April 23, 2004

The Honorable Ernest J. Istook, Jr
Chairman
House Appropriations Subcommittee
on Transportation and Treasury and
Independent Agencies
U.S. House of Representatives
2358 Rayburn House Office Bldg.
Washington, DC 20515

The Honorable John W. Olver
Ranking Member
House Appropriations Subcommittee
on Transportation and Treasury and
Independent Agencies
U.S. House of Representatives
1016 Longworth House Office Bldg.
Washington, DC 20515

Re: Need to Ensure Adequate Funding for Internal Revenue Service

Dear Mr. Chairman and Representative Olver:

The American Bar Association believes that it is essential that the Internal Revenue Service (the “IRS”) have adequate funding to ensure its ability to carry out its mission in the administration and enforcement of the tax laws of the United States.

On behalf of the American Bar Association, I am writing to respectfully request your assistance in supporting the full funding that is needed to carry out the important objectives of the IRS as set forth in its budget proposals.

The American Bar Association represents more than 400,000 members, of whom approximately 20,000 are members of its Section of Taxation. The Tax Section has been privileged to work closely with the IRS to assist with its vital functions and to provide commentary helpful to the IRS in executing its responsibility for the administration of our tax system.

In recent testimony before the IRS Oversight Board and before the Committee on Ways and Means Subcommittee on Oversight, the ABA recognized that the IRS continues to make significant progress in fulfilling its critical functions. We appreciate the positive endorsements of progress made by Commissioner Everson in his recent testimony before Congressional Committees. The recent announcements of organizational changes facilitated by the efficiencies in electronic filing, consolidation of processing functions and other technology gains are continued evidence that the underpinnings of the IRS Restructuring and Reform Act of 1998 are bearing fruit. We support his announced goals for increased audits and enforcement in the next fiscal year. Unfortunately, there is much more to be achieved.

Repeated studies show that the perception of the American public of the fairness of our tax system is being eroded because of the limited ability of the Service to fully use its limited resources and personnel to provide assistance to compliant taxpayers and fully enforce collection against deviant taxpayers who are evading taxation laws through abusive tax shelters, general non-compliance and nonfiling.
The burdens and complexity of present tax laws make it very difficult within the present tax system for the IRS to carry out its functions without a substantial increase in funding revenue and personnel. Only with adequate funding can the IRS achieve a proper balance between services and enforcement and continue to make the technological and staff improvements that will enhance these functions.

Significant studies substantiate that additional appropriations to the IRS will generate a return in collections substantially in excess of the increase in budget funding provided to the IRS.

We trust and hope that you will give your full support to the implementation of the budget requests made by the President with respect to the Internal Revenue Service. The American Bar Association Section of Taxation appreciates your consideration of this very important national priority. We would be pleased to provide any additional assistance that would be helpful to you or your staff on this significant issue. Thank you for your assistance.

Sincerely,

Richard A. Shaw
Chair, Section of Taxation

cc: Mark W. Everson, Commissioner, Internal Revenue Service
Richard Efford, Majority Staff Director, House Appropriations Subcommittee on Treasury and General Government
Scott Lilly, Minority Professional Staff Member, Subcommittee on Treasury and General Government
George K. Yin, Chief of Staff, Joint Committee on Taxation