



July 8, 2025

The Honorable Dave Joyce
Chair
Subcommittee on Financial Services and
General Government
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Steny Hoyer
Ranking Member
Subcommittee on Financial Services and
General Government
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Bill Hagerty
Chair
Subcommittee on Financial Services and
General Government
Committee on Appropriations
U.S. Senate
Washington, D.C. 20510

The Honorable Jack Reed
Ranking Member
Subcommittee on Financial Services and
General Government
Committee on Appropriations
U.S. Senate
Washington, D.C. 20510

Dear Chair Joyce, Chair Hagerty, Ranking Member Hoyer and Ranking Member Reed:

On behalf of the Small Business Tax Reform Coalition (SBTRC), we urge the Financial Services and General Government Subcommittees to maintain robust funding for the Internal Revenue Service (IRS) in the Fiscal Year 2026 (FY26) appropriations bill to ensure the agency can effectively collect revenue needed to offset the mounting deficit, enforce accountability among large corporations and high-income taxpayers, and deliver critical tax filing assistance to millions of small business owners and entrepreneurs.

Given the complexity of the U.S. tax code, many businesses rely on third-party tax professionals to navigate filing requirements, improve efficiency, and identify tax deductions and credits that help reduce their tax liability. However, our nation's smallest businesses oftentimes cannot take advantage of these third-party professionals due to the cost of their services, leaving millions of small business owners left to navigate the annual tax filing process on their own.

With limited capital and resources, small business owners and entrepreneurs depend on the IRS's tax filing services to meet their obligations accurately and affordably. In FY24, the IRS provided tax filing assistance to over 62 million taxpayers, including millions of small business owners, entrepreneurs, and gig-economy workers.¹ Additionally, recently allocated modernization funding provided through the Inflation Reduction Act (IRA) has enabled the IRS to increase revenue through improved tax compliance and enforcement efforts. In fact, the IRS previously estimated that the \$80 billion in IRA funding would raise around \$561 billion in the next decade. Small business owners have also recognized the improvements made at the IRS and the need to sustain increased funding. Small Business Majority research found that more than half of small business owners support continued additional IRS funding, with strong majorities saying the agency needs more resources to improve customer service (85%), audit large corporations (82%), and provide tax filing assistance (81%).² As Congress debates legislation that, according to the Committee for a Responsible Federal Budget, will add upwards of \$4 trillion to our

¹ "Service to taxpayers." Internal Revenue Service. 2024. [https://www.irs.gov/statistics/service-to-taxpayers#:~:text=Highlights%20of%20the%20data,Centers%20\(Table%209%20XLSX\)](https://www.irs.gov/statistics/service-to-taxpayers#:~:text=Highlights%20of%20the%20data,Centers%20(Table%209%20XLSX)).

² "Opinion Poll: Small businesses support bottom-up tax reforms." Small Business Majority. August 28, 2024. <https://smallbusinessmajority.org/sites/default/files/research-reports/opinion-poll-small-businesses-support-bottom-up-tax-reforms.pdf>

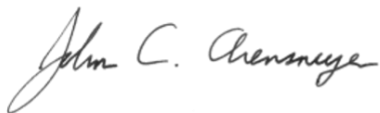
national debt, it is critical that the IRS has the tools necessary to collect revenue, support small businesses in filing assistance, and enforce tax laws that help keep small businesses on a level playing field with larger companies.³

Despite the IRS's proven track record of raising revenue and supporting taxpayers through increased investments, the U.S. Department of the Treasury's FY26 budget proposal would slash IRS funding by \$2.5 billion, rescind an additional \$16.5 billion in unobligated IRA funds, and significantly reduce staffing levels, undermining the IRS's ability to carry out essential enforcement and compliance services.⁴ Therefore, we urge Congress to recognize the importance of supporting the IRS and warn against adopting the administration's FY26 budget proposal which would significantly undermine the IRS's capacity to collect hundreds of billions of dollars in revenue that is owed by taxpayers, further increasing the deficit.

While larger, wealthier businesses and individuals can afford to rely on third-party tax professionals, millions of lower-income entrepreneurs and small business owners depend on a fully staffed, well-functioning IRS for essential tax filing support. Without sufficient staffing and resources, the IRS's ability to collect revenue, enforce the tax code to ensure taxpayers are paying what they owe, and deliver customer service will be severely compromised, resulting in increased tax fraud and unpaid taxes that cost the U.S. nearly \$700 billion annually.⁵

To ensure the IRS can continue serving millions of small business owners and entrepreneurs, while also collecting revenue, reducing the deficit and holding wealthy corporations and individuals accountable, we urge you to maintain robust funding for the agency. This includes preserving the additional IRA funding that has allowed the IRS to modernize its operations and strengthen enforcement. Thank you for your consideration, should you have any questions, please contact Alexis D'Amato, Small Business Majority Government Affairs Director, at adamato@smallbusinessmajority.org.

Sincerely,



John Arensmeyer
Founder & CEO
Small Business Majority



Richard Trent
Executive Director
Main Street Alliance

³ "Senate Proposes \$4.2 Trillion of Tax Cuts" Committee for a Responsible Federal Budget. <https://www.crfb.org/blogs/senate-proposes-42-trillion-tax-cuts>

⁴ "Department of the Treasury Internal Revenue Service Congressional Budget Justification." U.S. Department of the Treasury. 2025. <https://home.treasury.gov/system/files/266/02.-IRS-FY-2026-CJ.pdf>

⁵ "IRS: The tax gap." Internal Revenue Service. <https://www.irs.gov/statistics/irs-the-tax-gap>