

118TH CONGRESS
1ST SESSION

S. 338

To provide accountability for funding provided to the Internal Revenue Service and the Department of Treasury under Public Law 117–169.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 9, 2023

Mr. THUNE (for himself, Mr. GRASSLEY, Mr. BARRASSO, Mrs. BLACKBURN, Mr. CASSIDY, Mr. CORNYN, Mr. CRAPO, Mr. DAINES, Mr. JOHNSON, Mr. LANKFORD, Mr. SCOTT of South Carolina, Mr. TILLIS, and Mr. YOUNG) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide accountability for funding provided to the Internal Revenue Service and the Department of Treasury under Public Law 117–169.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “IRS Funding Account-
5 ability Act”.

1 **SEC. 2. ANNUAL COMPREHENSIVE SPENDING PLAN FOR IN-**
 2 **CREASED INTERNAL REVENUE SERVICE RE-**
 3 **SOURCES.**

4 (a) **LIMITATION ON FUNDING.—**

5 (1) **INITIAL PLAN.—**

6 (A) **IN GENERAL.—**None of the funds de-
 7 scribed in paragraph (3) may be obligated dur-
 8 ing the period—

9 (i) beginning on the date of the enact-
 10 ment of this Act; and

11 (ii) ending on the date that is 60 days
 12 after the spending plan described in sub-
 13 section (b)(1)(A) has been submitted.

14 (B) **ADDITIONAL MORATORIUM.—**If Con-
 15 gress enacts a joint resolution of disapproval
 16 described in subsection (c) with respect to the
 17 Internal Revenue Service spending plan before
 18 the date described in subparagraph (A)(ii),
 19 then—

20 (i) the Commissioner of Internal Rev-
 21 enue shall submit a new spending plan
 22 under subsection (b)(1)(A); and

23 (ii) the period described in subpara-
 24 graph (A) shall not end before the date
 25 that is 60 days after such new spending
 26 plan is submitted.

1 (2) SUBSEQUENT SUBMISSIONS.—

2 (A) IN GENERAL.—None of the funds de-
3 scribed in paragraph (3) may be obligated dur-
4 ing any period—

5 (i) beginning on the date Congress
6 has enacted a joint resolution of dis-
7 approval under subsection (c) with respect
8 to any spending plan described in sub-
9 section (b)(1)(B); and

10 (ii) ending on the date that is 60 days
11 after the date on which the Commissioner
12 of Internal Revenue has submitted a new
13 spending plan under such subsection.

14 (B) ADDITIONAL MORATORIUM.—If Con-
15 gress enacts a joint resolution of disapproval
16 described in subsection (c) with respect to any
17 new spending plan submitted under subpara-
18 graph (A)(ii) before the date that is 60 days
19 after the date on which such new spending plan
20 has been submitted, then—

21 (i) the Commissioner of Internal Rev-
22 enue shall submit an additional new spend-
23 ing plan under subsection (b)(1)(B); and

24 (ii) the period described in subpara-
25 graph (A) shall not end before the date

1 that is 60 days after such additional new
2 spending plan is submitted.

3 (3) FUNDS DESCRIBED.—The funds described
4 in this paragraph are the following:

5 (A) Any funds made available under clause
6 (ii), (iii), or (iv) of section 10301(1)(A) of Pub-
7 lic Law 117–169.

8 (B) Any funds made available under sec-
9 tion 10301(1)(A)(i) of Public Law 117–169
10 other than funds used for the following pur-
11 poses:

12 (i) Eliminating any correspondence or
13 return processing backlog.

14 (ii) Reducing call wait times for tax-
15 payers and tax professionals.

16 (b) ANNUAL COMPREHENSIVE SPENDING PLAN.—

17 (1) IN GENERAL.—

18 (A) INITIAL PLAN.—Not later than 60
19 days after the date of the enactment of this
20 Act, the Commissioner of Internal Revenue
21 shall submit to the appropriate Congressional
22 committees a spending plan described in para-
23 graph (2).

24 (B) SUBSEQUENT SUBMISSIONS.—

1 (i) IN GENERAL.—For each fiscal year
2 beginning after the plan described in sub-
3 paragraph (A) is submitted and ending
4 with fiscal year 2031, the Commissioner of
5 Internal Revenue shall submit to the ap-
6 propriate Congressional committees a
7 spending plan described in paragraph (2)
8 on the date that the President submits the
9 budget required under section 1105(a) of
10 title 31, United States Code.

11 (ii) REDUCTION IN APPROPRIATION.—

12 (I) IN GENERAL.—In the case of
13 any failure to submit a plan required
14 under clause (i) by the date that is 7
15 days after the date the plan is re-
16 quired to be submitted and, the
17 amounts made available under section
18 10301(1)(A)(ii) of Public Law 117–
19 169 shall be reduced by \$10,000,000
20 for each day after such required date
21 that report has not been submitted.

