

## **Republican Motion #11**

### **STOP WEAPONIZING THE IRS**

**Offered by Representative Byron Donalds (FL-19)**

Mr. Donalds moves that the Committee on the Budget direct its Chairman to request on behalf of the Committee that the rule providing for consideration of the bill shall not make in order an amendment that would invade Americans' privacy by requiring financial institutions to report gross inflows or outflows of \$600 or more from Americans' financial accounts to the Internal Revenue Service (IRS).

#### **Background**

- (1) The IRS has a history of targeting and discriminating against conservative groups.
  - a. Under the Obama Administration Lois Lerner used her role as the Director of the Exempt Organizations Unit to develop a "Be On the Look Out" list for nonprofit applications which included words like "Tea Party" and "Patriots" and whose mission was to educate on government spending, taxes, the Constitution, and the Bill of Rights.
  - b. The IRS used inappropriate criteria that flagged for review Tea Party and other conservative organizations applying for tax-exempt status based upon their names and principals.
  - c. These criteria were in effect for more than 18 months, substantially delaying conservative applications, and making requests for information that were unnecessary and burdensome.
  - d. Over a 3-year period, one conservative group's non-profit status was approved. Between 2010 and 2014, of applications flagged for review, 66 percent were 'conservative' groups, while 19 percent were 'liberal' organizations.
  
- (2) There has been no accountability for past IRS impropriety and it is going on still.
  - a. Not a single IRS employee was held responsible for targeting conservatives during the Obama Administration. Lois Lerner faced zero repercussions and walked off into the sunset with a taxpayer-funded pension.
  - b. Only months into the Biden Administration an IRS employee leaked highly sensitive taxpayer information, violating 26 U.S.C. §7213(a)(3) and contributing to a series of six ProPublica articles that relied heavily on confidential IRS information. Conveniently for the Administration, the leaked information helped promote Biden's tax agenda.
  - c. On June 9, 2021 Attorney General Merrick Garland stated in a Senate Appropriations Committee hearing that getting to the bottom of the IRS leak was a top priority of his. Since then, little to nothing has been done to investigate.
  
- (3) If included, this provision will invade Americans' privacy by requiring financial institutions to report individual American's transactions to the IRS, effectively turning local banks into a new enforcement arm of the IRS.

- a. Reporting would be required for any financial activity for any personal or business bank, loan, or investment accounts that have gross inflows or outflows of \$600 or more—encompassing virtually all Americans.
  - b. These reporting requirements would also be extended to cash transfer apps such as PayPal and Venmo, and gig work such as Uber and Etsy.
  - c. Senate Majority Leader Chuck Schumer, House Speaker Nancy Pelosi, and Treasury Secretary Janet Yellen announced that they had an agreement on the ‘framework’ of the reconciliation package, which included creating a new requirement for banks to report account inflows and outflows to the IRS.
    - i. Ways and Means Chairman Richard Neal and Senate Finance Chairman Ron Wyden both shared that they were in on the talks and agreed to the framework.
- (4) Additionally, the bill further empowers the IRS to target Americans by providing an additional \$80 billion over current funding levels.
- a. 90 percent funding increase from the last 10 years.
  - b. Allows for the IRS to hire 87,000 additional agents – doubling the size of the agency.
  - c. 68 percent more agents than the agency’s peak staffing levels under the Obama administration.