

**Congress of the United States**  
**Washington, DC 20515**

October 27, 2021

Maxine Waters  
Chair  
House Financial Services Committee  
2129 RHOB  
Washington D.C. 20515

Chairwoman Waters:

Over the past month, we have heard concerns across the country from businesses to consumers to the financial services industry regarding the potential impact of a proposed financial account reporting requirement at the IRS.<sup>1</sup> Constituents in our districts are concerned about the expanded authority of the IRS particularly given its history of leaking financial information to news outlets<sup>2</sup> and using its authority to target groups based on their political ideology.<sup>3</sup>

There have been numerous reports and rumors regarding the actual policy of the proposal. For example, the Biden Administration and Department of Treasury first issued a proposal that would require the recording gross inflows and outflows for accounts with a gross flow threshold above \$600.<sup>4</sup> Yet, in a September 30 hearing before the House Financial Services Committee, Secretary Yellen testified that “the proposal put forward by the Administration requested a bit more information, but what is being considered now in reconciliation would be limited.”<sup>5</sup> More recently, Senators Warren and Wyden announced a proposal that would raise the threshold to \$10,000 and force financial institutions to wade through transaction information to only report certain information to the IRS.<sup>6</sup>

Despite these reported proposals, Congress has not held a single hearing. Congress has yet to discuss any of these proposals or examine the impact they will have on financial institutions, consumer privacy, and access to credit. In fact, neither members of Congress nor the American people have yet to see legislative text of any of the above-mentioned proposals, further decreasing the transparency of this process.

It is completely irresponsible to propose and introduce legislation that would impact the financial data and privacy of millions of Americans and burden thousands of small businesses and

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<sup>1</sup> <https://www.consumerbankers.com/sites/default/files/Joint-Trades-Letter-Tax-Information-Reporting.pdf>

<sup>2</sup> <https://www.propublica.org/article/the-secret-irs-files-trove-of-never-before-seen-records-reveal-how-the-wealthiest-avoid-income-tax>

<sup>3</sup> <https://republicans-oversight.house.gov/wp-content/uploads/2014/12/December-2014-IRS-Report.pdf>

<sup>4</sup> <https://home.treasury.gov/system/files/131/General-Explanations-FY2022.pdf>

<sup>5</sup> <https://www.youtube.com/watch?v=tsBhcmWDzek&t=1s>

<sup>6</sup> <https://www.reuters.com/world/us/us-treasurys-yellen-says-democrats-propose-10000-irs-bank-reporting-threshold-2021-10-19/>

financial institutions without holding a hearing in Congress. Forcing this proposal or variations of it through Congress in order to pay for a radical agenda without any input from Members is reckless.

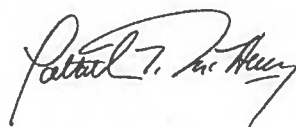
Failure to hold a hearing on these matters will leave Members and their constituents in the dark about critical information related to this proposal including:

- The number of financial accounts that will be impacted by this proposal, both at the \$600 level and \$10,000 level.
- What costs will financial institutions have to bear to report the information on these accounts? Will those costs be passed onto consumers?
- What steps are being taken by the IRS to protect taxpayer information?
- Senators Warren and Wyden mentioned eliminating certain types of account transactions from the reporting requirement. What additional burdens will this place on financial institutions?
- The Administration has signaled the \$600 proposal would raise \$460 billion in revenue, only 6.5% of the \$7 trillion tax gap reported by Treasury. How did they come to this number? What would the revenue look like under the new proposal from Senators Wyden and Warren?

The American people deserve answers to these questions. Moreover, two bills have been introduced and referred to the Financial Services Committee that will prevent this proposal from moving forward. Congressman Hinson (R-IA) introduced H.R. 5451, and Congressman Ferguson (R-GA) introduced H.R. 5586. We urge you to immediately hold a legislative hearing on both bills and to include them in the next markup.

Madam Chair, our constituents demand and deserve to understand the implications of significant policy proposals before they are passed by Congress and enacted into law. We urge you to consider this request.

Sincerely,



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Patrick McHenry  
Ranking Member  
House Financial Services Committee



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Blaine Luetkemeyer  
Ranking Member  
CPFI Subcommittee