22 (II) REQUIRED DATE.—For pur-
23 poses of this clause, the term “re-
24 quired date” means, with respect to
25 any plan required under this subpara-

1 graph, the date that is 7 days after
2 such plan is required to be submitted.

3 (2) SPENDING PLAN.—

4 (A) IN GENERAL.—A spending plan de-
5 scribed in this subparagraph is a plan that—

6 (i) details how the funds appropriated
7 under section 10301(1) of Public Law
8 117–169 will be spent over—

9 (I) the period consisting of the
10 current fiscal year and the next 4 fis-
11 cal years ending before fiscal year
12 2032; and

13 (II) the period of consisting of
14 the current fiscal year through the fis-
15 cal year ending with fiscal year 2031
16 (if such period includes any period not
17 described in subclause (I));

18 (ii) contains the information described
19 in subparagraph (B);

20 (iii) has been reviewed by—

21 (I) the Internal Revenue Service
22 Advisory Council;

23 (II) the Comptroller of the
24 United States;

1 (III) the National Taxpayer Ad-
2 vocate; and

3 (IV) the Director of the Office of
4 Management and Budget; and

5 (iv) has been approved by the Director
6 of the Office of Management and Budget.

7 (B) PLAN CONTENTS.—The information
8 described in this paragraph is the following:

9 (i) A detailed explanation of the plan,
10 including—

11 (I) costs and results to date, ac-
12 tual expenditures of the prior fiscal
13 year, actual and expected expenditures
14 of the current fiscal year, upcoming
15 deliverables and expected costs, and
16 total expenditures;

17 (II) clearly defined objectives,
18 timelines, and metrics for quan-
19 titatively measuring the plan's annual
20 progress, including with respect to
21 measuring improvements in taxpayer
22 services, revenue collection, informa-
23 tion technology, cybersecurity, and
24 taxpayer data protections; and

1 (III) a description of any dif-
2 ferences between metrics described in
3 subclause (II) and corresponding
4 metrics used by the National Tax-
5 payer Advocate, the Comptroller Gen-
6 eral of the United States, and Treas-
7 ury Inspector General for Tax Admin-
8 istration.

9 (ii) A detailed analysis of the perform-
10 ance of the Internal Revenue Service with
11 respect to the delivery of taxpayer services,
12 including—

13 (I) the Level of Service (LOS) of
14 phone lines (as a percent of phone
15 calls answered by an Internal Revenue
16 Service employee, not to include cour-
17 tesy disconnects or automated call
18 backs);

19 (II) the median and average wait
20 time to speak to a representative of
21 the Internal Revenue Service;

22 (III) the amount of unprocessed
23 taxpayer correspondence, including
24 tax returns, responses to Internal
25 Revenue Service notices, tax pay-

1 ments, and other similar types of cor-
2 respondence; and

3 (IV) the median and average
4 length of time for processing the
5 items described in subclause (III) and
6 processing refund claims.

7 (iii) An analysis identifying any in-
8 crease or decrease in total annual audits
9 and annual audit rates by income group
10 for the period beginning in 2018 and end-
11 ing with the year the report is submitted.
12 Such analysis shall include a detailed de-
13 scription of what constitutes an “audit” by
14 the Internal Revenue Service, and if the
15 definition of an “audit” used by the Inter-
16 nal Revenue Service differs from the defi-
17 nition used by the National Taxpayer Ad-
18 vocate, the Comptroller General of the
19 United States, or the Treasury Inspector
20 General for Tax Administration, there
21 shall also be included an analysis using
22 such divergent definition.

23 (iv) A categorizing of the number of
24 audits for each year in the analysis de-
25 scribed in clause (iv) which were—

- 1 (I) correspondence audits;
2 (II) office audits;
3 (III) field audits;
4 (IV) audits under the Internal
5 Revenue Service National Research
6 Program; and
7 (V) other audits.

8 (v) A description of all taxpayer com-
9 pliance actions or initiatives undertaken
10 using funding appropriated under section
11 10301(1)(A) of Public Law 117–169 that
12 do not rise to the level of an audit, with
13 each action broken out by the total number
14 of such actions undertaken for each income
15 group and as a percentage of taxpayers in
16 each income group.

17 (vi) An explanation of any unresolved
18 or outstanding recommendations made by
19 the Government Accountability Office and
20 Treasury Inspector General for Tax Ad-
21 ministration pertaining to taxpayer-data
22 privacy protections, Internal Revenue Serv-
23 ice taxpayer services, and Internal Revenue
24 Service technology modernization efforts

1 that are addressed by the plan and a de-
2 scription of how they are addressed.

3 (vii) For any recommendations identi-
4 fied by Government Accountability Office
5 and Treasury Inspector General for Tax
6 Administration as “high risk” or “pri-
7 ority” that are not addressed in the plan,
8 an explanation of why such recommenda-
9 tions are not addressed in the plan.

