposal in the President's budget, an increase in spending for the Internal Revenue Service's (IRS's) enforcement activities. CBO estimates that portions of the Administration's proposal to increase funding for the IRS by $80 billion over the 2022–2031 period would increase revenues by approximately $200 billion over those 10 years. That estimate does not include changes in revenues resulting from portions of the proposal that involve new information-reporting requirements and other changes to the tax code; those changes are estimated by the staff of the Joint Committee on Taxation (JCT).

THE PROPOSAL

The Administration proposes funding for the IRS that is $80 billion greater over 10 years than the amounts in CBO's July 2021 baseline projections (which reflect the assumption that current laws generally do not change). Two types of funding would be provided: discretionary appropriations, which would mainly be used for enforcement activities; and mandatory funding, which would be used for a variety of activities (not only enforcement but also operations support, business-systems modernization, and taxpayer services).

Spending would increase in each year between 2021 and 2031, though the highest growth would occur in the first few years. By 2031, CBO projects, the proposal would make the IRS's budget more than 90 percent larger than it is in CBO's July 2021 baseline projections and would more than double the IRS's staffing. Of the $80 billion, CBO estimates, about $60 billion would be for enforcement and related operations support.

The Administration also proposes that financial institutions increase their reporting about account inflows and outflows. Part of the increased funding would support the implementation of a new information-reporting system to be used by those institutions. The resulting effects on revenues are estimated by JCT and are not included in CBO's estimate of an approximately $200 billion increase.

HOW CBO ESTIMATES THE EFFECT ON REVENUES OF INCREASED IRS FUNDING

CBO's estimate of revenues is based on the IRS's projected returns on investment (ROIs) for spending on new enforcement initiatives. The IRS estimates those ROIs by calculating the expected revenues that would be raised from taxes, interest, and penalties as a result of the new initiatives and dividing them by their additional cost. (The agency has provided ROIs over the past five years as part of its budget justification.) The IRS's ROIs ramp up over three years as staff become trained and fully productive, arrive at the peak level, and then stay there. In recent years, peak ROIs have ranged from 5 to 9. That is, a $1 increase in spending on the IRS's enforcement activities results in $5 to $9 of increased revenues.

CBO adjusts the ROIs so that they better reflect the marginal return on additional spending. First, CBO expects the IRS to prioritize the enforcement activities that it thinks will have the highest average return; additional enforcement spending would therefore have lower returns than previous spending. Second, CBO expects taxpayers to adapt to the IRS's enforcement activities and adopt new ways of evading detection, so an enforcement activity may have a lower return in later years. Finally, the productivity of the IRS's enforcement activities will also depend on the IRS's other capabilities. For example, modernized information technology that stored all of a taxpayer's information in digital form could increase the productivity of examiners (the employees who detect taxpayers' noncompliance).

CBO's estimate of revenues also accounts for the timing of collections resulting from enforcement activity by new hires. Taxes are assessed at the end of an audit; if taxpayers disagree with the assessment, they can appeal and continue to litigate. The length of each step depends on the complexity of the case. CBO estimates that an audit of medium complexity would take 24 months to complete. That time, combined with the expected training time for an experienced new hire, suggests that the IRS would begin to collect revenues 30 months after the new hire joined the agency. (The timing would be longer when cases were more complex or when the taxpayer did not agree to the assessment and appealed.)

WHAT IS INCORPORATED INTO CBO'S ESTIMATE

CBO's estimate of the change in revenues is relative to the amount of revenues collected under current law (which is reflected in CBO's baseline budget projections). Under guidelines agreed to by the legislative and executive branches, this change in revenues typically would not be included in a cost estimate for legislation that brought about the change, but it would be reflected in CBO's baseline budget projections once the legislation was enacted. CBO's estimate reflects the assumption that the proposed increase in funding would follow the proposed expansion of information reporting. Expanded information reporting might allow the IRS to better target potentially noncompliant taxpayers; it might also prompt taxpayers to file more accurate tax returns. It might have a positive effect on revenues collected, but it might also reduce the ROIs from enforcement activities, because if returns are more accurate, there will be less noncompliance to audit. In CBO's and JCT's judgment, those effects roughly offset each other, on net, resulting in a small positive effect on ROIs.

CBO's estimate includes ''direct revenues'' and ''protected revenues.'' Direct revenues are generated from the IRS's auditing and collection efforts. Protected revenues result when the IRS prevents a taxpayer from recouping previously assessed and paid taxes—for example, when the IRS prevents fraudulent refunds or disallows claims in taxpayers' amended returns.

The estimate reflects CBO's expectation that the increased enforcement activities would change the voluntary compliance rate—that is, the share of taxes owed that are paid voluntarily and on time—only modestly. The magnitude of that effect is highly uncertain, however, and the empirical evidence about the effects of audits on taxpayers' behavior is inconclusive. Research about such deterrence finds varying responses, depending on the type of taxpayer. People generally increase their reported income in the years following an audit, but people with higher income generally do not, and neither do corporations. (For more discussion, see Box 1 in CBO's July 2020 report Trends in the Internal Revenue Service's Funding and Enforcement.)

HOW THE CURRENT ANALYSIS DIFFERS FROM PREVIOUS ANALYSES

In that July 2020 report, CBO estimated that a $40 billion increase in enforcement funding would raise $103 billion (for a net effect of $63 billion). The methods used for this estimate differ in several ways from the methods used for that one.

First, CBO used updated ROIs that incorporated the IRS's most recent estimates of the return on enforcement activities. CBO then adjusted the ROIs to reflect both direct revenues and protected revenues, increasing the peak ROI from 6.4 to 7.1.

Second, CBO's current methods allow for positive interaction between enforcement spending and other IRS funding. That is, CBO accounts for ways in which increased capabilities, such as more digitization of taxpayers' information and greater visibility of income flows, can increase the productivity of enforcement activities.

Third, this analysis reflects a longer time frame for receiving enforcement revenues because of the complexity of audits associated with high-wealth individuals, large corporations, and partnerships. Taxpayers with greater resources may be more likely to appeal assessments or to litigate their disputes in the U.S. Tax Court, delaying the receipt of assessed taxes. As a result, revenues from some audits will not be received until later than CBO estimated in its July 2020 analysis.

SOURCES OF UNCERTAINTY

The change in revenues resulting from an increase in the IRS's funding could be different from CBO's estimate. It depends on the IRS's ability to hire experienced candidates, changes in voluntary compliance, and the interaction of enforcement funding with the IRS's other capabilities.

The IRS intends to hire mid- and senior-level people with private-sector experience who will not require a great deal of training to become productive. But it might not be able to hire its desired mix of candidates. If it hired less experienced candidates, it would have to spend more resources training them. Not only would they take longer to become productive, but current staff members would have to devote more time to training them. A related source of uncertainty in CBO's estimate is attrition: If it proved higher than expected, personnel would have fewer years at full productivity.

An increase in the IRS's funding could signal that the agency was more capable of detecting noncompliance, thus increasing voluntary compliance and revenues. However, if there were fewer noncompliant taxpayers to audit, the ROIs from the IRS's enforcement activities would drop, and the direct revenues from increased enforcement would be lower than CBO estimated.

Finally, it is unclear how much the greater information reporting or the increased IRS spending in areas other than enforcement (such as technology) could improve examiners' productivity. Greater nonenforcement spending might increase overall revenues but decrease ROIs—for example, if improved services for taxpayers enabled those taxpayers to more accurately determine their tax liability, reducing the pool of noncompliant taxpayers to audit.

