

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, DC 20515

October 27, 2022

The Honorable Janet L. Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

Dear Secretary Yellen,

We write to seek information on the U.S. Department of the Treasury's intentions regarding the relationship between \$80 billion in new mandatory funding for the Internal Revenue Service (IRS) and the Department's prior policy proposal to surveil American private bank transactions. The Biden Administration first proposed a bank surveillance scheme in 2021, but congressional Democrats were forced to drop the proposal due to overwhelming public opposition. With \$80 billion in new IRS mandatory funding, we are concerned that the Administration and congressional Democrats will renew their efforts to surveil American bank accounts. Therefore, we are writing today to seek information about whether the Department intends to renew any version of its prior "Comprehensive Financial Account Reporting" proposal.

The Department of the Treasury's *General Explanations of the Administration's Fiscal Year 2022 Revenue Proposals* ("Green Book") describes the reporting requirement, or the "Comprehensive Financial Account Reporting," as follows:

This proposal would create a comprehensive financial account information reporting regime. Financial institutions would report data on financial accounts in an information return. The annual return will report gross inflows and outflows *with a breakdown for physical cash, transactions with a foreign account, and transfers to and from another account with the same owner*. This requirement would apply to all business and personal accounts from financial institutions, including bank, loan, and investment accounts, with the exception of accounts below a low de minimis gross flow threshold of \$600 or fair market value of \$600.¹

This proposal would require banks to provide the IRS with specific reporting on nearly every American's bank account.

Fortunately for the American people, the Biden Administration and congressional Democrats failed to write this reporting regime into law. But we remain concerned that the

¹ DEP'T OF THE TREASURY, GENERAL EXPLANATIONS OF THE ADMINISTRATION'S FISCAL YEAR 2022 REVENUE PROPOSALS 88 (May 2021) (hereinafter "Green Book"), <https://home.treasury.gov/system/files/131/General-Explanations-FY2022.pdf> (emphasis added).

Administration intends to renew its prior efforts to impose this reporting scheme, which is why we introduced the “Prohibiting IRS Financial Surveillance Act.”² Given our ongoing concerns, please answer the following questions:

1. Does the Biden Administration intend to propose any version of the “Comprehensive Financial Account Reporting” proposal that it made in the Green Book in 2021, including any type of bank reporting on account inflows and outflows at any threshold? If so, when does the Administration plan to announce this proposal?
2. Does the Biden Administration intend to use any of the \$80 billion in new IRS funding to build an information technology infrastructure that would facilitate a future bank reporting regime?

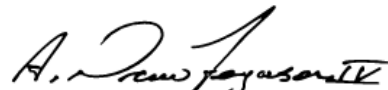
Given this Administration’s repeated, brazen efforts to make law through improper executive action, we remind you that the Administration does not have legal authority to implement a bank surveillance scheme by executive action. This policy could only be executed following an Act of Congress, which the Department recognized by placing its proposal in the Green Book in the first place.

We remain strongly opposed to any effort to impose a bank surveillance scheme on Americans and believe it is important for the American people to know where this Administration stands on this issue. Please provide answers to the questions above by November 10, 2022. If you have any questions or wish to discuss the request, please contact Sean Clerget or Brittany Havens of the Ways and Means Committee staff at (202) 225-4021.

Sincerely,



Kevin Brady
Republican Leader
Committee on Ways and Means



Drew Ferguson
Committee on Ways and Means

² H.R. 5586, 117th Cong. (2022), <https://www.congress.gov/bill/117th-congress/house-bill/5586/text?q=%7B%22search%22%3A%5B%22%22%5D%7D&r=3&s=1>.