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September 7, 2021

The Honorable Richard Neal  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Kevin Brady  
Ranking Member  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Neal and Ranking Member Brady:

As you draft revenue provisions for inclusion in budget reconciliation package this week, ICBA and the nearly 50,000 community bank locations we represent write to reiterate our staunch opposition to any proposal that would require banks and other financial and non-financial institutions to report private bank activity information to the Internal Revenue Service. We are joined in our opposition by consumer groups, small businesses groups, and average American taxpayers. (See attached letters from [small business and financial trade associations](#), [state community bank associations](#), and [minority banks](#).) Any vote on IRS reporting will be a key vote for ICBA.

Fresh polling by Morning Consult shows that two-thirds of voters (67%) oppose a proposal to transfer more banking data to the IRS. Opposition is bipartisan, with more than half of voters (53%) strongly opposed and only 22% supportive. Voter opposition is rooted in at least three concerns:

- **Trust:** More than three in five adults (64%) do not trust the IRS to monitor their deposit and withdrawal information. This includes 50% of Democrats, 73% of Independents, and 75% of Republicans.
- **Data Security:** More than half of adults (54%) do not trust the IRS to keep their financial data safe from data breaches. Distrust is highest among voters over the age of 45, those who make under \$100,000 per year, and those in suburban and rural areas.
- **Use of Banks:** 55% of respondents said their banking habits would change if they knew their deposits and withdrawals were being reported to the IRS. Those who would change their habits include 57% of Democrats and Republicans, 61% of voters in urban areas, and 58% of voters in rural areas.

*The Nation's Voice for Community Banks.®*

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The proposal would be a massive and unprecedented transfer of personal financial data to the IRS, which the agency is unequipped to absorb, make effective use of, or secure against data breach. This amounts to a troubling effort to profile American taxpayers based on account characteristics without grounds for suspicion of tax evasion. Such profiling is inappropriate in all law enforcement contexts. It is a broad and indiscriminate approach that would sweep up the personal data of millions of compliant taxpayers. It would foster distrust in the IRS and government in general, jeopardizing efforts to bring more Americans into the banking system.

The proposal should be rejected in favor of more equitable means of reducing the tax gap, including IRS systems enhancements and more effective use of existing data collected under the Bank Secrecy Act, which could be effectively used to identify irregular financial funds flows and possible tax evasion.

We urge you not to compromise Americans' banking privacy in a speculative scheme to increase tax compliance.

Thank you for your consideration.

Sincerely,

/s/

Rebeca Romero Rainey  
President & CEO

CC: Members of the House Ways and Means Committee

Attachments: [Joint letter from small business and financial trade associations](#)  
[Joint letter from state community bank trade associations](#)  
[Letter from ICBA Minority Bank Council](#)