EFFECTS ON TAXPAYERS

The proposed increase in spending on the IRS's enforcement activities would result in higher audit rates than those underlying CBO's baseline budget projections. Between 2010 and 2018, the audit rate for higher-income taxpayers fell, while the audit rate for lower-income taxpayers remained fairly stable. In CBO's baseline projections, the overall audit rate declines, resulting in lower audit rates for both higher-income and lower-income taxpayers. The proposal, by contrast, would return audit rates to the levels of about 10 years ago; the rate would rise for all taxpayers, but higher-income taxpayers would face the largest increase. In addition, the Administration's policies would focus additional IRS resources on enforcement activity aimed at high-wealth taxpayers, large corporations, and partnerships. CBO estimates that if the proposals were enacted, tax compliance would be improved, and more households would meet their obligation under the law.

Higher audit rates would probably also result in some audits of taxpayers who would later be determined not to owe additional taxes. However, the Administration's proposal for more information reporting, as well as additional spending on IRS technology, might reduce the burden on compliant taxpayers by allowing the IRS to better target noncompliant ones and to reduce the number of audits that resulted in no change in tax assessment.

Mr. SMITH of Nebraska. Mr. Speaker, I yield 1 minute to the gentlewoman from West Virginia (Mrs. MILLER), a member of the Ways and Means Committee.

Mrs. MILLER of West Virginia. Mr. Speaker, I rise in support of the Family and Small Business Taxpayer Protection Act.

The last 2 years under Democrat rule have resulted in terrible policies and more unnecessary taxes for the American people. Americans have been feeling the weight of destructive policies since their first day in power, and now it is time for our Republican majority to fix this mess.

The pressure on American taxpayers has continued to increase since the passage of the so-called Inflation Reduction Act when they gave $80 billion of new funding for the IRS to hire the 87,000 new agents to needlessly audit families and small businesses that are forced to fund the out-of-control spending and misguided Green New Deal priorities.

How do more audits and scrutiny from the IRS benefit hardworking Americans? Liberals in Congress chose to target American taxpayers by supercharging the IRS, which solely focuses on auditing the hardworking Americans who already pay more than their fair share. This is unacceptable and must be reversed.

Through the Inflation Reduction Act, Democrats used the tools of the IRS as a means to increase reckless spending.

Mr. NEAL. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. HIGGINS), an individual whose knowledge of the economic system in America is unsurpassed.

Mr. HIGGINS of New York. Mr. Speaker, Charles Rettig, the former IRS Commissioner, who was appointed by the Trump administration, said early last year that the United States is losing $1 trillion in unpaid taxes every year. He said the agency lacks the resources to catch tax cheats. Most of the unpaid taxes, he said, are a result of evasion by wealthy and large corporations.

With this legislation we are considering today, it is clear that the GOP once again is putting tax-evading profits over people.

Mr. Speaker, I am asking my colleagues to join me in rejecting this legislation to protect working families that play by the rules and fight fairly every day.

Mr. SMITH of Nebraska. Mr. Speaker, I yield 2 minutes to the gentlewoman from California (Mrs. STEEL).

Mrs. STEEL. Mr. Speaker, I rise in strong support of the Family and Small Business Taxpayer Protection Act, and I am proud to co-lead this important legislation with the gentleman from Nebraska (Mr. SMITH), my friend.

As millions of American families across the country struggle to afford basic goods, from food to fuel—in large part thanks to the inflation brought on by the absurd spending blowout of the last 2 years—the very last thing that taxpayers need is a bloated and weaponized IRS.

Unfortunately, that is exactly what they got when the administration rammed through $80 billion to hire 87,000 new IRS agents to harass and spy on middle-class and low-income families, with most of 1.2 million new additional audits.

The agency needs reform and modernization, but that is not what these billions in taxpayer dollars did. Of the $80 billion, only $3.2 billion was set aside for taxpayer services. Meanwhile, new audits and enforcement got $45 billion.

The job of the IRS is to serve taxpayers, not target them. That is why we must pass today's bill, which will rescind the IRS funding for enforcement while leaving in place the funding for improvements to customer service and technology.

Californians and all Americans deserve an accountable government and a strong economy. An accountable government is one that serves its citizens, not one that empowers bureaucrats to target taxpayers. We will never build an economy that is strong by weaponizing government agencies to cripple small businesses and employers.

Mr. Speaker, I urge all of my colleagues who support an accountable government and a strong economy to vote ''yes'' on this legislation to empower American families, support small businesses, and protect taxpayers.

Mr. NEAL. Mr. Speaker, the challenge that was offered by the gentlewoman from California is as simple as this: We are weaponizing billionaires not to pay their fair share. That is what is happening.

What we are asking here is the simplicity of allowing people at the very top to pay their fair share.

Mr. Speaker, I yield 1 minute to the gentlewoman from Alabama (Ms. SEWELL), a capable and valued member of the Ways and Means Committee.

□ 2000

Ms. SEWELL. Mr. Speaker, I rise to speak against H.R. 23. The funding provided through the Inflation Reduction Act is an important step to address the lack of resources for the IRS so that they could do their job.

How many of us have called the IRS and been on the phone waiting for hours only to be told that you were being transferred to yet another department and also continue to be waiting?

Over the past year, the IRS has already been cut by 15 percent, and more cuts means more delays and lack of services for our constituents. As Representative NEAL said, the IRS failed to collect over $500 trillion last year alone because of lack of resources, lack of compliance, and the targeting of those people who are less fortunate through the EITC compliance. They have been hurt.

Mr. Speaker, this is about tax compliance. This is also about racial equity and fairness. Historically, African Americans have been disproportionately audited by the IRS due to their claims of EITC. I ask for fairness and equity and ask for my colleagues to vote ''no'' against this bill.

Mr. SMITH of Nebraska. Mr. Speaker, I yield 1 minute to the gentleman from Utah (Mr. MOORE).

Mr. MOORE of Utah. Mr. Speaker, today, we begin the work to reform our government to work better for the American people and not against them.

So what do I mean by that?

The last 2 years Democrats have had control of the White House, House, and Senate, and they have passed and attempted historic spending provisions. In order to do that, you have to raise revenue. This bill became a ploy to leverage the IRS to be able to essentially do that without directly raising taxes. That is what we are talking about here.

I represent thousands of IRS employees. They are some of the best, most hardworking people in my entire district. As I talk to them, they care about two major things: customer service, and that technology needs to be improved. That is what I love about this bill because that keeps that in here, and we actually want to focus our spending to be able to directly support them.

As we put forth this bill, we are sincerely trying to take what all of our constituents have been saying: We need the IRS to have more support on customer service and technology.

That is why I urge everybody to vote ''yes'' on this bill.

Mr. NEAL. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Ms. CHU), a very capable member of the Ways and Means Committee.

Ms. CHU. Mr. Speaker, I rise in strong opposition to this bill. It is telling that the very first bill that the new Republican majority brought to the floor aims to protect wealthy tax cheats from following the law.

For a decade, Republicans succeeded in stripping the IRS of the resources it needs to serve the American people, and the result has been frustrating and harmful to workers and families, but it is certainly fantastic for wealthy tax cheats who unfairly kept up to $1 trillion from the IRS every year.

Congressional Democrats reversed this trend when we passed the Inflation Reduction Act. Now, the IRS will finally have the resources it needs to properly audit wealthy taxpayers and corporations with complex returns and ensure that average Americans don't have to wait hours on the phone to fix problems.

Americans deserve an IRS that fulfills its most basic duty to ensure all taxpayers and corporations follow the law and pay their fair share in taxes.

Vote ''no'' on this bill.

Mr. SMITH of Nebraska. Mr. Speaker, I yield 1 minute to the gentlewoman from New York (Ms. TENNEY).

Ms. TENNEY. Mr. Speaker, I rise in strong support of the Family and Small Business Taxpayer Protection Act.

I am a small manufacturing businessowner, and I have also worked as a tax attorney, so I know firsthand the kind of power that the IRS has over our small businessowners and lower- and middle-income taxpayers.

