CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

April 18, 2016

H.R. 4890
A bill to impose a ban on the payment of bonuses to employees of the Internal Revenue Service until the Secretary of the Treasury develops and implements a comprehensive customer service strategy

As ordered reported by the House Committee on Ways and Means on April 13, 2015

H.R. 4890 would prohibit the Internal Revenue Service (IRS) from paying a bonus or cash award to any employee until the agency develops and submits a comprehensive customer service strategy to the Congress that has been reviewed and approved by the Treasury Inspector General for Tax Administration (TIGTA). The bill also would require the IRS to submit semiannual reports to the Congress on its progress to complete the strategy.

The current strategic plan for the IRS identifies as a priority the delivery of quality and timely service to reduce taxpayer burden and encourage tax compliance. However, CBO is unaware of a comprehensive customer service strategy for the IRS. Based on the cost of similar efforts, CBO estimates that implementing H.R. 4890 would cost about $2 million in 2017 for additional administrative and personnel costs to prepare the required strategy; such spending would be subject to the availability of appropriated funds.

CBO expects that TIGTA and the IRS would come to an agreement about the comprehensive strategy that would allow the IRS to continue to pay bonuses and cash awards. However, given the independent relationship between TIGTA and the IRS the timing of such an agreement is unclear. If the two agencies did not come to an agreement personnel costs, which are subject to appropriation, could be reduced by tens of millions of dollars in 2017—less than 1 percent of projected spending for the IRS. (The longer a prohibition on paying cash awards exists, the more likely it becomes that decreased spending for such awards would be offset by additional IRS spending for other activities.)

Because enacting the bill would not affect direct spending or revenues, pay-as-you-go procedures do not apply. CBO and the staff of the Joint Committee on Taxation (JCT) estimate that enacting H.R. 4890 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

CBO and JCT have determined that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Matthew Pickford. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.