

July 12, 2023

The Honorable Patty Murray
Chairwoman of Senate Appropriations Committee
154 Russell Senate Office Building
Washington, DC 20510

The Honorable Susan Collins
Ranking Member of Senate Appropriations Committee

Dear Chairwoman Patty Murray and Ranking Member Collins,

As you prepare to release and markup the Financial Services and General Government (FSGG) appropriations legislation, we are urging you to include all of the funding for the Internal Revenue Service (IRS) requested by President Biden in his FY2024 budget, amounting to \$14.1 billion in annual discretionary appropriations for the IRS, and to preserve the \$79.4 billion in long-term funding included in the Inflation Reduction Act.¹ Further we urge you to vigorously oppose any harmful legislative riders in this process, especially a House provision that would block the IRS from creating a free simplified tax filing system.

This level of appropriation is necessary to support a fair tax system, crack down on wealthy tax cheats, guarantee the highest quality of taxpayer services for all Americans, and ensure that the IRS can build an effective system that would empower taxpayers to file their taxes for free.²

We recognize that our request is incongruent with the debt ceiling deal reached by President Biden and House Speaker Kevin McCarthy in The Fiscal Responsibility Act. That agreement claws back \$1.4 billion in IRS funding immediately and includes a side deal that would rescind up to \$10 billion in each of the next two years in order to prevent cuts to other non defense discretionary federal programs.³

However, since then, the Speaker has allowed House appropriators to pass appropriations bills at levels below the agreed upon caps in the debt ceiling deal. House Appropriations Chairwoman Kay Granger argued that the bipartisan agreement established “a ceiling, not a floor – for Fiscal Year 2024 bills” and has pledged to “use this opportunity to mark up appropriations bills that limit new spending to the Fiscal Year 2022 topline level.”⁴ In doing so, House Republicans are underfunding the very programs the agreed-upon IRS cuts are designed to protect. Thus, your Committee is no longer obliged to move forward with the IRS cuts in its appropriations and should instead fully fund the IRS at the levels President Biden requested in his FY2024 budget.

Further, we urge you and the committee to block all harmful legislative riders including a rider in the House subcommittee FSGG bill that would block the IRS from providing a free and simplified tax filing program. As a bicameral coalition of 99 Democratic lawmakers, including Chair Murray and ten members of the committee, argued in a letter sent to IRS Commissioner Daniel Werfel and Deputy Treasury Secretary Adewale Adeyemo, “the U.S. tax filing system is not working as well as it should be” and represents “an unauthorized tax on middle-class families” while creating “a significant obstacle to the IRS fulfilling its role as our country’s second-largest benefits administrator.”⁵

¹ https://www.whitehouse.gov/wp-content/uploads/2023/03/budget_fy2024.pdf

² <https://www.warren.senate.gov/imo/media/doc/2023.06.26%20Letter%20to%20TRS%20and%20IRS%20on%20IRS%20direct%20e-file.pdf>

³ <https://www.wsj.com/articles/debt-ceiling-deal-will-cost-the-irs-up-to-21-4-billion-2732d58e>

⁴ <https://appropriations.house.gov/news/press-releases/granger-plan-fiscal-year-2024-bills-0>

⁵

<https://www.warren.senate.gov/imo/media/doc/2023.06.26%20Letter%20to%20TRS%20and%20IRS%20on%20IRS%20direct%20e-file.pdf>

As you note, a free and direct tax filing system – when given “sufficient resources” – could prove to be an essential option for taxpayers and offer a “common-sense solution to these problems.”

We strongly urge you to fully fund the IRS so that it can enforce tax laws against wealthy tax cheats and deliver 21st century customer services and oppose any efforts to incorporate harmful riders into the appropriations process. With a fully funded IRS and IRS Direct File, we have an opportunity to provide a free and fair option to millions of tax filers in America, making the tax system simpler and more equitable. Let’s not miss this opportunity.

Sincerely,

Americans for Tax Fairness
Coalition on Human Needs
Community Change Action
Congregation of Our Lady of Charity of the Good Shepherd, U.S. Provinces
Economic Security Project Action
Groundwork Action
Institute on Taxation and Economic Policy (ITEP)
Main Street Alliance
National Advocacy Center of the Sisters of the Good Shepherd
NETWORK Lobby for Catholic Social Justice
RESULTS
Sojourners
UnidosUS
Unitarian Universalists for Social Justice