Last year, to fund their leftwing agenda, the Democrats in Congress decided to spend your hard-earned tax dollars on 87,000 new IRS agents, making the IRS nearly the size of the U.S. Marine Corps.

The Biden administration claims these agents will not set their sights on hardworking Americans. The facts reveal the opposite. The Democrats claim these new audits will only affect Americans making over $400,000. The facts prove otherwise.

However, the investment of $80 billion with over $40 billion being spent for enforcement will exact just a fraction of the revenue they hope to get to fund their spending sprees. The American taxpayers deserve better.

The truth is their plan will target middle- and lower-income taxpayers. The CBO agrees, and it released a finding that said additional agents will lead to as many as 700,000 more audits on Americans making less than $75,000 a year.

The core principle of our system of government is innocent until proven guilty, not guilty until proven innocent as the IRS attempts to do.

I encourage my colleagues to support H.R. 23.

Mr. NEAL. Mr. Speaker, I yield 1 minute to the gentlewoman from Wisconsin (Ms. MOORE), a very capable member of the Ways and Means Committee.

Ms. MOORE of Wisconsin. Mr. Speaker, I rise to strongly oppose this misnamed Republican bill, which purports to protect families and small businesses, but instead, continues the unrelenting effort to starve the IRS.

The only Americans that this legislation protects are tax cheats.

What is up with this conversation about how many agents are going to be added?

The IRS has fewer agents today than it had in 1953, and our economy is seven times larger, and our population has more than doubled since then.

The characterization of the IRS as a militant government agency deployed to harass unwitting small businesses and Americans is a flagrant lie.

Our voluntary tax system depends on our taxpayers trusting that it works fairly. We need to ensure that the IRS can examine complex tax avoidance strategies of well-heeled individuals and businesses, period.

To do that, we need to help the agency modernize and transition away from decades-old technology, and we must support the agency's capacity to effectively administer a range of crucial tax benefits.

I urge my colleagues to vote ''no.''

Mr. SMITH of Nebraska. Mr. Speaker, I yield 1 minute to the gentlewoman from Indiana (Mrs. SPARTZ).

Mrs. SPARTZ. Mr. Speaker, I will clarify what exactly this bill is doing. Last year, Congress gave an additional $80 billion to the IRS on top of $12 billion of existing funding, which increased the IRS' budget by almost eight times.

This bill still keeps almost $10 billion in additional funding to modernize IRS, which is still almost doubling their $12 billion budget but eliminates over $70 billion of wasteful and egregious aggression against the American taxpayer by the Federal Government.

As someone who spent over a decade in public accounting and also started my own businesses, I never felt that we didn't have enough government. On the contrary.

I hear the same message when I go all across my district—small businesses and entrepreneurs have a hard time surviving.

I hope my Democrat colleagues will also support this commonsense adjustment to relieve the undue burden on American families.

Mr. NEAL. Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. KILDEE).

Mr. KILDEE. Mr. Speaker, I thank Mr. NEAL for yielding. The Inflation Reduction Act was a huge step toward lowering healthcare costs and energy costs for families all across the country and creating new jobs in my home State of Michigan.

It was fully paid for by making sure the biggest corporations and the wealthiest individuals paid their fair share in taxes.

This funding for the Internal Revenue Service helps ensure that it has the resources to go after those wealthy taxpayers that are avoiding paying their fair share.

It is simply not fair that billionaires like Elon Musk and massive companies like Amazon have paid less in Federal income taxes some years than a Bay City teacher, a Saginaw nurse, or a Midland factory worker.

Further, the Inflation Reduction Act is helping to fight inflation, bringing down costs for Americans.

With this bill, Republicans are trying to roll back these efforts to fight inflation.

A vote against the motion to recommit that I will offer is a vote against the Inflation Reduction Act.

Today, the nonpartisan Congressional Budget Office said this bill will add $114 billion to the national deficit.

This is the first order of business for this majority.

Mr. Speaker, I ask unanimous consent to add the text of this amendment in the RECORD immediately prior to the vote on the motion to recommit.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. SMITH of Nebraska. Mr. Speaker, I yield 1 minute to the gentleman from Virginia (Mr. CLINE).

Mr. CLINE. Mr. Speaker, it is a bright, new day. Today, we begin to deliver real results for the American people by passing legislation to block the Biden administration from unleashing 87,000 new bureaucrats and agents at the IRS on families and small businesses.

Last Congress, Democrats voted to supercharge the IRS with $80 billion of taxpayer money focused on IRS enforcement and hiring more auditors to squeeze taxpayers.

It is not just wealthy Americans. With that expanded audit capacity, the IRS can squeeze more money out of middle- and lower-income families and small businesses, as well.

The Democrats' American Rescue Plan called for the IRS to require payment apps like Venmo and PayPal to report Americans who made over $600 in transactions.

Imagine what 87,000 new agents will do.

Republicans want an IRS that works for taxpayers, not targets them. That is why this bill leaves in place the IRS funding for improvements to customer service and technology.

Because Americans demand and deserve a government that is accountable, not to the powerful but to the people, repealing funding for Biden's army of auditors is a great first step in the right direction.

Mr. NEAL. Mr. Speaker, I yield 1 minute to the gentleman from Virginia (Mr. BEYER), a very successful businessman and entrepreneur.

Mr. BEYER. Mr. Speaker, I rise in opposition to this absurd legislation. The bill before us will cut the necessary investments to make the IRS more responsive to regular people, improve customer service, and work through the IRS backlog.

In exchange for making the IRS less responsive to the people, the bill is going to add $114 billion to the deficit, according to the CBO.

Why?

My Republican friends want us to believe that a horde of 87,000 armed Federal agents are ready to kick in your doors for tax enforcement.

This is total nonsense, a fantasy, a fabrication that has been fact-checked over and over again and always found false.

The real reason they are passing this bill is to protect wealthy tax cheats like the former President from having their tax returns scrutinized.

The richest 1 percent avoid paying $100 billion every year because we don't fund the IRS.

Republicans' first priority is to help the very rich tax evaders at the expense of their own regular American constituents.

I urge Members to vote against this misguided legislation.

Mr. SMITH of Nebraska. Mr. Speaker, may I inquire how much time is remaining?

The SPEAKER pro tempore. The gentleman from Nebraska has 10 minutes remaining. The gentleman from Massachusetts has 11 minutes remaining.

Mr. SMITH of Nebraska. Mr. Speaker, I yield 1½ minutes to the gentleman from Pennsylvania (Mr. MEUSER).

Mr. MEUSER. Mr. Speaker, I thank my friend from Nebraska for yielding.

The idea, Mr. Speaker, of hiring 87,000 new IRS agents to close the tax gap is misguided. I served as revenue secretary for the great Commonwealth of Pennsylvania. We did, in fact, close a tax gap through what proved to be very effective measures. These measures included improving IT systems and processes, which truly determined tax evasion from tax avoidance.

Largely taking the easy approach of hiring 87,000 new agents, doubling the size of the IRS—I don't know who thinks that is a good idea—does not improve the quality of information used to accomplish the goal of collecting all tax revenues that are due. It will only increase the number of audits, most often on innocent small businesses and individuals.

As well, the CBO projection of $186 billion of increased revenue was established before the administration said that only those above $400,000 in income would be audited. Currently, nearly 90 percent of the audits are conducted on small businesses and those making less than $400,000.

How can you make a projection when your targeted audience is reduced by 90 percent?

This is an absolutely flawed plan that will do nothing but increase the size of government, increase audits on law-abiding businesses, and fail to achieve its intended results. It is Big Government at its worse.

According to the CBO, the hiring of these new IRS agents will also cause audit rates to rise on all taxpayers. A bipartisan analysis found that this increase in funding would result in 1.2 million more audits; 700,000 of them will target taxpayers making $75,000 or less. These new IRS agents will not be targeting wealthy tax cheats as they claim. They will be targeting everyday Americans.

