Representative Kris Jordan
Chair, House Financial Institutions Committee
Ohio House
77 S. High St., 11th Floor
Columbus, Ohio 43215
***Delivered via email: Ben.Weber@ohiohouse.gov***

November 8, 2021

The Honorable Chairman Jordan,

The OBL is the foremost trade association for the Ohio banking industry – and is Ohio's only organization focused on meeting the needs of *all banks and thrifts* in the Buckeye State. The non-profit association is comprised of more than 170 FDIC-insured financial institutions including commercial banks, savings banks, and savings and loan associations ranging in size from just over $13 million in assets to more than $3 trillion and employing over 60,000 Ohioans.

On behalf of our members, I write to you in support of House Concurrent Resolution 36 expressing opposition to a proposal under consideration in Congress as part of the reconciliation package that would create new tax information reporting requirements. While OBL supports adequate funding and resources to promote compliance with our nation's tax laws, the requirements are far more expansive and complicated than some would. The proposal would also generate a new trove of data that the Internal Revenue Service (IRS) is unlikely to be able to use or protect and would impact the privacy of nearly every American.

The proposal, if enacted, would require financial institutions to report to the IRS information on both customers' personal and business account inflows and outflows for almost every account owner. These new reporting requirements raise serious concerns about consumers' right to privacy. It would also increase the cost of tax preparation for individuals and small businesses and could discourage some consumers from joining the banking system.

As proposed by Treasury, with a minimal threshold for gross inflows and outflows, nearly every bank account in the country would be captured by this requirement. This approach does not just target the wealthy tax, but instead captures information on almost every U.S. taxpayer.

Further, the IRS experiences 1.4 billion cyberattacks annually, has had multiple data breaches, and continues to deal with the fallout of identity theft and false tax returns. Adding an entirely new set of consumer data will likely compound the IRS's systemic problems and expose even more taxpayer data to potential misuse. It is impractical and ill-advised for the government to put this significant amount of additional sensitive financial data at risk, especially when the IRS does not have the capability to effectively utilize that data.

In addition to the challenges associated with protecting this new data, policymakers should consider the potential unintended consequences of leveraging financial institutions' relationships to execute such a large-scale and detailed reporting regime. Privacy concerns are already cited as one of the top reasons that individuals choose not to open bank accounts. A reporting regime of this magnitude would potentially undermine local financial institutions efforts to reach populations that are suspicious of working with regulated financial institutions and would push those households back into the unbanked and underbanked population.

Finally, financial institutions already report a tremendous amount of data to the IRS, and it is questionable that this additional information would materially improve the IRS's ability to identify tax evaders or to deter evasion over and above the tools already at the IRS's disposal.

For these reasons, we urge your support of HCR. Please feel free to contact me if you have any questions regarding our position at dboyd@ohiobankersleague.com or (614) 340-7608.

Sincerely,

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