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April 14, 2005

The Honorable Christopher Bond  
Chairman  
Senate Appropriations Subcommittee on  
Transportation, Treasury, The Judiciary  
and Housing and Urban Development  
274 Senate Russell Office Bldg.  
Washington, DC 20510

The Honorable Patty Murray  
Ranking Member  
Senate Appropriations Subcommittee on  
Transportation, Treasury, The Judiciary  
and Housing and Urban Development  
173 Senate Russell Office Bldg.  
Washington, DC 20510

RE: Internal Revenue Service Funding

Dear Chairman Bond and Senator Murray:

The American Bar Association has consistently supported full funding of the Internal Revenue Service to carry out its missions of taxpayer service and fair administration and enforcement of Federal tax statutes. On behalf of the American Bar Association, I respectfully request your assistance in securing, at a minimum, full funding of the Internal Revenue Service budget proposals advanced by the Administration. We also call your attention to the funding concerns and recommendations raised by the Internal Revenue Service Oversight Board and to concerns about levels of taxpayer service resources discussed in the most recent report of the National Taxpayer Advocate.

The American Bar Association's membership of more than 400,000 lawyers provides legal services in every state of the Union. Over 18,000 members of the Association are also members of the Section of Taxation. Many former Treasury Department and Internal Revenue Service officials are active members of the Tax Section. The Tax Section regularly meets with the Treasury Department and the Internal Revenue Service on matters of mutual concern affecting tax administration, and its membership interacts with the tax system and taxpayers on a daily basis.

Achieving compliance requires a balance of taxpayer service, attention to the ongoing needs of fair administration, and vigorous enforcement. Given the level of complexity of our tax laws, taxpayer service is a necessity. Taxpayers must be able to obtain accurate information on complicated tax law provisions affecting them. The Internal Revenue Service fulfills this task in a number of ways, e.g., telephonic call-in lines, walk-in information sites, print publications, and, increasingly, electronic communications. All these activities perform vital functions in providing taxpayers with the information they need to fulfill their compliance responsibilities and to obtain the benefits to which the law entitles them.

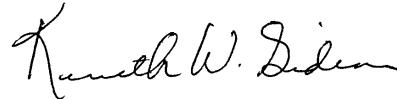
Fair administration requires constant attention. The economic environment in which the tax law operates is constantly changing. The Treasury Department and the Internal Revenue Service must address these changes through publication of clear and understandable guidance to taxpayers, through training of Internal Revenue Service personnel, and through improvements to processing, audit, and controversy resolution techniques. Techniques and

procedures for prompt and efficient resolution of recurring errors must be formulated and implemented, and longer term solutions to eliminate such errors in the first place through simplifying legislation or otherwise must be identified. These, in turn, require that decision makers have accurate information concerning how the system is actually functioning. Thus, adequate funding for those who compile statistics of income and perform research on administration and compliance is also vital. There have been important initiatives at the Internal Revenue Service aimed at improving audit currency and achieving better resource targeting in audits. We believe that these are worthwhile programs that should be encouraged and continued.

Finally, the Service must have adequate funding to perform its fundamental enforcement mission. To be effective, the Service's enforcement efforts must be broad-based in two senses. First, an enforcement presence must be apparent throughout the economy. A perception that the Service's enforcement efforts are too narrowly targeted leads to noncompliance in areas perceived to be out of the spot light. Second, funding must be sufficient for all those in the Service whose primary mission is compliance, *i.e.*, auditing revenue agents, appeals officers, tax litigators, and revenue officers, to do their jobs. Neglect of any of these inevitably compromises the ability of the others to fulfill their compliance responsibilities.

We believe that adequate funding of the Internal Revenue Service is vital. Accordingly, we urge you and your colleagues to fully fund the President's budget requests for the Internal Revenue Service and to give careful consideration to the other funding requests for the Service described above. We would be pleased to provide any assistance that you or your staff would find helpful in considering the Service's budget. Thank you for your consideration.

Sincerely,



Kenneth W. Gideon  
Chair, Section of Taxation

cc: Honorable John W. Snow, Secretary, Department of the Treasury  
Rep. Thad Cochran, Chairman, Senate Committee on Appropriations  
Rep. Robert C. Byrd, Ranking Member, Senate Committee on Appropriations  
Rep. Charles Grassley, Chairman, Senate Finance Committee  
Rep. Max Baucus, Ranking Member, Senate Finance 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  
Paul Doerrer, Majority Staff Director, Senate Appropriations Subcommittee on Treasury  
and General Government  
Peter Rogoff, Minority Staff Director, Senate Appropriations Subcommittee on Treasury  
and General Government  
Kolan Davis, Republican Staff Director and Chief Counsel, Senate Finance Committee  
Russ Sullivan, Democratic Staff Director, Senate Finance Committee  
George K. Yin, Chief of Staff, Joint Committee on Taxation