Mr. NEAL. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania (Mr. EVANS), a very distinguished member of the Ways and Means Committee.

□ 2015

Mr. EVANS. Mr. Speaker, I rise in strong opposition to this legislation that will cut major investments in the IRS that will help American taxpayers receive the benefits they have earned. It is important.

This tax cheat act would gut IRS funding to protect Republicans' wealthy corporate investors. It is important to understand that I urge my colleagues to reject the Republican tax cheat act.

It is important because this is politics above people. The reality is this is not about people. This is really all about politics.

I thank Mr. NEAL, who led this effort through the Ways and Means Committee, and colleagues who fought for the importance of investment in the IRS.

Mr. Speaker, I stand today to encourage people to say ''no.''

Mr. SMITH of Nebraska. Mr. Speaker, I yield 1 minute to the gentleman from Wisconsin (Mr. GROTHMAN).

Mr. GROTHMAN. Mr. Speaker, I have a very high opinion of the gentleman from Massachusetts, but what scares me in this bill are the numbers.

Right now, the IRS has about 78,000 employees, of which about 10,000 are what they describe as agents. It is not surprising that is less than you had in 1954 because, in 1954, nothing was computerized. Now, the 1099s, the W–2s, they come in and automatically the computers show whether they are on your return or not. If they are not on the return, you get a letter from the IRS saying you owe X amount of money.

Now, we are going, in one bill, from 78,000 employees, adding an additional 83,000. We have no idea how many of those are going to be agents poking around, looking at people, but you have to figure it is going to be an increase of five or six times what they already have.

Wisconsin and Massachusetts are States about the same size. You are talking about adding 1,600 employees—assuming it is the same per capita, about 1,600 new employees to Massachusetts and Wisconsin.

What are they going to do with 1,600 new employees? I mean, I can't imagine. If you deal with the IRS, the way they deal with it, they do things like: ''Well, you owe $20,000.'' You have to find a lawyer to fight that.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. NEAL. Mr. Speaker, I think part of that new recruiting class at the IRS is going to simply answer the phones. That would be helpful, a step in the right direction.

Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. SCHNEIDER), a CPA who really knows something about compliance.

Mr. SCHNEIDER. Mr. Speaker, I rise today to urge my colleagues to oppose this bill. It not only increases our national deficit by $114 billion, but it does so by helping the wealthiest avoid paying taxes and transfers that burden onto the backs of hardworking Americans and small businesses that follow the law and pay their taxes on time.

Here is my question: Why, on their very first day legislating with their new majority, with their very first bill, is the top Republican priority rewarding tax cheats with what is estimated to be nearly $200 billion in uncollected taxes over the next 10 years, $200 billion in taxes not paid by the wealthiest, meaning additional debt for everyone else?

The Inflation Reduction Act dedicated $46 billion to enforcement to make sure corporations and wealthy individuals pay the taxes they owe, not new taxes, not higher rates, simply ensuring everyone pays what they owe.

Mr. Speaker, I urge my colleagues on the other side of the aisle to oppose this outrageous tax scam.

Mr. SMITH of Nebraska. Mr. Speaker, I yield 1 minute to the gentleman from Texas (Mr. FALLON).

Mr. FALLON. Mr. Speaker, I rise to speak in favor of H.R. 23, which would defund the $80 billion from the Inflation Reduction Act or, as I call it, the inflation enhancement act, and thereby defund the hiring of 87,000 new IRS agents, which would, in effect, double the agency.

Nary a one, not one, of my constituents has asked to hire 87,000 new IRS agents, but, in fact, countless have asked if we can hire 87,000 new Border Patrol agents because there is a crisis and a catastrophe on our southern border.

The last thing we want is to double an agency that is already bloated and have them with these 87,000 new agents or, in military parlance, five new divisions to harass, stalk, and otherwise terrorize law-abiding American citizens.

Who is this going to really kick in the teeth? It is not going to be the wealthy or the poor. It is going to be the small business owners and the middle-class, hardworking Americans.

Do you want to start a new Congress and do it well? This is a great bill, and I urge the passing of H.R. 23, the Small Business and Taxpayer Protection Act.

Mr. NEAL. Mr. Speaker, a reminder that the 87,000 is over 10 years. The $80 billion is over 10 years. That is $8 billion a year for replacement of those who retire, who leave the service of the IRS.

Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. PANETTA), another very capable member of the Ways and Means Committee.

Mr. PANETTA. Mr. Speaker, I rise in opposition to H.R. 23 because our government needs the resources to go after wealthy tax cheats who defraud the government.

Because people don't pay their taxes, the Federal Government is cheated out of at least $400 billion each year. In fact, President Trump's IRS Commissioner said that number could be as high as $1 trillion every year.

That significant source of revenue could go to paying our bills, paying down our debt, and propping up the power of our purse. That is exactly why we passed legislation last year that made significant investments to crack down on tax cheats.

That funding will not be used for families or small businesses making less than $400,000. Instead, it will be used to go after those who have the wealth to pay their taxes but don't or those who can pay for armies of accountants to get out of paying for what they should.

H.R. 23 rescinds that funding for that type of needed enforcement, and that is why I oppose it. Our government should have the resources necessary to ensure that it is not just the middle class that pays our bills and pays our debt, but the wealthy tax dodgers pay their taxes, just like play-by-the-rules, hardworking Americans.

Mr. SMITH of Nebraska. Mr. Speaker, I include in the record a CBO post from 2021 examining the Biden administration's $80 billion proposal and stating that "CBO projects the proposal would make the IRS' budget more than 90 percent larger than it is in CBO's July 2021 baseline projections and would more than double the IRS' staffing."

[From CBO Blog, Sept. 2, 2021]

THE EFFECTS OF INCREASED FUNDING FOR THE IRS

(By Phil Swagel)

Last month, the Congressional Budget Office published An Analysis of Certain Proposals in the President's 2022 Budget. Since then, CBO has completed its analysis of another proposal in the President's budget, an increase in spending for the Internal Revenue Service's (IRS's) enforcement activities. CBO estimates that portions of the Administration's proposal to increase funding for the IRS by $80 billion over the 2022–2031 period would increase revenues by approximately $200 billion over those 10 years. That estimate does not include changes in revenues resulting from portions of the proposal that involve new information-reporting requirements and other changes to the tax code; those changes are estimated by the staff of the Joint Committee on Taxation (JCT).

THE PROPOSAL

The Administration proposes funding for the IRS that is $80 billion greater over 10 years than the amounts in CBO's July 2021 baseline projections (which reflect the assumption that current laws generally do not change). Two types of funding would be provided: discretionary appropriations, which would mainly be used for enforcement activities; and mandatory funding, which would be used for a variety of activities (not only enforcement but also operations support, business-systems modernization, and taxpayer services).

Spending would increase in each year between 2021 and 2031, though the highest growth would occur in the first few years. By 2031, CBO projects, the proposal would make the IRS's budget more than 90 percent larger than it is in CBO's July 2021 baseline projections and would more than double the IRS's staffing. Of the $80 billion, CBO estimates, about $60 billion would be for enforcement and related operations support.

The Administration also proposes that financial institutions increase their reporting about account inflows and outflows. Part of the increased funding would support the implementation of a new information-reporting system to be used by those institutions. The resulting effects on revenues are estimated by JCT and are not included in CBO's estimate of an approximately $200 billion increase.