10 (3) TESTIMONY OF RELEVANT OFFICIALS.—Not
11 later than 30 days after any spending plan described
12 in paragraph (2) has been submitted, the Secretary
13 of the Treasury and the Commissioner of Internal
14 Revenue shall testify in person before any of the ap-
15 propriate Congressional committees that request
16 their testimony with respect to such spending plan.

17 (4) REQUIREMENT TO NOTIFY OF EXCESS
18 SPENDING.—The Commissioner of Internal Revenue
19 shall immediately notify the appropriate Congres-
20 sional committees if actual obligations and expendi-
21 tures for any account for any period for which pro-
22 jections are made in a plan submitted under para-
23 graph (2) exceed the amount of obligations and ex-
24 penditures projected for such account in such plan
25 by 5 percent or more.

1 (c) JOINT RESOLUTION OF DISAPPROVAL OF THE
2 IRS COMPREHENSIVE SPENDING PLAN.—

3 (1) IN GENERAL.—For purposes of this section,
4 the term “joint resolution of disapproval of the IRS
5 comprehensive spending plan” means only a joint
6 resolution introduced in the period beginning on the
7 date on which a spending plan submitted pursuant
8 to subsection (b)(1)(A) is received by the appro-
9 priate Congressional committees and ending 60 days
10 thereafter (excluding days either House of Congress
11 is adjourned for more than 3 days during a session
12 of Congress), the matter after the resolving clause of
13 which is as follows: “That Congress disapproves the
14 plan submitted on _____ by the Internal Rev-
15 enue Service relating to the comprehensive spending
16 plan under section 2(b)(1) of the IRS Funding Ac-
17 countability Act with respect to fiscal year _____.”.
18 (The blank spaces being appropriately filled in).

19 (2) APPLICATION OF CONGRESSIONAL REVIEW
20 ACT DISAPPROVAL PROCEDURES.—

21 (A) IN GENERAL.—The rules of section
22 802 of title 5, United States Code, shall apply
23 to a joint resolution of disapproval of the IRS
24 comprehensive spending plan in the same man-

1 ner as such rules apply to a joint resolution de-
2 scribed in subsection (a) of such section.

3 (B) EXERCISE OF RULEMAKING AUTHOR-
4 ITY.—This section is enacted by Congress—

5 (i) as an exercise of the rulemaking
6 power of the Senate and House of Rep-
7 resentatives, respectively, and as such it is
8 deemed a part of the rules of each House,
9 respectively, but applicable only with re-
10 spect to the procedure to be followed in
11 that House in the case of a joint resolution
12 of disapproval of the IRS comprehensive
13 spending plan described in paragraph (1),
14 and it supersedes other rules only to the
15 extent that it is inconsistent with such
16 rules; and

17 (ii) with full recognition of the con-
18 stitutional right of either House to change
19 the rules (so far as relating to the proce-
20 dure of that House) at any time, in the
21 same manner, and to the same extent as in
22 the case of any other rule of that House.

23 **SEC. 3. QUARTERLY REPORTS.**

24 (a) INTERNAL REVENUE SERVICE.—

1 (1) IN GENERAL.—Not later than 14 days after
2 the last day of each calendar quarter beginning dur-
3 ing the applicable period, the Commissioner of Inter-
4 nal Revenue shall submit to the appropriate Con-
5 gressional committees a report on any expenditures
6 and obligations of funds appropriated under section
7 10301(1) of Public Law 117–169.

8 (2) MATTERS INCLUDED.—The report provided
9 under paragraph (1) shall include the following:

10 (A) A plain language description of the
11 specific actions taken by the Commissioner of
12 Internal Revenue utilizing any funds appro-
13 priated under section 10301(1) of Public Law
14 117–169.

15 (B) The obligations and expenditures dur-
16 ing the quarter of funds appropriated under
17 section 10301(1) of Public Law 117–169 and
18 the expected expenditure of such funds in the
19 subsequent quarter, including a comparison of
20 obligations and expenditures between amounts
21 spent for taxpayers services and amounts spent
22 for examinations and collections by each divi-
23 sion or office of the Internal Revenue Service,
24 including the Large Business and International
25 Division, the Small Business/Self Employed Di-

1 vision, the Tax-Exempt and Government Enti-
2 ties Division, the Wage and Investment Divi-
3 sion, the Criminal Investigation Office, the
4 Whistleblower Office, and the Office of the Tax-
5 payer Advocate.

6 (C) A description of any new full-time or
7 full-time equivalent (FTE) employees, contrac-
8 tors, or other staff hired by the Internal Rev-
9 enue Service, including the number of new
10 hires, the primary function or activity type of
11 each new hire, and the specific Division or Of-
12 fice to which each new hire is tasked.

