



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 16, 2018

H.R. 5445 **21st Century IRS Act**

As reported by the House Committee on Ways and Means on April 13, 2018

H.R. 5445 aims to:

- Combat identity theft and tax refund fraud at the Internal Revenue Services (IRS);
- Create an automated system to verify taxpayer information for authorized users;
- Modernize information technology (IT) systems within the IRS; and
- Expand the use of electronic information systems within the IRS.

According to the IRS, most of the provisions in the bill regarding fraud and identity theft would codify current IRS policies and practices and implementing them would have no significant cost. However, other provisions, including modernizing the IRS's IT systems, developing a system to provide taxpayer income information to authorized users, and expanding the use of electronic information systems, would have a significant cost over the 2019-2023 period. For example, over the past five years, the IRS has spent an average of \$290 million annually on modernizing its business systems. CBO has not completed an estimate of the cost of implementing those provisions.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 5445 would increase revenues by less than \$500,000. Pay-as-you-go procedures apply because the bill would affect revenues. Enacting H.R. 5445 would not affect direct spending.

CBO and JCT estimate that enacting H.R. 5445 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

JCT has reviewed H.R. 5445 and determined that it 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 reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.