

January 9, 2023

The Honorable Adrian Smith
502 Cannon House Office Building
U.S. House of Representatives
Washington, DC 20515

The Honorable Michelle Steel
1127 Longworth House Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Representatives Smith and Steel:

On behalf of the undersigned organizations, we write in strong support of the *Family and Small Business Taxpayer Protection Act*, H.R. 23. This legislation would rescind the *Inflation Reduction Act of 2022's* billions in funding for the Internal Revenue Service's (IRS) expanded enforcement efforts, while retaining funding for the IRS to focus on improving taxpayer services and modernizing operations to serve taxpayers.

It is disheartening that Congress would earmark \$45.6 billion (58%) for enforcement efforts while only providing \$3 billion (4%) for taxpayer services from the \$80 billion allocated to the IRS in the *Inflation Reduction Act of 2022*. Before considering how to penalize taxpayers, the agency should address the immense backlog facing the agency and how to better assist taxpayers with compliance.

In late August 2022, the Treasury Inspector General for Tax Administration (TIGTA) detailed how the IRS's processing delays have prevented businesses from receiving key pandemic relief benefits.¹ More specifically, the IRS did not begin processing claims for qualified Sick and Family Leave Credits and Employee Retention Credit for 12 months. As of December 23, 2022, the IRS reported the agency still has 1.91 million unprocessed individual returns to process.²

More recently, TIGTA submitted a memorandum to Treasury Secretary Janet Yellen outlining the top management and performance challenges the IRS should consider for Fiscal Year 2023.³ Unsurprisingly, the first concern listed is "Improving Taxpayer Service."

We appreciate the *Family and Small Business Taxpayer Protection Act* addresses these concerns and directs the IRS to spend resources to help and serve taxpayers rather than overwhelmingly focus on

Associated Builders and Contractors
Associated Equipment Distributors
Construction Industry Round Table
Convenience Distribution Association
Energy Marketers of America
Financial Executives International (FEI)
Foodservice Equipment Distributors Association
Forging Industry Association
Independent Bakers Association
Independent Electrical Contractors
International Franchise Association
Main Street Employers Coalition
Manufactured Housing Institute
Missouri Forest Products Association
National Association of Professional Insurance Agents
National Association of Wholesaler-Distributors
National Community Pharmacists Association
National Federation of Independent Business (NFIB)
National Grocers Association
National Insulation Association
National Marine Distributors Association
National Ready Mixed Concrete Association
National Roofing Contractors Association
National RV Dealers Assoc. (RVDA)
National Stone, Sand and Gravel Association
National Tooling and Machining Association
North American Association of Utility Distributors (NAAUD)
North American Die Casting Association
Outdoor Power Equipment and Engine Service Association
Precision Machined Products Association
Precision Metalforming Association
Retail Bakers of America
S Corporation Association
Service Station Dealers of America and Allied Trades
Small Business & Entrepreneurship Council
Society of Collision Repair Specialists (SCRS)
Southeastern Lumber Manufacturers Association
The Hardwood Federation
Tire Industry Association
USA Rice
Western Hardwood Association