



Written by [Bob Adelman](#) on July 16, 2014

House Slashes IRS Enforcement Budget Almost 25 Percent

Earlier this week the House of Representatives [took up](#) the Financial Services and General Government Appropriations Act to fund the government for the next 12 months. In the process it took advantage of the opportunity to savage the IRS by cutting its funding severely, specifically its enforcement budget dedicated to “assisting” taxpayers to stay in compliance with its 74,000-page tax code.



Thanks to Lois Lerner (former director of the Exempt Organizations Unit of the IRS and potential future inhabitant of a federal penitentiary for her role in ordering the illegal scrutinizing and delaying of conservative groups’ applications for tax-exempt status and then covering up those orders by conveniently losing potentially incriminating e-mails), members of the House had a field day piling on amendments to the bill. Along the way they relieved themselves of some of the frustrations they have felt as the IRS has rebuffed and stalled them during various House committee investigations into those matters.

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To start with, the House Appropriations Committee passed the initial bill, cutting some \$340 million from the budget of the IRS compared to last year. When that bill hit the floor, however, the emotions hit the fan. The first bid to open came from Rep. Paul Gosar (R-Ariz.), who offered to cut \$350 million from the \$5-billion enforcement budget of the IRS. He declared, “The use of a government agency to harass, intimidate, and threaten lawful, honest citizens [is] the worst form of authoritarianism.”

When it passed overwhelmingly by voice vote, Gosar exulted: “I am ecstatic that the House of Representatives supported my efforts today to pass a vitally important amendment which will save hundreds of millions of taxpayer dollars.”

Rep. Bill Huizenga (R-Mich.) upped the ante by proposing to cut another \$780 million from that same enforcement budget. He added:

The IRS has been targeting American taxpayers, as we’ve learned, for their political beliefs for the last four or five years. During this period, a culture of shading the truth was fostered and developed by directors [such as Lerner] and administrators throughout the IRS.

That proposal also passed overwhelmingly by voice vote. Once those first olives were out of the bottle, the others came more easily. Amendments from Reps. Bill Posey (R-Fla.) and Marsha Blackburn (R-Tenn.) to make further cuts passed by voice vote. When the bidding ended late Monday night, a total of \$1.144 billion had been cut from the agency’s \$5-billion enforcement budget — a slash approaching 25 percent.

There were protesters, of course, but their complaints were modest and flimsy. The Democratic floor leader favoring the bill (before the amendments, that is), Rep. Jose Serrano (D-N.Y.), didn’t oppose the motion to call for a voice vote on the amendments, but insisted that “the answer is not to cut the IRS to bare bones.... The deficit will continue to grow because we won’t be able to do the proper collecting of tax



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dollars in this country.”

The Huffington Post predictably chimed in as well, with its complaints that the House cuts will reduce further the number of IRS employees enforcing its labyrinthine laws. Wrote HuffPo:

The IRS has about 10,400 (11 percent) fewer employees than in 2010, even as its workload has grown. For instance, the number of individual income tax returns has grown by an average of 1.5 million each year over the past decade.

Many of those former employees used to be in the enforcement division, too, complained the Post, and so there will be fewer audits, and thus, less money mulcted from taxpayers:

The number of IRS staff devoted to enforcing tax laws has dropped by 15 percent since 2010. As a result the IRS is conducting fewer audits. The annual audit rate for individual taxpayers is now below 1 percent, the lowest since 2006, and revenue collected through IRS enforcement actions has fallen by more than \$4 billion over the past four years.

Weakening IRS enforcement ultimately hurts the entire budget.

The left-leaning Center on Budget and Policy Priorities (CBPP) issued a report in late June explaining in detail why the IRS needed more money rather than less. It listed the reasons, and then expanded on each of them. Here’s a summary:

- Even with full funding per the Obama administration’s proposed budget, the IRS would still be below the level it enjoyed back in 2010. After adjusting for inflation, full funding would be more than 7 percent below where it was five years ago.
- The IRS has already been forced to cut back training for its existing employees.
- Its computer system is very old, so old in some cases that Microsoft isn’t supporting the software that’s on them.
- The IRS plays “a crucial role,” according to the CBPP, “helping taxpayers comply with the tax code and ensuring that the nation’s tax laws are enforced fairly and credibly.” Nothing was mentioned in the report about Lerner’s contribution to that effort.
- It’s profitable to hire more enforcement people because the return on investment is so great: for every \$1 spent in enforcement, the IRS is able to squeeze \$6 out of the unfortunate taxpayer caught in its web.
- Cuts to enforcement result in increases in the deficit.
- Without additional funding, efforts by the IRS to match 1099s with individual tax returns “to help track down underreported income” will be stalled. And its plans to replace its outmoded “Return Review Program” with its fancy new and costly “Electronic Fraud Detection System” designed to search for and seek out “fraudulent” returns will also be delayed.
- Without additional funding the IRS will not be able to handle effectively the additional responsibilities piled onto it by ObamaCare and FATCA. The passage of FATCA has already resulted in more than 77,000 financial institutions in 70 countries around the world now acting as de facto data collection centers for the IRS. (The details on FATCA and its impact can be found at *The New American* [here](#).)

In its plea for more funding for the IRS rather than less, the CBPP concluded:

Collecting taxes is one of government’s most essential functions, yet budget cuts in recent years



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have made it harder for the IRS to enforce tax laws, and the ACA and FATCA have added to the agency's responsibilities.

Policymakers should give the IRS sufficient resources to carry out its mission.

Thanks to Lois Lerner, however, the House has overwhelmingly cut the enforcement budget of the IRS. The matter now goes to the Senate, where Democrats are no doubt waiting to restore much of the agency's funding. If the Senate fails to do so, the president has promised to veto the bill as it stands, putting the matter right back where it was on Monday morning before the bidding opened. So this is the first inning of a nine-inning game, with the final score indeterminate. What's likely, however, is that the IRS will have to muddle through the best it can with less funding — perhaps significantly less — than it had last year.

Thanks to Lois Lerner, that disingenuous loser of e-mails and enforcer of illegal scrutiny of conservative groups, audit ratios are likely to diminish further, enforcement will suffer, and compliance with ACA and FATCA will be delayed.

These are all unblemished advantages to the beleaguered taxpayer, are they not?

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