



Section of Taxation

10th Floor
740 15th Street N.W.
Washington, DC 20005-1022
(202) 662-8670
FAX: (202) 662-8682
E-mail: tax@abanet.org

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Dallas, TX

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New York, NY

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April 17, 2006

The Honorable Joseph Knollenberg
Chairman
House Appropriations Subcommittee on
Transportation, Treasury, The Judiciary
and Housing and Urban Development
2358 Rayburn House Office Bldg.
Washington, DC 20515

The Honorable John W. Olver
Ranking Member
House Appropriations Subcommittee on
Transportation, Treasury, The Judiciary
and Housing and Urban Development
1111 Longworth House Office Bldg.
Washington, DC 20515

RE: Internal Revenue Service Funding

Dear Chairman Knollenberg and Congressman Olver:

On behalf of the American Bar Association (the "ABA"), I am writing to emphasize the importance of providing adequate funding to the Internal Revenue Service (the "IRS") in FY 2007. The ABA is comprised of more than 400,000 members. Over 18,000 of them are members of the ABA Tax Section. As a matter of policy, the ABA has consistently supported full funding of the IRS to carry out its missions of taxpayer service and fair administration and enforcement of the tax laws.

Adequate funding is essential if the IRS is to provide taxpayers with the services they need in order to understand and comply with the tax laws. The continuing (and increasing) complexity of the tax law heightens the need for the IRS to do all that it can to help taxpayers understand the law so that they can comply. Congress can help by simplifying the tax laws, but given the current complexity of the law, a heavy burden falls on the IRS. In her 2005 Annual Report to Congress, the National Taxpayer Advocate underscored the need for adequate taxpayer services, and suggested a number of areas that could be improved. At the February 8, 2006 meeting of the IRS Oversight Board, the need for greater and more effective taxpayer service was stressed by many of the speakers.

The IRS must also have adequate funding to perform its fundamental enforcement mission. In order for our voluntary tax system to work, taxpayers must believe that the laws will be enforced and those who cheat will be caught. The IRS has placed renewed emphasis on enforcement in recent years and we believe that its efforts in this regard are having the desired effects on taxpayer compliance. These efforts can be sustained, however, only if Congress provides the necessary funding.

We note that the Administration's proposed 2007 Budget includes a slight increase in IRS funding as compared with the FY 2006 enacted level. We also call your attention to the recommendations of the IRS Oversight Board, which has proposed a more substantial increase. I respectfully urge you to support full funding of the IRS at a level that is at least equal to the amount proposed in the Administration's budget and ask you to consider carefully the funding recommendations of the IRS Oversight Board.

The ABA appreciates your consideration of these important matters.

Sincerely,

A handwritten signature in black ink, appearing to read "Dennis B. Drapkin". The signature is fluid and cursive, with a large initial "D" and a distinct "B." in the middle.

Dennis B. Drapkin
Chair, Section of Taxation

cc: Honorable John W. Snow, Secretary, Department of the Treasury
Rep. Jerry Lewis, Chairman, House Committee on Appropriations
Rep. David R. Obey, Ranking Member, House Committee on Appropriations
Rep. Bill Thomas, Chairman, House Ways and Means Committee
Rep. Charles B. Rangel, Ranking Member, House Ways and Means Committee
Mark W. Everson, Commissioner, Internal Revenue Service
Nina E. Olson, National Taxpayer Advocate, Internal Revenue Service
Raymond T. Wagner, Jr., Chair, IRS Oversight Board, Internal Revenue Service
Robert Winters, Republican Chief Tax Counsel, House Ways and Means Committee
John Buckley, Democratic Chief Tax Counsel, House Ways and Means Committee
Thomas A. Barthold, Acting Chief of Staff, Joint Committee on Taxation