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IRS Budget Cuts Are Short-Sighted And Counter-Productive, Kelley Says

Washington, D.C.—It is unfortunate that congressional budget restraints have led to a proposed cut in fiscal 2007 funding for the Internal Revenue Service (IRS), the leader of the union representing IRS employees said today.

The House Appropriations Transportation-Treasury Subcommittee set proposed IRS funding for the next fiscal year at \$10.5 billion, a cut of \$63 million from the resources appropriated this key agency in fiscal 2006 and an amount \$110 million below the administration's request for the coming fiscal year.

“Having to cut the budget of the agency that generates the bulk of the resources of the federal government will widen the tax gap and increase the budget deficit,” said President Colleen M. Kelley of the National Treasury Employees Union (NTEU).

The NTEU leader emphasized that a reduced IRS budget makes it increasingly difficult for the agency to address the large and growing multi-billion-dollar gap between taxes owed and those paid.

Closing the tax gap is particularly important, Kelley said, not only for the revenue it generates, but for the impact it has on voluntary compliance with the nation's tax laws. “It is well-established that taxpayers are much more likely to meet their own tax obligations when they see evidence that everyone is paying his or her fair share,” she said.

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Kelley Calls IRS Budget Cut Unfortunate—Add One

NTEU is the largest independent federal union, representing some 150,000 federal workers in 30 agencies and departments, including 90,000 in the IRS.

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