HOW CBO ESTIMATES THE EFFECT ON REVENUES OF INCREASED IRS FUNDING

CBO's estimate of revenues is based on the IRS's projected returns on investment (ROIs) for spending on new enforcement initiatives. The IRS estimates those ROIs by calculating the expected revenues that would be raised from taxes, interest, and penalties as a result of the new initiatives and dividing them by their additional cost. (The agency has provided ROIs over the past five years as part of its budget justification.) The IRS's ROIs ramp up over three years as staff become trained and fully productive, arrive at the peak level, and then stay there. In recent years, peak ROIs have ranged from 5 to 9. That is, a $1 increase in spending on the IRS's enforcement activities results in $5 to $9 of increased revenues.

CBO adjusts the ROIs so that they better reflect the marginal return on additional spending. First, CBO expects the IRS to prioritize the enforcement activities that it thinks will have the highest average return; additional enforcement spending would therefore have lower returns than previous spending. Second, CBO expects taxpayers to adapt to the IRS's enforcement activities and adopt new ways of evading detection, so an enforcement activity may have a lower return in later years. Finally, the productivity of the IRS's enforcement activities will also depend on the IRS's other capabilities. For example, modernized information technology that stored all of a taxpayer's information in digital form could increase the productivity of examiners (the employees who detect taxpayers' noncompliance).

CBO's estimate of revenues also accounts for the timing of collections resulting from enforcement activity by new hires. Taxes are assessed at the end of an audit; if taxpayers disagree with the assessment, they can appeal and continue to litigate. The length of each step depends on the complexity of the case. CBO estimates that an audit of medium complexity would take 24 months to complete. That time, combined with the expected training time for an experienced new hire, suggests that the IRS would begin to collect revenues 30 months after the new hire joined the agency. (The timing would be longer when cases were more complex or when the taxpayer did not agree to the assessment and appealed.)

What Is Incorporated Into CBO's Estimate. CBO's estimate of the change in revenues is relative to the amount of revenues collected under current law (which is reflected in CBO's baseline budget projections). Under guidelines agreed to by the legislative and executive branches, this change in revenues typically would not be included in a cost estimate for legislation that brought about the change, but it would be reflected in CBO's baseline budget projections once the legislation was enacted.

CBO's estimate reflects the assumption that the proposed increase in funding would follow the proposed expansion of information reporting. Expanded information reporting might allow the IRS to better target potentially noncompliant taxpayers; it might also prompt taxpayers to file more accurate tax returns. It might have a positive effect on revenues collected, but it might also reduce the ROIs from enforcement activities, because if returns are more accurate, there will be less noncompliance to audit. In CBO's and JCT's judgment, those effects roughly offset each other, on net, resulting in a small positive effect on ROIs.

CBO's estimate includes "direct revenues" and "protected revenues." Direct revenues are generated from the IRS's auditing and collection efforts. Protected revenues result when the IRS prevents a taxpayer from recouping previously assessed and paid taxes-for example, when the IRS prevents fraudulent refunds or disallows claims in taxpayers' amended returns.

The estimate reflects CBO's expectation that the increased enforcement activities would change the voluntary compliance rate—that is, the share of taxes owed that are paid voluntarily and on time-only modestly. The magnitude of that effect is highly uncertain, however, and the empirical evidence about the effects of audits on taxpayers' behavior is inconclusive. Research about such deterrence finds varying responses, depending on the type of taxpayer. People generally increase their reported income in the years following an audit, but people with higher income generally do not, and neither do corporations. (For more discussion, see Box 1 in CBO's July 2020 report Trends in the Internal Revenue Service's Funding and Enforcement.)

How the Current Analysis Differs From Previous Analyses. In that July 2020 report, CBO estimated that a $40 billion increase in enforcement funding would raise $103 billion (for a net effect of $63 billion). The methods used for this estimate differ in several ways from the methods used for that one.

First, CBO used updated ROIs that incorporated the IRS's most recent estimates of the return on enforcement activities. CBO then adjusted the ROIs to reflect both direct revenues and protected revenues, increasing the peak ROI from 6.4 to 7.1.

Second, CBO's current methods allow for positive interaction between enforcement spending and other IRS funding. That is, CBO accounts for ways in which increased capabilities, such as more digitization of taxpayers' information and greater visibility of income flows, can increase the productivity of enforcement activities.

Third, this analysis reflects a longer time frame for receiving enforcement revenues because of the complexity of audits associated with high-wealth individuals, large corporations, and partnerships. Taxpayers with greater resources may be more likely to appeal assessments or to litigate their disputes in the U.S. Tax Court, delaying the receipt of assessed taxes. As a result, revenues from some audits will not be received until later than CBO estimated in its July 2020 analysis.

Sources of Uncertainty. The change in revenues resulting from an increase in the IRS's funding could be different from CBO's estimate. It depends on the IRS's ability to hire experienced candidates, changes in voluntary compliance, and the interaction of enforcement funding with the IRS's other capabilities.

The IRS intends to hire mid- and senior-level people with private sector experience who will not require a great deal of training to become productive. But it might not be able to hire its desired mix of candidates. If it hired less experienced candidates, it would have to spend more resources training them. Not only would they take longer to become productive, but current staff members would have to devote more time to training them. A related source of uncertainty in CBO's estimate is attrition: If it proved higher than expected, personnel would have fewer years at full productivity.

An increase in the IRS's funding could signal that the agency was more capable of detecting noncompliance, thus increasing voluntary compliance and revenues. However, if there were fewer noncompliant taxpayers to audit, the ROIs from the IRS's enforcement activities would drop, and the direct revenues from increased enforcement would be lower than CBO estimated.

Finally, it is unclear how much the greater information reporting or the increased IRS spending in areas other than enforcement (such as technology) could improve examiners' productivity. Greater nonenforcement spending might increase overall revenues but decrease ROIs—for example, if improved services for taxpayers enabled those taxpayers to more accurately determine their tax liability, reducing the pool of noncompliant taxpayers to audit.

EFFECTS ON TAXPAYERS

The proposed increase in spending on the IRS's enforcement activities would result in higher audit rates than those underlying CBO's baseline budget projections. Between 2010 and 2018, the audit rate for higher-income taxpayers fell, while the audit rate for lower-income taxpayers remained fairly stable. In CBO's baseline projections, the overall audit rate declines, resulting in lower audit rates for both higher-income and lower-income taxpayers. The proposal, by contrast, would return audit rates to the levels of about 10 years ago; the rate would rise for all taxpayers, but higher-income taxpayers would face the largest increase. In addition, the Administration's policies would focus additional IRS resources on enforcement activity aimed at high-wealth taxpayers, large corporations, and partnerships. CBO estimates that if the proposals were enacted, tax compliance would be improved, and more households would meet their obligation under the law.

Higher audit rates would probably also result in some audits of taxpayers who would later be determined not to owe additional taxes. However, the Administration's proposal for more information reporting, as well as additional spending on IRS technology, might reduce the burden on compliant taxpayers by allowing the IRS to better target noncom pliant ones and to reduce the number of audits that resulted in no change in tax assessment.

Mr. SMITH of Nebraska. Mr. Speaker, I yield 1 minute to the gentlewoman from New York (Ms. MALLIOTAKIS).

Ms. MALLIOTAKIS. Mr. Speaker, at a time when we should be tightening our belts, Democrats plan to spend $80 billion on 87,000 IRS agents, doubling the size of the department.

This is meant to nickel-and-dime, audit, and harass America's small businesses and families, who they know cannot afford the legal fees to fight this army.

Mr. Speaker, 87,000 IRS agents but we only have 20,000 Border Patrol agents and an unprecedented crisis with terrorists, convicted criminals, and illegal immigrants crossing, in addition to fentanyl. We only have 5,000 drug enforcement agents to stop traffickers who are peddling this poison to our kids, the number one killer of young Americans.

Mr. Speaker, 87,000 IRS agents is more than twice the size of the FBI and more than the entire staff of the Department of Justice.

We know that our colleagues on the other side love taxes, spending, Big Government, and bureaucracy, but the American people don't. That is why we should be voting ''yes'' on this legislation today.

