

Congress of the United States
Washington, DC 20515

April 8, 2021

The Honorable Janet Yellen
Secretary
Department of Treasury
1500 Pennsylvania Avenue NW,
Washington, DC 20220

The Honorable Shalanda Young
Acting Director
Office of Management and Budget
725 17th St NW,
Washington, DC 20503

Dear Secretary Yellen and Acting Director Young,

We write to you as partners in Congress working to support common-sense solutions to address the growing federal debt and to help fund President Joseph R. Biden's historic legislative agenda. In the announcement of the American Jobs Plan, we we're heartened to see that more funding for enforcement at the Internal Revenue Service is a priority in the package. The lack of resources at the IRS is leaving existing sources of tax revenue untapped, which must be addressed before more tax increases are considered.¹

Since 2010, efforts to minimize Congressional funding for the IRS have led to a precipitous drop in federal revenues and widened the deficit year after year. This year alone, it is estimated that \$600 billion in federal income taxes went unreported and unpaid.² Preventing tax avoidance through more stringent oversight at the IRS will greatly improve the budgetary shortfalls our

¹ Stein, Jeff and Romm, Tony. *Washington Post*. White House eyes tax increases on companies and the wealthy to fund infrastructure, setting up clash with GOP. <https://www.washingtonpost.com/us-policy/2021/03/23/biden-taxes-rich-companies/> (March 23, 2021)

² Editorial Board. *New York Times*. How to Collect \$1.4 Trillion in Unpaid Taxes. <https://www.nytimes.com/2021/03/20/opinion/sunday/unpaid-tax-evasion-IRS.html?> (3/20/21)

federal government faces. In fact, leading economists predict that a \$100 billion investment at the IRS will produce \$1.4 trillion in federal revenues.³

Between 2010 and 2018, the number of audits declined by 46 percent for all incomes and 61 percent for millionaires.⁴ The primary reason is that the IRS workforce has faced serious attrition due to Congressional budget cuts. In fiscal year 2010, the IRS employed 13,879 revenue agents to handle 230 million tax returns. In fiscal year 2019, the number of agents dropped to 8,526, while the number of returns received increased to 253 million.⁵ In a September 2019 letter to the now Senate Finance Chairman Ron Wyden (D-OR), IRS Commissioner Charles Rettig stated that “Congress must fund and the IRS must hire and train appropriate numbers of [auditors] to have appropriately balanced coverage across all income levels.”⁶ The number of audits on individuals earning more than \$10 million fell by two-thirds between 2010 and 2015 and continues to decrease each year.⁷ The IRS needs to ensure that all Americans, no matter what their income level, are paying their fair share under current tax law.

This coalition of Members of Congress commends President Biden announcement to further fund and equip the IRS in the American Jobs Plan. We look forward to working with you to ensure that the IRS has the resources it needs to perform its vital functions.

Sincerely,

Raja Krishnamoorthi
Member of Congress

Henry Cuellar
Member of Congress

Jahana Hayes
Member of Congress

³ Editorial Board. *New York Times*. How to Collect \$1.4 Trillion in Unpaid Taxes. <https://www.nytimes.com/2021/03/20/opinion/sunday/unpaid-tax-evasion-IRS.html>? (3/20/21)

⁴ Editorial Board. *New York Times*. How to Collect \$1.4 Trillion in Unpaid Taxes. <https://www.nytimes.com/2021/03/20/opinion/sunday/unpaid-tax-evasion-IRS.html>? (3/20/21)

⁵ Hendricks, Galen and Hanlon, Seth. *Center for American Progress*. IRS Budget Cuts Let Wealthy Tax Cheats Get Away With It. <https://www.americanprogress.org/issues/economy/news/2020/08/06/488840/irs-budget-cuts-let-wealthy-tax-cheats-get-away/> (8/6/20)

⁶ Kiel, Paul. *ProPublica*. IRS: Sorry, but It’s Just Easier and Cheaper to Audit the Poor. <https://www.propublica.org/article/irs-sorry-but-its-just-easier-and-cheaper-to-audit-the-poor> (October 10, 2021)

⁷ Hendricks, Galen and Hanlon, Seth. *Center for American Progress*. IRS Budget Cuts Let Wealthy Tax Cheats Get Away With It. <https://www.americanprogress.org/issues/economy/news/2020/08/06/488840/irs-budget-cuts-let-wealthy-tax-cheats-get-away/> (8/6/20)