



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 18, 2016
(House Rules)

STATEMENT OF ADMINISTRATION POLICY

H.R. 4885 – IRS Oversight While Eliminating Spending Act of 2016

(Rep. Smith, R-MO, and nine cosponsors)

The Administration strongly opposes H.R. 4885, the IRS Oversight While Eliminating Spending Act of 2016, which would reduce the resources available for the Internal Revenue Service (IRS) at a time when the IRS is severely underfunded. By further constraining IRS resources, H.R. 4885 would have detrimental effects on the IRS's ability to provide quality service to taxpayers, administer the tax code, and enforce tax laws.

H.R. 4885 would repeal the IRS's longstanding legal authority to offset the cost of providing services to taxpayers with user fees. The IRS has had this authority since 1995, and charges user fees for a variety of services. Repealing this authority would reduce overall IRS resources by roughly 4 percent, compounding budget cuts that have left the IRS severely underfunded and reversing the limited progress the IRS has been able to make on taxpayer service levels this year after receiving a modest funding increase in fiscal year 2016. Even with this small increase, the IRS budget remains more than \$900 million lower than it was in fiscal year 2010, before adjusting for inflation. These cuts cost the Nation billions of dollars each year in lost tax revenue and have been enacted despite the IRS's crucial and growing responsibilities to implement new mandates and enhance cybersecurity protections.

The IRS needs more resources, not fewer, to deter tax cheats, serve honest taxpayers, and protect taxpayer data. That is why the President's FY 2017 Budget would increase IRS funding by \$530 million above the FY 2016 enacted level to protect the integrity of the tax system, fairly enforce the tax code, and provide adequate levels of taxpayer services. Unfortunately, H.R. 4885 would go in the opposite direction, further reducing the resources available to the IRS and undermining the fairness and integrity of the tax system in ways that would increase burdens on taxpayers, including by increasing the deficit.

If the President were presented with H.R. 4885, his senior advisors would recommend he veto the bill.

* * * * *