Mr. NEAL. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. GOMEZ), not only a very capable member of the committee but, last week, during those 4 days here of utter chaos, he carried that child around this Chamber. During those 4 days, I think the child grew by 2 inches. That is how long we were there.

Mr. GOMEZ. Mr. Speaker, in 2017, Republicans handed out tax breaks for the largest corporations and the ultrawealthy, including Donald Trump, who paid zero Federal income tax in 2020 and left the Presidency without a single audit.

What we were trying to do was make it a fairer tax system where the ultrawealthy were actually paying their fair share, which, as we saw through the simple release of those tax returns for the President of the United States, there were some years he paid zero. He was less likely to be audited than somebody getting the earned income child tax credit.

This is something that we need to fight against.

We want to make sure that our colleagues on the other side of the aisle understand that it is not just about the ultrawealthy. It is about working-class Americans. It is a shame that my colleagues on the other side of the aisle care more about those who have higher income, those who can hire lawyers that can get them out of paying taxes, but we should really have a tax system that benefits everybody.

Mr. SMITH of Nebraska. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas (Ms. De La Cruz).

Ms. DE LA CRUZ. Mr. Speaker, I am proud to stand here today as a single mother and a small business owner in support of the Family and Small Business Taxpayer Protection Act.

One of the most outrageous provisions in the Democrats' hyperpartisan Inflation Reduction Act was giving the IRS $72 billion to hire an additional 87,000 agents. Look, the hiring of 87,000 new IRS agents only squeezes American taxpayers, including small business owners like myself, the backbone of our communities.

My colleagues on the other side, let me tell you this: I live and work and now represent a border district that houses a Border Patrol sector. They need feet on the ground. They have the same number of agents on the ground as compared to 3 years ago. Why aren't you fighting that hard for these agents?

The Biden administration will tell you that they have increased agents, but they have only increased agents in the processing and administration, which ultimately has led to the mental health deterioration.

The American people deserve a government that works for them, not against them.

The SPEAKER pro tempore. Members are reminded to direct their remarks to the Chair.

Mr. NEAL. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas (Ms. JACKSON LEE).

Ms. JACKSON LEE. Mr. Speaker, let me rename this legislation to the billionaire tax cheats happy days are here again because that is simply what this bill is about.

I know my constituents are in one of the difficult districts in the Nation, and I realize that small businesses in my district, those who are getting earned income tax credit, they want refunds. They can't get them if the phones are not being answered and there are not enough staff to help them get the refunds that will help them propel their small business into the next year.

Then, of course, Mr. Speaker, what about the lady who was trying to close a real estate deal, and there was no one at the office? That created a $68,000 tax burden because the tax office was not available to assist.

We need to provide those workers to help Americans, not to create tax cheats.

This legislation is deserving of opposition because we as Democrats are trying to make the IRS work for working families, get their refunds, get their dollars, help them propel into the next year, and be better for the moneys that they deserve to get back.

Vote ''no'' on the underlying legislation.

Mr. Speaker, I rise in strong opposition to H.R. 23, the Family and Small Business Taxpayer Protection Act. This bill would rescind $72 billion of the $79.6 billion appropriated to the Internal Revenue Service to refine its services and technology and reform its enforcement practices of the federal tax code. The passage of H.R. 23 would widen the already massive tax gap and unfairly relieve the wealthiest 1% of Americans from paying their fair share of taxes.

The historic passage of the Inflation Reeducation Act under the leadership of Speaker PELOSI and signed by President Biden authorized $79.6 billion to allow the Internal Revenue Service to bolster taxpayer services while firmly and fairly enforcing the federal tax code.

Through the implementation of the IRA, we continue to help the millions of Americans who most depend on federal government assistance and who contribute disproportionately to the federal revenues that pay for our government to operate.

$45.6 billion of the authorized funds included in the Inflation Reduction Act were allocated for tax enforcement activities, including hiring more enforcement agents, providing legal support, and investing in investigating technologies.

These funds are necessary to bridge the unjust tax gap that Americans have been subject to for generations and will continue to endure under Republican leadership.

The entirety of the $79.6 billion is critical to cracking down on ultra-rich and corporate tax evaders who have avoided paying their fair share of taxes for years.

The passage of this bill would dismantle key components of the Inflation Reduction Act that have injected fairness into the enforcement of our tax system.

The IRA reduced rising costs for hardworking middle-class and working class families and ensured that taxpayers are not left to foot the bill for ealthy tax cheats—both of which would be erased with the passage of this bill.

These unfair tax practices have gone on for far too long.

I urge all my colleagues to oppose this bill and see it for what it truly is:

an effort by Republicans to give tax breaks to the ultra-rich and the corporations who fund their campaigns, and

an effort to continue carrying out their distorted notion of America by decimating the programs set in place to help the Americans who depend on government assistance the most.

Mr. SMITH of Nebraska. Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. LAWLER).

Mr. LAWLER. Mr. Speaker, only in Washington can one defend doubling the size of the IRS and spending $80 billion to hire 87,000 new IRS agents.

According to my friends across the aisle, that is a good thing because the billionaires and the millionaires don't pay their fair share. Yet, according to the IRS, the top 25 percent of income earners pay 89 percent of all income taxes.

Does anyone really believe that the 87,000 new IRS agents and employees are going to really stop there? Of course not.

How else will the Democrats fund their out-of-control and reckless spending? There aren't enough billionaires and millionaires in the United States to pay for it.

My friends on the other side will do what they always do. They will target hardworking taxpayers, families, and small businesses that are the lifeblood of our economy. It has to stop.

Coming from a State like New York, we need to cut taxes. We need to reduce the cost of living and make it more affordable for our hardworking families.

Mr. Speaker, I proudly support this legislation and urge all of my colleagues to vote ''yes'' and end the 87,000 new IRS agents that are going to terrorize hardworking Americans.

□ 2030

Mr. NEAL. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. SHERMAN), who is a CPA, I believe.

Mr. SHERMAN. Mr. Speaker, for 3 days and 3 long nights, every class of Republican came to this floor to argue about which of them hated the national debt more. Now, as the first thing, they bring forth a bill that will increase the national debt by $1.6 trillion, according to six bipartisan Secretaries of the Treasury.

Working people can't evade taxes. They get W–2s and 1099s.

Republicans support this bill, because every time a billionaire successfully cheats on his taxes, a member of the Freedom Caucus earns his wings.

As co-chair of the bipartisan CPA Caucus, and former head of the second largest tax agency in America, I say we need staff to put the Service back into the Internal Revenue Service.

One employee for every 2,000 tax returns filed, that is the staffing level that Ronald Reagan insisted upon. It is the level Democrats would restore.

Trump took outrageous positions on his returns, and counted on a light audit. Whereas Ronald Reagan paid his taxes and staffed the IRS.

Don't make honest taxpayers feel like suckers. Stand with Ronald Reagan and vote ''No.''

Mr. SMITH of Nebraska. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise with concern about some of these points that have been raised. I think we have heard it from both sides that the IRS is not answering the phone like they should, to actually serve the taxpayers, taxpayers who want to do the right thing.

It is conceivable that there would be taxpayers overpaying as well because of the complexity in the tax code, and yet the record shows over the years that there have been innocent taxpayers, taxpayers who already paid what they owed, who were still audited and were considered guilty until they proved themselves innocent. To me, that is a huge problem.

We just heard that there is concern about the debt, and yet the answer is just more government employees, in fact, more than double of what the current number of employees are. I have huge concerns about that, and that is why I think we need to vote for this bill, get the President and the Senate to agree to this, and work together to focus on customer service issues that everyone knows are a concern at the IRS.

I hope that, again, this use of technology can really lead the way with a goal of customer service, rather than just hiring more full-time equivalent employees. I don't think that will actually result in the efficiencies that some are claiming would supposedly raise the revenue that it would.

