CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Phillip L. Swagel, Director

October 17, 2023

Honorable Sheldon Whitehouse
Chairman
Committee on the Budget
United States Senate
Washington, DC 20510

Re: Additional Information on the Estimate of Rescinding Funding for Tax Enforcement

Dear Mr. Chairman:

You have asked the Congressional Budget Office to provide additional details on the estimated budgetary effects of rescinding $25.035 billion in mandatory funding for tax enforcement activities of the Internal Revenue Service that was originally provided in Public Law 117-169 (an act to provide for reconciliation pursuant to title II of S. Con. Res. 14). Such a rescission was included in section 4003 of Senate Amendment 1226.

CBO estimates that enacting section 4003 would increase deficits over the 2024-2033 period by $23.762 billion. That increase results from a decrease in outlays of $25.035 billion and a decrease in revenues of $48.797 billion.

The enclosed estimate shows the changes in outlays, revenues, and deficits for each year under the amendment.

I hope that this information is helpful to you. If you have any additional questions, please contact me.

Sincerely,

Phillip L. Swagel
Director

Enclosure

cc: Honorable Chuck Grassley
Ranking Member
Senate Committee on the Budget

Honorable Patty Murray
Chair
Senate Committee on Appropriations

Honorable Susan Collins
Ranking Member
Senate Committee on Appropriations

Honorable Rand Paul
United States Senate

Congressional Budget Office
Cost Estimate

October 16, 2023

Section 4003 of Senate Amendment 1226 would rescind $25.035 billion in unobligated balances from funds originally made available in Public Law 117-169 for the Internal Revenue Service's tax enforcement activities.

Estimated Budgetary Effects of Section 4003 of Senate Amendment 1226
As posted on Congress.gov
www.congress.gov/amendment/118th-congress/senate-amendment/1226/text

	By Fiscal Year, Millions of Dollars											
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2024-2028	2024-2033
Decreases in Direct Spending												
Budget Authority	-25,035	0	0	0	0	0	0	0	0	0	-25,035	-25,035
Estimated Outlays	-814	-1,268	-1,830	-2,497	-3,337	-4,266	-5,420	-5,603	0	0	-9,746	-25,035
Decreases in Revenues												
Estimated Revenues	-1,578	-3,368	-4,718	-5,855	-6,802	-7,527	-7,823	-7,676	-2,143	-1,307	-22,321	-48,797
Net Increase in the Deficit From Changes in Direct Spending and Revenues												
Increase in the Deficit	764	2,100	2,888	3,358	3,465	3,261	2,403	2,073	2,143	1,307	12,575	23,762

CBO adheres to laws and Congressional rules concerning the federal budget and to a set of principles (called the Scorekeeping Guidelines) created by the Congress. Those principles guide the ways that the House and Senate Committees on the Budget, CBO, and the Office of Management and Budget attribute budgetary effects to legislation, with the goal of promoting consistent treatment of estimated effects among those agencies. (For more information, see Congressional Budget Office, *CBO Explains Budgetary Scorekeeping Guidelines,* January 2021, cbo.gov/publication/56507.)

When an authorization bill provides funding for administrative or program management activities, such as when the Internal Revenue Service receives additional funding for administrative activities, spending of those amounts can result in increases in receipts. Guideline 14, however, directs scorekeepers to exclude those increases when estimating the budgetary effects of proposals that would provide additional mandatory funding for such activities.

Guideline 14 was adopted in part to avert cases in which possible, but uncertain, receipts were used to offset increases in spending resulting from the same bill. That guideline is asymmetrical: Increased receipts cannot be credited to a bill that would increase administrative funding, but estimated receipt losses that might result from a decrease in such funding are included in the estimated budgetary effects.

Section 4003 of Amendment SA 1226 would rescind unobligated funds provided by paragraph (1)(A)(ii) of section 10301 of Public Law 117-169. CBO estimates that section 4003 would decrease outlays by $25 billion and decrease receipts by $49 billion over the 2024-2033 period. Both of those effects are included in accordance with Guideline 14.