13 (D) The number of new employees that
14 have passed a security clearance compared to
15 the number of new employees hired to a posi-
16 tion requiring a security clearance, along with
17 an indication of whether any new employee that
18 has not passed a security clearance or suit-
19 ability determination has access to taxpayer re-
20 turn information (as defined by section
21 6103(b)(2) of the Internal Revenue Code of
22 1986).

23 (E) A detailed description of any violation
24 of the fair tax collection practices described in
25 section 6304 of the Internal Revenue Code of

1 1986 by any employees, contractors, or other
2 staff described in subparagraph (C) (including
3 violations tracked in Automated Labor and Em-
4 ployee Relations Tracking System (ALERTS)
5 of the Human Capital Office of the Internal
6 Revenue Service).

7 (F) The status of recommendations pro-
8 vided by the Government Accountability Office
9 and Treasury Inspector General for Tax Ad-
10 ministration which have been identified as being
11 addressed by a spending plan under section
12 2(b)(1), including whether the implementation
13 of such recommendations has been completed, is
14 in progress, or is open (including the expected
15 date of completion for any recommendations
16 identified as in progress or open).

17 (3) REDUCTION IN APPROPRIATION.—In the
18 case of any failure to submit a report required under
19 paragraph (1) by the required date, the amounts
20 made available under section 10301(1)(A)(ii) of
21 Public Law 117–169 shall be reduced by \$1,000,000
22 for each day after such required date that report has
23 not been submitted.

24 (b) DEPARTMENT OF TREASURY.—

1 (1) IN GENERAL.—Not later than 14 days after
2 the last day of each calendar quarter beginning dur-
3 ing the applicable period, the Secretary of the Treas-
4 ury shall submit to the appropriate Congressional
5 committees a report containing the following infor-
6 mation:

7 (A) A plain-language description of the ac-
8 tions taken by the Secretary of the Treasury
9 utilizing any funds appropriated under para-
10 graph (1), (3), or (5) of section 10301 of Public
11 Law 117–169. Any action which is described in
12 a report made under subsection (a) may be de-
13 scribed by reference to the action in such re-
14 port.

15 (B) A detailed description of the specific
16 purposes to which the funds appropriated under
17 section 10301(3) of Public Law 117–169 has
18 been (or is expected to be) obligated.

19 (C) A description of any new full-time or
20 full-time equivalent (FTE) employees, contrac-
21 tors, or other staff hired by the Secretary uti-
22 lizing funds appropriated under section 10301
23 of Public Law 117–169, including the number
24 of new hires and whether the duties of each
25 new hire includes any functions related to the

1 Internal Revenue Service (including implemen-
2 tation of tax policies, enforcement, regulations,
3 research, press or communications, or other
4 purposes).

5 (D) A detailed description and explanation
6 of any changes to the most recent Priority
7 Guidance Plan of the Department of the Treas-
8 ury and the Internal Revenue Service involving
9 guidance projects that utilize any funds appro-
10 priated under section 10301 of Public Law
11 117–169 or which are related to the implemen-
12 tation of any provision of or amendment made
13 by such Public Law.

14 (E) A description of any new initiatives
15 planned to be undertaken by the Department of
16 the Treasury within the existing or subsequent
17 fiscal year which will (or may) utilize funds ap-
18 propriated under section 10301 of Public Law
19 117–169.

20 (2) REDUCTION IN APPROPRIATION.—In the
21 case of any failure to submit a report required under
22 paragraph (1) by the required date—

23 (A) the amounts made available under
24 paragraphs (3) of section 10301 of Public Law
25 117–169 shall be reduced by \$666,667 for each

1 day after such required date that report has not
2 been submitted, and

3 (B) the amounts made available under
4 paragraphs (5) of section 10301 of Public Law
5 117–169 shall be reduced by \$333,333 for each
6 day after such required date that report has not
7 been submitted, and

8 (c) DEFINITIONS.—For purposes of this section—

9 (1) APPLICABLE PERIOD.—The term “applica-
10 ble period” means the period beginning after the
11 date the plan under section 2(b)(1)(A) is required to
12 be submitted and ending on September 30, 2031.

13 (2) REQUIRED DATE.—The term “required
14 date” means, with respect to any report required to
15 be submitted under subsection (a) or (b), the date
16 that is 7 days after the date the report is required
17 to be submitted.

18 **SEC. 4. APPROPRIATE CONGRESSIONAL COMMITTEES DE-**

19 **FINED.**

20 For purposes of this Act, the term “appropriate Con-
21 gressional committees” means—

22 (1) the Committee on Finance of the Senate;

23 (2) the Committee on Appropriations of the
24 Senate;

1 (3) the Committee on Ways and Means of the
2 House of Representatives; and

3 (4) the Committee on Appropriations of the
4 House of Representatives.

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