I just think we need to adopt this bill, get this passed, and come together after that, realizing that we can and should expect the IRS to do better.

Mr. Speaker, I reserve the balance of my time.

Mr. NEAL. Mr. Speaker, as my friend, the gentleman from Nebraska pointed out, with the Presidential audit system, Joe Biden overpaid his taxes. I hope the RECORD will reflect that, that the Democratic President overpaid his taxes, and the IRS wisely made sure that he had the proper refund.

Mr. Speaker, I yield 1 minute to the gentlewoman from Ohio (Ms. KAPTUR), the longest serving woman in the history of Congress.

Ms. KAPTUR. Mr. Speaker, I rise in opposition to this Republican green light to tax cheaters, billionaires, and giant corporations that do not pay their fair share of taxes.

The average working person in our country pays a rate of about 25 percent. Billionaires pay under 5 percent. Every citizen and corporation should take a pledge of allegiance to pay their fair share of taxes. But Amazon, Chevron, AIG, and even Coca-Cola shirk their duty to liberty. Jeff Bezos, Elon Musk, and Charles Koch prosper under liberty's flag but cheat on their taxes.

In what world is it fair that those in the top brackets can cheat the system while hardworking Americans pay their fair share every day?

I can assure you, staff in our offices have answered over a thousand calls since 2020 because the IRS doesn't have enough agents to do the job. Properly funding the IRS will help to reduce the deficit, average Americans will get answers and help, and tax cheaters will finally pay their fair share.

Mr. Speaker, I include in the RECORD a laundry list of tax cheaters.

Amazon, Exxon Mobil, AT&T, Microsoft, Verizon, Chevron, Bank of America, UPS, Nike, Coca Cola, Charter Communications, AIG.

Jeff Bezos, Mark Zuckerberg, Bill Gates, Michael Bloomberg, Larry Page, Sergey Brin, Steve Ballmer, Elon Musk, Rob Walton, Charles Koch.

Mr. NEAL. Mr. Speaker, I yield myself the balance of my time for the purpose of closing.

Mr. Speaker, this has been an edifying debate. But as Harry Truman noted, let's just talk about the facts. Let's debunk the argument that we are hiring 87,000 armed IRS agents to go knocking on doors in the middle of the night.

This is a substantial investment in technology. This is a substantial investment in customer service. Yes, the $80 billion is over 10 years. That is $8 billion a year to improve customer service. That is what we are talking about.

At least 8,000 agents retire from the IRS every year. We are simply replacing them. You know, in our school systems back home, when 200 teachers retire, we replace 200 teachers. That is what we are doing here with the IRS.

They make this preposterous argument that all of a sudden, next week, 87,000 armed—because you always have to use the language that is incendiary enough to get people worked up around here—that 87,000 armed agents in the dark of night will be hounding innocent taxpayers, despite what Janet Yellen said about no taxpayer making under $400,000 a year is going to be targeted.

Mr. Rossotti, the former IRS commissioner, not me, said at least $574 billion a year goes uncollected. He is a Democrat. A Republican IRS commissioner, Mr. Rettig, who we worked with, said it might be a trillion dollars a year that goes uncollected, a Donald Trump appointee, who stated that and raised that issue a number of times in front of the Committee on Ways and Means.

Let me make a point that I raised earlier. Tax compliance in a representative democracy is a fundamental commitment to civilization and first-class services.

So by not collecting this revenue, are we going to say down the road, well, maybe we will cut Social Security; maybe we will cut Medicare; maybe we will cut Medicaid; or maybe we will cut the American military.

Now, we all know that in this discussion that the facts are very clear here. They have been upset with the IRS for a long period of time. We all remember the Lois Lerner episode, even though the facts in that case pointed out that the advocates on the right and the left were audited at the same rate. That is a fact.

So as we close this argument out, let's stand up for the honest taxpayers in America and make sure that the IRS that currently cracks down on the EITC will be able to actually address some of the complexities of modern tax law, which we all agree, by the way, the system is far too complex, but I have been through that argument many times here, as well.

This fear-mongering that you are hearing tonight about upgrading the technology and software investments at the IRS for the purposes of modeling for better tax compliance is just that. It is fear-mongering.

All we want is a set of rules that is applicable to all as it relates to tax collection. This is not anything other than simply suggesting that there is a fairness that is applied to the Internal Revenue Service, so that they might address and make sure that those at the very top are complying with the same laws we ask the wage earners through withholding to address every single day.

Thanks for a spirited debate, Mr. Speaker, and to our friends on the other side.

Mr. Speaker, I yield back the balance of my time.

Mr. SMITH of Nebraska. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I appreciate the conversation that we have had here. I think there is fundamental disagreement on what the real solutions need to be; although, I think there is agreement that the current customer service at the IRS is significantly underperforming.

Now, in 2019, in a bipartisan fashion, we passed the Taxpayer First Act. In fact, our highly respected colleague, the late Representative John Lewis, led the way on that, as well. This was about customer service and reform at the IRS. Were there benefits from that? COVID got in the way.

I think that does actually beg the question of what have been the impacts of COVID on customer service at the IRS.

Mr. Speaker, I am concerned that when there are resources afforded the IRS, they are just not used the way they can and should be, especially as it relates to customer service and the honest taxpayers that my colleague from Massachusetts references. We want to do everything we can when the American people are doing the right thing, for the right reasons, and abiding by the law. Yet they would still be exposed to having to prove themselves again after they already did with voluntary tax compliance. But here comes an audit. I vividly recall the fact that in the 1990s, the IRS, as an agency, overstepped.

In fact, I believe it was President Clinton that even pulled back the IRS somewhat because they were going after law-abiding, taxpaying Americans who already did everything they were supposed to do.

That certainly establishes my concern about why we would see legislation passed last year that would pretty randomly put forward funding that I think will ultimately get in the way of these taxpaying Americans who, like I said, already did everything they were supposed to do, but yet they have to incur the expense.

Mr. Speaker, I urge the passage of this bill for good public policy, and I yield back the balance of my time.

Ms. LEE of California. Mr. Speaker, I rise in strong opposition to H.R. 23, which would gut the enforcement of our tax laws.

As part of the Inflation Reduction Act, Democrats fought hard last year to help the IRS crack down on wealthy tax cheats like Donald Trump.

But House Republicans want to make sure the IRS remains underfunded, understaffed, and unable to catch the top one percent who hide over 20 percent of their income from the IRS each year.

Meanwhile, the working people who pay their taxes will wait longer for tax refunds and assistance because of these cuts.

Do not let Republican talking points about IRS funding mislead you. This bill will only help tax cheats avoid paying their fair share. House Republicans are only protecting their fat cat allies like Donald Trump.

Instead of catering to their billionaire friends, I urge my Republican colleagues to prove they actually care about working people by voting no on this bill.

Ms. MCCOLLUM. Mr. Speaker, I rise in opposition of H.R. 23, the Family and Small Business Taxpayer Protection Act.

Hard-working families pay 99 percent of the taxes they owe, while the uber wealthy, the 1 percent, has the ability to hide more than 20 percent of their income from the IRS each year. Tonight, the first bill I will vote on is designed to help the 1 percent avoid paying their fair share. House Republicans are protecting sophisticated tax cheats and greedy corporations, and they do so under the guise of cutting the budget of the Internal Revenue Service.

My office has been working with many families who have experienced financial hardship while waiting months for the IRS to process their tax refunds—which are often thousands of dollars. Why? Because the agency has less auditors than in 1954 and tax returns are processed on computer systems designed more than 40 years ago. This is a direct result of years of attacks and budget cuts by Republicans in Congress and the Trump administration.

Last year, Democrats passed the Inflation Reduction Act which includes investments to replace retiring taxpayer service workers and update aging technology to increase efficiencies so hardworking taxpayers can receive prompt refunds and service.

