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February 16, 2023

The Honorable Tim Scott
Ranking Member
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, D.C. 20510

The Honorable Mike Crapo
Ranking Member
Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Ranking Member Scott and Ranking Member Crapo:

On behalf of ICBA and the nearly 50,000 community bank locations we represent, I write to thank you for introducing the Prohibiting IRS Financial Surveillance Act of 2023 (S. 453), which would prohibit the Secretary of the Treasury from requiring any financial institution to report the inflows and outflows of account funds.

In the last Congress, the Biden Administration pressed to include such a requirement in the Build Back Better Act. Consumers, consumer advocates, small businesses, and financial institutions of all sizes and charter types strongly opposed this unworkable proposal. Any adjustment to the reporting threshold or exemption of certain transactions would not address the fundamental problems with this proposal. It would effectively lay down a data dragnet and transfer an unprecedented amount of data to the IRS, significantly more data than the agency can safely secure or use for any legitimate purpose.

This effort would come at the expense of the financial privacy of tens of millions of Americans. It would have no basis in reasonable suspicion of tax evasion and discard the due process concerns citizens rightly expect. Not surprisingly, polling by Morning Consult shows this proposal is opposed by 67 percent of survey respondents, representing a broad, bipartisan majority of Americans. It would only increase the challenge of bringing more Americans into the banking system and would drive out many of those currently in the system.

Thank you for introducing this important legislation. We look forward to working with you to advance it.

Sincerely,

/s/

Rebeca Romero Rainey
President & CEO

The Nation's Voice for Community Banks.®

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