1. H.R. 1206: No Hires for the Delinquent IRS Act (Rep. Rouzer, R-NC)
2. H.R. 4885: IRS Oversight While Eliminating Spending (OWES) Act of 2016 (Rep. Jason Smith, R-MO)

H.R. 1206: No Hires for the Delinquent IRS Act (Rep. Rouzer, R-NC)

CONTACT: Matt Dickerson, 202-226-9718

FLOOR SCHEDULE:

The bill is expected to be considered on April 20, 2016, under a structured rule.

TOPLINE SUMMARY:

H.R. 1206 would prohibit the Internal Revenue Service (IRS) from hiring any new employees unless the Secretary of the Treasury either certifies that no IRS employee has seriously delinquent tax debt or files a report to Congress explaining why such a certification cannot be made and the actions the Secretary is making to remediate the problem.

COST:

The Congressional Budget Office (CBO) estimates that enacting H.R. 1206 "would increase IRS administrative costs by less than $500,000 annually to provide the report; such spending would be subject to the availability of appropriated funds. CBO and JCT estimate that enacting the bill would not affect direct spending or revenues."

CONSERVATIVE CONCERNS:

- **Expand the Size and Scope of the Federal Government?** No.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** No.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

DETAILED SUMMARY AND ANALYSIS:

The IRS Restructuring and Reform Act of 1998 provides that the IRS shall terminate any employee that willfully violates tax law. However, the Act allows the IRS Commissioner to mitigate the case to a lesser penalty.

According to a report from the Treasury Inspector General for Tax Administration, 1,580 IRS employees were found to be willfully tax noncompliant over the 2004 to 2013 period. Of these cases, 61 percent of willfully tax noncompliant IRS employees had their proposed terminations mitigated to lesser penalties, such as suspensions, reprimands, and counseling.

H.R. 1206 would prohibit the IRS from hiring any new employees until the Secretary of the Treasury either certifies that no IRS employee has seriously delinquent tax debt or files a report to Congress explaining why such a certification cannot be made and the actions the Secretary is making to remediate the problem. The hiring prohibition would be effective December 31, 2016. The bill also ensures that no additional funds are authorized for the requirements of the bill.

AMENDMENTS MADE IN ORDER:

1. **Grayson (D-FL)**: Would require than any information included in the report from the Secretary of the Treasury not identify any particular individual and that the information not be made available to any person who is not an employee of the IRS.

OUTSIDE GROUP SUPPORT:

- Americans for Tax Reform
- National Taxpayers Union: **Key Vote**

COMMITTEE ACTION:

H.R. 1206 was introduced on March 2, 2015, and referred to the Ways and Means Committee. The Committee marked up the bill on April 13, 2016, and reported the bill by a voice vote.

ADMINISTRATION POSITION:

According to the Statement of Administration Policy, "The Administration opposes H.R. 1206, the No Hires for the Delinquent IRS Act."

CONSTITUTIONAL AUTHORITY:

"Congress has the power to enact this legislation pursuant to the following: Article I, Section 8, Clause 1
The Congress shall have the Power to lay and collect Taxes, Duties, Imposts and Excises, to pay the Debt and provide for the common Defense and general Welfare of the United States; but all Duties, Imposts and Excises shall be uniform throughout the United States."

H.R. 4885: IRS Oversight While Eliminating Spending (OWES) Act of 2016 (Rep. Jason Smith, R-MO)

CONTACT: Matt Dickerson, 202-226-9718

FLOOR SCHEDULE:

The bill is expected to be considered on April 20, 2016, under a closed rule.

TOPLINE SUMMARY:

H.R. 4885 would repeal the Internal Revenue Service's (IRS) authority to spend user fees without Congressional approval and instead require subsequent appropriations in order to spend those fees.

COST:

The Congressional Budget Office (CBO) estimates that enacting H.R. 4885 "would reduce direct spending by $3.4 billion over the 2017-2026 period; therefore pay-as-you-go procedures apply. Enacting the bill would not affect revenues. CBO also estimates that implementing the bill would increase the need for appropriations for the IRS by $3.4 billion over the 2017-2026 period."

CONSERVATIVE CONCERNS:

- **Expand the Size and Scope of the Federal Government?** No.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** No, the bill would reclaim legislative authority back for Congress.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

DETAILED SUMMARY AND ANALYSIS:

Under current law, the IRS collects user fees and has the authority to spend from its user-fee account without Congressional approval. According to the CBO, the IRS collects about $350 million per year in user fees. Traditionally, the user-fee account has been allocated to funding taxpayer services. However, a report from the Committee on Ways and Means found that the IRS has shifted significant amounts of user fees away from taxpayer services and instead to funding implantation of Obamacare.

H.R. 4885 would repeal the IRS's authority to allocate and spend from the user-fee account. Instead, user-fees would be deposited into the General Fund of the Treasury where they could only be spent subject to enactment of an appropriation by Congress.

The FY2016 Conference Agreement on the Budget included the statement of the House that automatically offsetting collection accounts, which account for over $500 billion in annual federal spending, should be reformed in a manner similar to that advanced by H.R. 4885. This policy was included as Section 6214 of S. Con. Res. 11 and is available here.

OUTSIDE GROUP SUPPORT:

- Americans for Tax Reform
- National Taxpayers Union: **Key Vote**

COMMITTEE ACTION:

H.R. 4885 was introduced on March 23, 2016, and referred to the Ways and Means Committee. The Committee marked up the bill on April 13, 2016, and reported the bill by a 24 – 14 vote.

ADMINISTRATION POSITION:

According to the Statement of Administration Policy, "If the President were presented with H.R. 4885, his senior advisors would recommend he veto the bill."

CONSTITUTIONAL AUTHORITY:

"Congress has the power to enact this legislation pursuant to the following: Article I, Section 8, Clause [1] and Article I, Section 9, Clause [7]."

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