Republicans should be helping the Americans waiting on hold for hours to get their tax refunds instead of making it easier for tax cheats to skip out on paying their fair share.

Ms. JACKSON LEE. Mr. Speaker, I rise in strong opposition to H.R. 23, the Family and

Small Business Taxpayer Protection Act. This bill would rescind $72 billion of the $79.6 billion appropriated to the Internal Revenue Service to refine its services and technology and reform its enforcement practices of the federal tax code. The passage of H.R. 23 would widen the already massive tax gap and unfairly relieve the wealthiest 1 percent of Americans from paying their fair share of taxes.

The historic passage of the Inflation Reeducation Act under the leadership of Speaker Pelosi and signed by President Biden authorized $79.6 billion to allow the Internal Revenue Service to bolster taxpayer services while firmly and fairly enforcing the federal tax code.

Through the implementation of the IRA, we continue to help the millions of Americans who most depend on federal government assistance and who contribute disproportionately to the federal revenues that pay for our government to operate.

Simply put, Americans who have the least should not be burdened with the responsibility to contribute the most. Every American—most importantly, the wealthiest among us—must pay what they rightfully owe to enable our government to function.

$45.6 billion of the authorized funds included in the Inflation Reduction Act were allocated for tax enforcement activities, including hiring more enforcement agents, providing legal support, and investing in investigating technologies.

These funds are necessary to bridge the unjust tax gap that Americans have been subject to for generations and will continue to endure under Republican leadership.

The entirety of the $79.6 billion is critical to cracking down on ultra-rich and corporate tax evaders who have avoided paying their fair share of taxes for years.

The passage of this bill would dismantle key components of the Inflation Reduction Act that have injected fairness into the enforcement of our tax system.

The IRA reduced rising costs for hard-working middle-class families and ensured that taxpayers are not left to foot the bill for wealthy tax cheats—both of which would be erased with the passage of this bill.

These unfair tax practices have gone on for far too long.

I urge all my colleagues to oppose this bill and see it for what it truly is:

an effort by Republicans to give tax breaks to the ultra-rich and the corporations who fund their campaigns, and

an effort to continue carrying out their distorted notion of America by decimating the programs set in place to help the Americans who depend on government assistance the most.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 5, the previous question is ordered on the bill.

The question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT

Mr. KILDEE. Mr. Speaker, I have a motion to recommit at the desk.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. Kildee moves to recommit the bill H.R. 23 to the Committee on Ways and Means.

The material previously referred to by Mr. KILDEE is as follows:

Mr. Kildee moves to recommit H.R. 23 to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendment:

Add at the end the following:

SEC. 3. PREVENTION OF INFLATION INCREASE.

Section 2 shall not apply if the Secretary of the Treasury certifies that such section will increase inflation for the American people.

The SPEAKER pro tempore. Pursuant to clause 2(b) of rule XIX, the previous question is ordered on the motion to recommit.

The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. NEAL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to section 8 of rule XX, further proceedings on this question are postponed.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 8 o'clock and 42 minutes p.m.), the House stood in recess.

□ 2100

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. ROUZER) at 9 p.m.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Proceedings will resume on questions previously postponed. Votes will be taken in the following order:

Motion to recommit on H.R. 23; and

Passage of H.R. 23, if ordered.

The first electronic vote will be conducted as a 15-minute vote. Pursuant to clause 9 of rule XX, the remaining electronic vote will be conducted as a 5-minute vote.

FAMILY AND SMALL BUSINESS TAXPAYER PROTECTION ACT

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, the unfinished business is the question on agreeing to the motion to recommit on the bill (H.R. 23) to rescind certain balances made available to the Internal Revenue Service, offered by the gentleman from Michigan (Mr. KILDEE), on which the yeas and nays were ordered.

The Clerk will redesignate the motion.

The Clerk redesignated the motion.

The SPEAKER pro tempore. The question is on agreeing to the motion to recommit.

The vote was taken by electronic device, and there were—yeas 208, nays 221, not voting 5, as follows:

[Roll No. 24]

YEAS—208

Adams
Aguilar
Allred
Auchincloss
Balint
Barragán
Beatty
Bera
Beyer
Bishop (GA)
Blumenauer
Blunt Rochester
Bonamici
Bowman
Boyle (PA)
Brown
Brownley
Budzinski
Bush
Caraveo
Carbajal
Cárdenas
Carson
Carter (LA)
Cartwright
Casar
Case
Casten
Castor (FL)
Castro (TX)
Chu
Cicilline
Clark (MA)
Clarke (NY)
Cleaver
Clyburn
Cohen
Connolly
Correa
Courtney
Craig
Crockett
Crow
Cuellar
Davids (KS)
Davis (IL)
Davis (NC)
Dean (PA)
DeGette
DeLauro
DelBene
Deluzio
DeSaulnier
Dingell
Doggett
Escobar
Eshoo
Espaillat
Evans
Fletcher
Foster
Foushee
Frankel, Lois
Frost
Gallego
Garamendi
García (IL)
Garcia (TX)
Garcia, Robert
Golden (ME)
Goldman (NY)
Gomez
Gonzalez, Vicente
Gottheimer
Green (TX)
Grijalva
Harder (CA)
Hayes
Higgins (NY)
Himes
Horsford
Houlahan
Hoyer
Hoyle (OR)
Huffman
Ivey
Jackson (IL)
Jackson (NC)
Jackson Lee
Jacobs
Jayapal
Jeffries
Johnson (GA)
Kamlager-Dove
Kaptur
Keating
Kelly (IL)
Khanna
Kildee
Kilmer
Kim (NJ)
Krishnamoorthi
Kuster
Landsman
Larsen (WA)
Larson (CT)
Lee (CA)
Lee (NV)
Lee (PA)
Leger Fernandez
Levin
Lieu
Lofgren
Lynch
Magaziner
Manning
Matsui
McBath
McCollum
McGarvey
McGovern
Meeks
Menendez
Meng
Mfume
Moore (WI)
Morelle
Moskowitz
Moulton
Mrvan
Mullin
Nadler
Napolitano
Neal
Neguse
Nickel
Norcross
Ocasio-Cortez
Omar
Pallone
Panetta
Pappas
Pascrell
Payne
Pelosi
Peltola
Perez
Peters
Pettersen
Phillips
Pingree
Pocan
Porter
Pressley
Quigley
Ramirez
Raskin
Ross
Ruiz
Ruppersberger
Ryan
Salinas
Sánchez
Sarbanes
Scanlon
Schakowsky
Schneider
Scholten
Schrier
Scott (VA)
Scott, David
Sewell
Sherman
Sherrill
Slotkin
Smith (WA)
Sorensen
Soto
Spanberger
Stansbury
Stanton
Stevens
Strickland
Swalwell
Sykes
Takano
Thanedar
Thompson (CA)
Thompson (MS)
Titus
Tlaib
Tokuda
Tonko
Torres (CA)
Torres (NY)
Trahan
Trone
Underwood
Vargas
Vasquez
Veasey
Velázquez
Waters
Watson Coleman
Wexton
Wild
Williams (GA)
Wilson (FL)

NAYS—221

Aderholt
Alford
Allen
Amodei
Armstrong
Arrington
Babin
Bacon
Baird
Balderson
Banks
Barr
Bean (FL)
Bentz
Bergman
Bice
Biggs
Bilirakis
Bishop (NC)
Boebert
Bost
Brecheen
Buchanan
Buck
Bucshon
Burchett
Burgess
Burlison
Calvert
Cammack
Carey
Carl
Carter (GA)
Carter (TX)
Chavez-DeRemer
Ciscomani
Cline
Cloud
Clyde
Cole
Collins
Comer
Crane
Crawford
Curtis