

January 9, 2023

The Honorable Adrian Smith  
502 Cannon House Office Building  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Michelle Steel  
1127 Longworth House Office Building  
U.S. House of Representatives  
Washington, DC 20515

Dear Representatives Smith and Steel:

On behalf of the undersigned organizations, we write in strong support of the *Family and Small Business Taxpayer Protection Act*, H.R. 23. This legislation would rescind the *Inflation Reduction Act of 2022*'s billions in funding for the Internal Revenue Service's (IRS) expanded enforcement efforts, while retaining funding for the IRS to focus on improving taxpayer services and modernizing operations to serve taxpayers.

It is disheartening that Congress would earmark \$45.6 billion (58%) for enforcement efforts while only providing \$3 billion (4%) for taxpayer services from the \$80 billion allocated to the IRS in the *Inflation Reduction Act of 2022*. Before considering how to penalize taxpayers, the agency should address the immense backlog facing the agency and how to better assist taxpayers with compliance.

In late August 2022, the Treasury Inspector General for Tax Administration (TIGTA) detailed how the IRS's processing delays have prevented businesses from receiving key pandemic relief benefits.<sup>1</sup> More specifically, the IRS did not begin processing claims for qualified Sick and Family Leave Credits and Employee Retention Credit for 12 months. As of December 23, 2022, the IRS reported the agency still has 1.91 million unprocessed individual returns to process.<sup>2</sup>

More recently, TIGTA submitted a memorandum to Treasury Secretary Janet Yellen outlining the top management and performance challenges the IRS should consider for Fiscal Year 2023.<sup>3</sup> Unsurprisingly, the first concern listed is "Improving Taxpayer Service."

We appreciate the *Family and Small Business Taxpayer Protection Act* addresses these concerns and directs the IRS to spend resources to help and serve taxpayers rather than overwhelmingly focus on enforcement and penalties.

Sincerely,  
Agricultural Retailers Association  
American Building Materials Alliance (ABMA)  
American Mold Builders Association  
American Walnut Manufacturers Association

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<sup>1</sup> <https://www.treasury.gov/tigta/auditreports/2022reports/202246059fr.pdf>

<sup>2</sup> <https://www.irs.gov/newsroom/irs-operations-during-covid-19-mission-critical-functions-continue>

<sup>3</sup> [https://www.treasury.gov/tigta/management/management\\_fy2023.pdf](https://www.treasury.gov/tigta/management/management_fy2023.pdf)

Associated Builders and Contractors  
Associated Equipment Distributors  
Construction Industry Round Table  
Convenience Distribution Association  
Energy Marketers of America  
Financial Executives International (FEI)  
Foodservice Equipment Distributors Association  
Forging Industry Association  
Independent Bakers Association  
Independent Electrical Contractors  
International Franchise Association  
Main Street Employers Coalition  
Manufactured Housing Institute  
Missouri Forest Products Association  
National Association of Professional Insurance Agents  
National Association of Wholesaler-Distributors  
National Community Pharmacists Association  
National Federation of Independent Business (NFIB)  
National Grocers Association  
National Insulation Association  
National Marine Distributors Association  
National Ready Mixed Concrete Association  
National Roofing Contractors Association  
National RV Dealers Assoc. (RVDA)  
National Stone, Sand and Gravel Association  
National Tooling and Machining Association  
North American Association of Utility Distributors (NAAUD)  
North American Die Casting Association  
Outdoor Power Equipment and Engine Service Association  
Precision Machined Products Association  
Precision Metalforming Association  
Retail Bakers of America  
S Corporation Association  
Service Station Dealers of America and Allied Trades  
Small Business & Entrepreneurship Council  
Society of Collision Repair Specialists (SCRS)  
Southeastern Lumber Manufacturers Association  
The Hardwood Federation  
Tire Industry Association  
USA Rice  
Western Hardwood Association