

September 15, 2000

The Honorable Jim Kolbe
Chairman
House Appropriations Subcommittee on Treasury,
Postal Service and General Govt.
2266 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

I am writing on behalf of the American Bar Association (ABA) to request your assistance in ensuring that the Internal Revenue Service (IRS) receives funding for FY 2001 adequate for it to carry out its mission. The ABA is concerned that failing to provide funding at the level requested by the Administration will leave the IRS without the resources it needs to complete its reorganization and the modernization of its computer system while meeting the mandates of the IRS Restructuring and Reform Act of 1998, providing high quality taxpayer service, and ensuring compliance with the tax laws.

As you know, a House-Senate agreement to provide funding to the IRS for FY 2001 was announced prior to the August recess, but has not yet been passed by either chamber. We recognize that the funding level for the IRS in this agreement exceeds the amounts proposed in the appropriation bills that passed the House and were approved by the Senate Appropriations Committee earlier this year. We appreciate your leadership in this regard and commend the House and Senate negotiators for recognizing the importance of various key IRS initiatives.

We understand that House-Senate negotiations over IRS funding may continue in this period between recess and adjournment and that there may be an opportunity to further increase IRS funding to the level requested by the Administration. We strongly recommend funding of the IRS in FY 2001 at that level. As indicated in a letter we sent you earlier this year, we believe that full funding is critical to the IRS's ability to fulfill its tasks and to meet legitimate taxpayer needs.

In this connection, we strongly encourage the Congress to include adequate funding for the Staffing and Tax Administration for Balance Equity (STABLE) initiative. The IRS proposed the STABLE initiative to enable it to increase customer service and to adequately monitor compliance. Although increased audit coverage is never a popular topic, we believe that its importance in a voluntary system such as ours cannot be minimized. Studies demonstrate that a visible and effective enforcement capability is essential to the large-scale voluntary compliance upon which our tax system is based. Moreover, customer service and effective monitoring of compliance involves more than audit coverage; it requires the IRS to be capable of acting quickly to inform the public of what the law requires when it discovers non-compliance and to prevent taxpayers from being misled. Thus, we strongly encourage the Congress to appropriate adequate funds for the STABLE initiative.

We also urge the Congress to fully fund the IRS's request for the Information Technology Investment Account (ITIA). Currently, the IRS relies on an outdated computer system that must be replaced to permit the IRS to adequately administer the tax system and provide essential

customer service. Although the IRS has begun the large job of modernizing its systems through past Congressional appropriations for technology investment, it must have consistent funding for this program to avoid having to slow or halt projects currently underway.

In sum, if there is an opportunity to revisit IRS funding this year, we respectfully urge you to support fully funding the IRS's request for FY 2001, including the STABLE initiative and the ITIA. We would be delighted to provide any information or assistance that would be helpful to you.

Identical letters have been sent to Chairman Ben Nighthorse Campbell and Ranking Member Byron L. Dorgan.

Sincerely,

Pamela F. Olson
Chair, Section of Taxation

cc: Ted Stevens, Chairman, Senate Appropriations Committee
Robert C. Byrd, Ranking Member, Senate Appropriations Committee
Byron L. Dorgan, Ranking Member, Senate Appropriations Subcommittee on
Treasury and General Government
Bill Archer, Chair, House Ways and Means Committee
Charles Rangel, Ranking Member, House Ways and Means Committee
Charles O. Rossotti, Commissioner, Internal Revenue
Jonathan Talisman, Acting Assistant Secretary, Tax Policy, Department of Treasury
Pat Raymond, Majority Clerk, Senate Appropriations Subcommittee on Treasury and
General Government
Barbara A. Retzlaff, Minority Clerk, Senate Appropriations Subcommittee on Treasury
and General Government
Steve Cortese, Majority Staff Director, Senate Appropriations Committee
James English, Minority Staff Director, Senate Appropriations Committee