

NEBRASKA TAXPAYERS FOR FREEDOM ISSUE PAPER: **PROTECT OUR BANK ACCOUNT PRIVACY.**

BACKGROUND. In its Build Back Better plan, the Biden Regime began a surveillance scheme, requiring banks and other financial institutions to provide the IRS details about their customers and data on accounts with deposits or withdrawals over \$600. Such financial transactions on mobile money apps, like PayPal or Cash App, also must become reported to the IRS. The Regime with its Treasury Department released this scheme in the FY 2022 budget proposal to help close the tax gap and finance an increase in government spending. The Biden Regime has stated that this proposal will allow the IRS to use the additional aggregate information from these account inflows and outflows to focus its enforcement efforts against wealthy tax evaders. Though initially promoted as a means to close the tax gap by targeting only wealthy taxpayers, its scope includes almost every American with an account at a financial institution.



THE BILL. Conservative Cong. Drew Ferguson (GA.) introduced [HR 1010](#), the Prohibiting IRS Financial Surveillance Act, to forbid these new financial account requirements. Under this bill, the Sec. of the Treasury cannot require a financial institution to report incoming or outgoing transactions of any amount or aggregate amount. Conservative congressmen and conservatives in general worry about individual privacy, the inability of the IRS to safeguard private bank account information, and undue burdens placed on families and businesses. “For the past two years, the Biden Administration and Congressional Democrats have worked to inflate the unchecked power of the IRS by implementing a broad financial surveillance regime – putting the financial information of millions of Americans at risk,” said Congressman Ferguson, “This surveillance is an invasion of privacy and it's in every American’s best interest that we protect their private financial information. By hiring 87,000 new agents to harass and audit thousands of hardworking families, farmers, and small businesses without probable cause, the Democrat’s intent to weaponize the IRS is crystal clear and this important legislation stops this radical, big-government overreach.” His bill does not restrict an existing provision of current law, such as the Bank Secrecy Act, or existing subpoena authority. [HR 1010](#) has 51 co-sponsors and currently is in the House Financial Services Committee, awaiting a vote to advance it to the full House for debate.

OUR REASONING. Such laws have given the IRS unchecked and unlimited authority, placing citizens at greater risk of an audit. Private taxpayer information leaked and breached by the IRS in recent years. Following years of scandals, including lost or destroyed taxpayer returns and personal data leaks, the IRS should not gain further authority over our bank accounts. Democrats have weaponized the IRS to harass hardworking taxpayers and small businesses with opposing political views. Now, the Biden Regime has created an army of 87,000 new IRS agents who can snoop through our personal finances. The Regime continues to extend its powers and threaten the security and privacy of millions of Americans' financial information. The Regime vastly expanded IRS designed to enforce control over American families and small businesses who are only trying to survive during this time of massive and persistent inflation. Not only is the IRS impending intimidation campaign expected to violate privacy, it also will impose enormous costs that small businesses cannot afford. This intrusive reporting requirement, and the data security and privacy risks it entails, will help drive Americans out of the financial system and deter others from opening accounts. According to FDIC research, more than 1/3 of unbanked Americans cite distrust of financial institutions as a reason for not having an account, and requiring institutions to report more financial activity to the IRS would likely increase reluctance to enter the system. Banks and credit unions need ability to assure depositors and prospective depositors that the financial services they provide are secure and that individual financial data and privacy will not face risk from the IRS. Additionally, instituting these requirements would require financial institutions to completely revamp and overhaul their internal reporting structures, cumbersome and costly even without future expansions of the reporting requirement. Modifications to this proposal, such as increasing the threshold or exempting specific activities, do not alleviate these concerns. An increase in the reporting threshold still would require financial institutions to assess all accounts for potential applicability, and adding exemptions for some transactions, such as paycheck deposits and rent or mortgage payments, would only increase the burden on institutions, as they must identify and exclude those activities before aggregating the remaining annual flows. Adjustments to the reporting threshold or exemption of certain transactions would not address the fundamental problems with this plan. Financial services already report a large amount of information to the government on accounts. There is no detailed cost-benefit analysis to assess the impacts of this proposal. It is unclear if the collection of more data, rather than the more effective use of current data and increasing staff levels to expedite audits of suspicious returns, would better increase tax compliance. Moreover, protecting account holder data and privacy-related concerns should be a primary concern for lawmakers, because these new requirements would provide the IRS with more individual financial data while

the agency faces serious challenges in combating identity theft and securing tax information.¹ Consumers, consumer advocates, small businesses, and financial institutions of all sizes and charter types strongly oppose this unworkable 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 a legitimate purpose. This effort would occur 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 hold dear.² Biden and Congressional Democrat hiring 87,000 IRS agents is an attempt to squeeze every penny out of hard-working Americans, when the majority are already living paycheck to paycheck. The Joint Committee on Taxation has analyzed the proposal and found that it is likely to impact taxpayers in every income bracket, including those making less than \$50,000 annually. Every American working a minimum wage job would become entangled in this new IRS reporting regime. Almost every American, even those below the poverty line, would become subject to this proposed reporting regime, the purpose of which is to collect more taxes. The Biden scheme would result in massive compliance costs for banks and credit unions, especially smaller community institutions. These burdens will cause banks to either close or merge with other institutions after it becomes too expensive to operate, leading to more banking deserts for rural and low-income Americans. Historically marginalized communities do not use traditional financial institutions because of distrust. Telling them that the IRS is monitoring their every transaction will turn people away from banks to shady areas of the financial system. The Regime proposal makes expanding financial inclusion to more citizens more difficult and introduces greater consumer protection risks.



TAKE ACTION NOW. Because the Biden Regime increasingly is weaponizing federal government agencies to harass conservative taxpayers, it is imperative that Congress vote this bill out of committee and onto the House floor, where conservative congressmen can debate it and hopefully pass it. Financial transactions and privacy for both individuals and financial institutions is imperative during the Biden Regime years. It is not the business of the Regime to know from who or where we obtain our money and how, when, and where we spend it. Using the information above, urge your congressman to advance [HR 1010](#). Email netaxpayers@gmail.com for congressional contact information and to join our NTF *Congress Watch Project*.

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¹ National Association of Federally-Insured Credit Unions, 2023.

² Independent Community Bankers of America.