

Congress of the United States
Washington, DC 20515

May 16, 2025

The Honorable Dave Joyce
Chairman
Subcommittee on Financial Services
And General Government
2000 Rayburn House Office Building
Washington D.C. 20515

The Honorable Steny Hoyer
Ranking Member
Subcommittee on Financial Services
And General Government
1036 Longworth House Office Building
Washington D.C. 20515

Dear Chairman Joyce and Ranking Member Hoyer,

As you draft the Fiscal Year (FY) 2026 Financial Services and General Government Appropriations bill, we respectfully request that you provide \$12.3 billion for the Internal Revenue Service (IRS), and fully restore Inflation Reduction Act (IRA) funding in order for the agency to continue investing in improving taxpayer services, modernizing the information technology infrastructure, and enhancing enforcement and compliance.

The historic IRA initially provided the IRS with \$80 billion, a much-needed investment in the agency that has allowed the IRS to begin updating its technology infrastructure, improving taxpayer services, and rebuilding the administrative capacity of the agency. In order for the IRS to achieve these goals, the requested annual appropriation is still necessary to maintain and improve current services. One example of an early success story using IRA funding was the IRS's ability to hire an additional 5,000 Customer Service Representatives allowing the agency to achieve 87 percent level of service in tax year 2023 compared to 15 percent in the prior year.¹

Tax collection is a basic function of government, and enhanced resources for the IRS are proven to boost revenues, decrease our national debt, enhance taxpayers' experiences, modernize antiquated IRS business systems, improve compliance, and ensure that all Americans pay their fair share. In FY 2024, the IRS collected approximately \$5.1 trillion in tax revenue, collected \$99 billion in enforcement revenue, and distributed \$553 billion in federal tax refunds and other outlays.²

The National Taxpayer Advocate's (NTA) *2024 Annual Report to Congress* confirmed that "many of the improvements [in IRS service] have been made possible by multiyear funding provided by Congress and require this funding to continue." The NTA points out that increased funding in the Taxpayer Services account resulted in dramatically improved telephone service, 50% faster processing time for taxpayer correspondence, and 50% more taxpayers served at in-

¹ <https://www.irs.gov/pub/irs-pdf/p5456.pdf>

² <https://www.irs.gov/pub/irs-pdf/p5456.pdf>

person taxpayer assistance centers. Yet, the IRS projects that, without additional appropriations from Congress, multiyear funding for Taxpayers Services will run out in FY 2026.³

Over the decade preceding the IRA, IRS appropriations decreased by more than 15 percent in inflation-adjusted dollars, which resulted in reduced workforce and staff levels that had not been seen since the 1970s. With the reduction in staff, there was a corresponding decline in taxpayer service. Staffing levels decreased while individual and business tax returns increased. While the IRA has helped to make up for past years of severe disinvestment, it was a one-time investment that cannot replace consistent, adequate funding through annual appropriations.

Currently, reductions in force (RIF) carried out by the Trump administration threaten to reverse the IRS's progress since enactment of the IRA. In just three months, the IRS has lost 25,000 workers, nearly one-quarter of its workforce, as a result of the Trump administration's "deferred resignation programs."⁴ Further, the Trump administration plans to further reduce the IRS workforce by another 20,000.⁵ These staffing cuts threaten to nearly halve the agency's workforce compared to the start of the year. Congress must exercise our authority through the FY2026 appropriations process to reverse these cuts and restore functions at the agency. To that end, we request the IRS return staffing levels to no lower than the staff level on January 1, 2025, to ensure that the agency's operations are restored.

It is also imperative to continue to fund the modernization of the IRS's IT infrastructure. Certain components of the IRS's mainframe systems, such as the Individual Master File that stores information for individual accounts and upon which most IRS systems depend, use long-obsolete technology from the 1960s. In some cases, the technology used by the IRS is not supported by manufacturers and is several upgrades out of date. The IRA funding enabled the IRS to expedite its work to replace this outdated system with a modern Individual Tax Processing Engine, and Congress must continue to provide funding to successfully complete this transition.

The Taxpayer First Act (Public Law 116-25), enacted on July 1, 2019, made significant adjustments to IRS procedures and sent a clear message from Congress that changes are needed to improve the services the IRS provides. Congress must take the next step to ensure that the IRS has the resources it needs to implement the strategic plans and recommendations generated from the IRS's legislatively mandated internal reviews. As the IRS faces increasing workloads and additional responsibilities, magnified by the Trump administration's massive reductions in force, Congress must provide the IRS with the funding and resources it needs to fairly, fully, and effectively enforce tax laws while continuing to improve taxpayer experience. Thank you for your attention to this request.

Sincerely,

³ <https://www.taxpayeradvocate.irs.gov/reports/2024-annual-report-to-congress/full-report/>

⁴ <https://news.bloombergtax.com/daily-tax-report/about-20-000-irs-workers-take-second-deferred-resignation-offer>

⁵ <https://www.washingtonpost.com/business/2025/04/04/irs-will-cut-25-its-employees-eliminating-its-civil-rights-office/>



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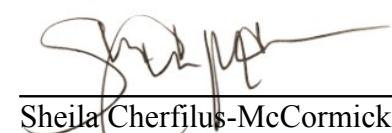
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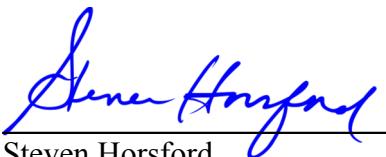
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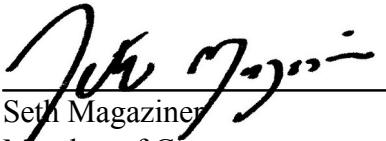
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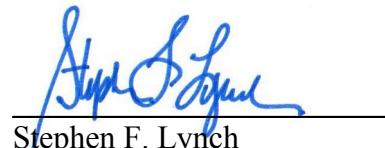
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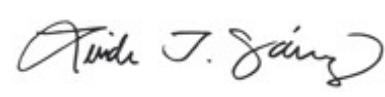
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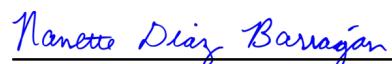
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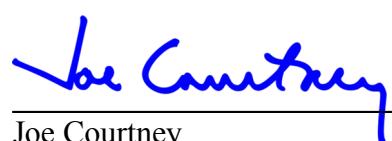
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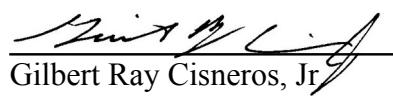
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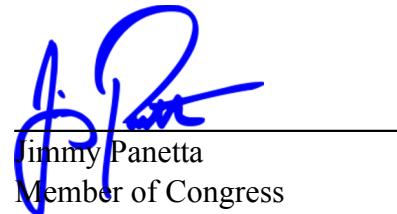
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