



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 18, 2016

### **H.R. 4885** **IRS Oversight While Eliminating Spending (OWES) Act of 2016**

*As ordered reported by the House Committee on Ways and Means on April 13, 2016*

#### **SUMMARY**

Under current law, the Internal Revenue Service (IRS) is authorized to establish or increase fees for some of its services and to spend those fees without further appropriation. H.R. 4885 would amend current law to require that the spending of those user fees would be subject to annual appropriation.

CBO estimates that enacting H.R. 4885 would reduce direct spending by \$3.4 billion over the 2017-2026 period; therefore pay-as-you-go procedures apply. Enacting the bill would not affect revenues. CBO also estimates that implementing the bill would increase the need for appropriations for the IRS by \$3.4 billion over the 2017-2026 period.

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

The staff of the Joint Committee on Taxation (JCT) has determined that H.R. 4885 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary effect of H.R. 4885 is shown in the following table. The costs of this legislation fall within budget function 800 (general government).

	By Fiscal Year, in Millions of Dollars										2017-	2017-
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2021	2026
<b>DECREASE IN DIRECT SPENDING</b>												
Estimated Budget Authority	-350	-350	-350	-350	-350	-350	-350	-350	-350	-350	-1,750	-3,500
Estimated Outlays	-301	-336	-350	-350	-350	-350	-350	-350	-350	-350	-1,687	-3,437
<b>INCREASE IN SPENDING SUBJECT TO APPROPRIATION</b>												
Estimated Authorization Level	350	350	350	350	350	350	350	350	350	350	1,750	3,500
Estimated Outlays	301	336	350	350	350	350	350	350	350	350	1,687	3,437

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that the bill will be enacted in late calendar year 2016, the necessary amounts will be appropriated each year, and spending will follow historical patterns for the IRS.

H.R. 4885 would terminate the authority of the IRS to spend user fees without appropriation action. Based on information from the IRS, CBO estimates that enacting the bill would reduce direct spending by about \$3.4 billion over the 2017-2026 period.

Because CBO expects that the operating expenses for the IRS would remain the same under the bill, CBO estimates that implementing the bill would cost \$3.4 billion over the 2017-2026 period, assuming appropriation of the estimated amounts.

## **PAY-AS-YOU-GO CONSIDERATIONS**

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

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**CBO Estimate of Pay-As-You-Go Effects for H.R. 4885, as ordered reported by the House Committee on Ways and Means on April 13, 2016**

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	By Fiscal Year, in Millions of Dollars												
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2016-2021	2016-2026
<b>NET DECREASE (-) IN THE DEFICIT</b>													
Statutory Pay-As-You-Go Impact	0	-301	-336	-350	-350	-350	-350	-350	-350	-350	-350	-1,687	-3,437

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**INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS**

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

**INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

JCT has determined that H.R. 4885 contains no intergovernmental or private-sector mandates as defined UMRA.

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