



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

Phillip L. Swagel, Director

November 1, 2023

Honorable Steny H. Hoyer
U.S. House of Representatives
Washington, DC 20515

Honorable Brad Schneider
U.S. House of Representatives
Washington, DC 20515

*Re: Estimated Effects on the Deficit of Rescinding Funding for the
Internal Revenue Service and Related Agencies*

Dear Congressman Hoyer and Congressman Schneider:

You have asked the Congressional Budget Office to provide information on the estimated budgetary effects of rescinding \$14.3 billion in mandatory funding for the activities of the Internal Revenue Service and other agencies as originally provided in Public Law 117-169 (an act to provide for reconciliation pursuant to title II of S. Con. Res. 14).

The attachment shows CBO's year-by-year estimate of the budgetary effects of such a rescission, which was included in section 306 of the Israel Security Supplemental Appropriations Act, 2024, as posted on the website of the House Committee on Rules on October 30, 2023. CBO estimates that enacting section 306 would increase deficits over the 2024-2033 period by \$12.498 billion. That increase results from a decrease in outlays of \$14.288 billion and a decrease in revenues of \$26.786 billion.

Honorable Steny H. Hoyer and Honorable Brad Schneider

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

Sincerely,

A handwritten signature in black ink, appearing to read "Phillip L. Swagel", with a long, sweeping flourish extending to the right.

Phillip L. Swagel
Director

Attachment

cc: Honorable Jodey Arrington
Chairman
House Committee on the Budget

Honorable Brendan F. Boyle
Ranking Member
House Committee on the Budget



**Estimated Budgetary Effects of the Israel Security Supplemental Appropriations Act, 2024,
as Posted on the Website of the House Committee on Rules on October 30, 2023**

<https://rules.house.gov/bill/118/hr-Israel-Supplemental>

	By Fiscal Year, Millions of Dollars										2024-2028	2024-2033	
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033			
Increases in Discretionary Spending Designated as an Emergency Requirement													
Title I. Defense													
Budget Authority	10,600	0	0	0	0	0	0	0	0	0	0	10,600	10,600
Estimated Outlays	5,629	1,373	1,659	1,107	520	177	66	18	0	0	0	10,288	10,549
Title II. State, Foreign Operations													
Budget Authority	3,700	0	0	0	0	0	0	0	0	0	0	3,700	3,700
Estimated Outlays	3,583	60	33	15	5	2	1	0	0	0	0	3,696	3,699
Total Changes													
Budget Authority	14,300	0	0	0	0	0	0	0	0	0	0	14,300	14,300
Estimated Outlays	9,212	1,433	1,692	1,122	525	179	67	18	0	0	0	13,984	14,248
Decreases in Direct Spending													
Sec. 306. Funding for IRS and Related Agencies													
Budget Authority	-14,300	0	0	0	0	0	0	0	0	0	0	-14,300	-14,300
Estimated Outlays	-596	-857	-1,157	-1,500	-1,911	-2,359	-2,894	-3,014	0	0	0	-6,021	-14,288
Decreases in Revenues													
Sec. 306. Funding for IRS and Related Agencies													
Estimated Revenues	-1,131	-2,230	-2,931	-3,446	-3,772	-3,958	-3,892	-3,727	-1,053	-646	0	-13,510	-26,786
Net Increase in the Deficit From Changes in Direct Spending and Revenues													
Sec. 306. Funding for IRS and Related Agencies													
Effect on the Deficit	535	1,373	1,774	1,946	1,861	1,599	998	713	1,053	646	0	7,489	12,498

Source: Congressional Budget Office.

Estimates are relative to CBO's May 2023 baseline; enactment is assumed in November 2023.

IRS = Internal Revenue Service.

Titles I and II would provide supplemental appropriations for fiscal year 2024 to respond to the attacks in Israel and to provide other related assistance. The legislation would designate those amounts as emergency requirements in keeping with section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985.

In keeping with subsection 306(b) and at the direction of the House Committee on the Budget, section 306 is considered authorizing legislation rather than appropriation legislation. As a result, the estimated budgetary effects of that section are subject to pay-as-you-go procedures.

Section 306 would rescind certain unobligated funds provided to the IRS and other agencies in section 10301 of P.L. 117-169 (an act to provide for reconciliation pursuant to title II of S. Con. Res. 14). Most of those amounts are available to the IRS through 2031 for enforcement and related activities. CBO anticipates that rescinding those funds would result in fewer enforcement actions over the next decade and in a reduction in revenue collections. In total, CBO estimates, enacting section 306 would decrease outlays by \$14.3 billion and decrease revenues by \$26.8 billion over the 2024–2033 period, resulting in a net increase in the deficit of \$12.5 billion over that period.