II

117TH CONGRESS
2D SESSION

S. 5311

To reform the resources available to the Internal Revenue Service, and for other purposes.

IN THE SENATE OF THE UNITED STATES

DECEMBER 20, 2022

Mr. PORTMAN (for himself and Mr. CARDIN) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

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A BILL

To reform the resources available to the Internal Revenue Service, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "IRS Customer Service and Transformation Act of 2022".

SEC. 2. PURPOSE.

The purpose of this Act is to address processing backlogs with respect to income tax returns and improve taxpayer services, including by—

(1) establishing customer service and technology modernization objectives, allowing for hiring flexibility, and providing taxpayer support;

(2) modernizing information technology to effectively upgrade and integrate Internal Revenue Service systems, provide additional electronic forms and filing, and enhance digital taxpayer services; and

(3) conducting research on how the Internal Revenue Service can support taxpayers, increase compliance, and increase the efficiency of Internal Revenue Service activities through the use of improved methods and technology.

SEC. 3. IMPROVING CUSTOMER SERVICE AND TECHNOLOGY AT THE INTERNAL REVENUE SERVICE.

(a) MULTI-YEAR OPERATIONAL PLAN.—

(1) INITIAL PLAN.—Not later than 6 months after the date of the enactment of this Act, the Commissioner of Internal Revenue shall submit to Congress a plan detailing how the Commissioner intends to meet customer service and technology modernization objectives, modernize information technology, and implement improved methods and technology to support taxpayers and increase the effi-

ciency of Internal Revenue Service tax return and correspondence processing, including a specific timeline and detailed description of which elements of the Taxpayer First Act Report (as submitted to Congress on January 1, 2021) would be implemented and the amount and source of any funding required.

(2) SEMIANNUAL UPDATES.—Not later than the date that is 18 months after the date of the enactment of this Act, and semiannually for the next 10 years thereafter, the Commissioner of Internal Revenue shall submit to Congress a report on the plan established under paragraph (1), including—

(A) any updates to the plan;

(B) progress made in implementing the plan; and

(C) any changes in circumstances or challenges in implementing the plan.

(3) REPORTS BY GOVERNMENT ACCOUNTABILITY OFFICE.—For each calendar year after 2022 and before 2032, the Comptroller General shall report to the Committees on Finance, Appropriations, and Governmental Affairs of the Senate, and to the Committees on Ways and Means, Appropria-

tions, and Government Reform and Oversight of the House of Representatives, with respect to—

(A) strategic and business plans for the Internal Revenue Service;

(B) progress of the Internal Revenue Service in meeting its objectives;

(C) the budget for the Internal Revenue Service and whether it supports its objectives;

(D) progress of the Internal Revenue Service in improving taxpayer service and compliance;

(E) progress of the Internal Revenue Service on technology modernization;

(F) the status and progress of processing backlogs for taxpayer returns and correspondence; and

(G) the status and progress of plan described in paragraph (1).

(b) CUSTOMER SERVICE AND ELECTRONIC FILING REQUIREMENTS.—

(1) CUSTOMER SERVICE.—

(A) IN GENERAL.—Not later than January 1, 2025, the Internal Revenue Service shall, to the extent possible—

(i) with respect to level-of-service measures (including all communication channels, such as phones and secure messaging) for wait-and-response times (as determined based on data for the most recently completed 3-year period), attain not less than 90 percent level-of-service;

(ii) employ callback service on not less than 95 percent of telephone calls made by taxpayers which are not answered within 3 minutes;

(iii) process all taxpayer correspondence not later than 45 days following the date of receipt; and

(iv) develop and deploy technology for secure communication with taxpayers through e-mail, secure messaging, text messages, video teleconferencing, or other similar technologies.

(B) ADJUSTMENT.—

(i) IN GENERAL.—The requirements described in clauses (i) and (ii) of subparagraph (A) may be adjusted, as appropriate, for aberrations affecting call volume, regulatory and procedural accuracy, professionalism, timeliness, and customer service satisfaction.

(ii) REPORT.—In the case of any adjustment described in clause (i), the Commissioner of Internal Revenue shall submit a report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives with respect to—

(I) the reason that the requirement described in clause (i) or (ii) of subparagraph (A) was adjusted; and

(II) the relevant aberration requiring such adjustment.

(2) ELECTRONIC FORMS AND FILING.—

(A) FORMS.—Not later than January 1, 2026, any forms used by the Internal Revenue Service which are made available to the public shall—

(i) bear a code that, when scanned, converts such form to electronic format (or which is functionally similar or applies more up-to-date technology);

(ii) allow for optical character recognition software (or functionally similar technology) to transcribe all paper returns which do not contain the technology described in clause (i); and

(iii) be permitted to be filed electronically within 90 days of release, including—

(I) automated translation of such forms into other languages; and

(II) establishment of secure digital signature technology.

(B) DIGITIZATION OF FORMS.—Not later than January 1, 2026, Internal Revenue Service Forms 941, 1040, 1040X, 1065, 1120, and any other such form which is identified by the Secretary of the Treasury or the Secretary's delegate (including any successor form), shall contain the most up-to-date technology which allows for the conversion of paper-filed returns to an electronic format.

SEC. 4. COUNSEL IN THE OFFICE OF THE TAXPAYER ADVOCATE.

(a) IN GENERAL.—Section 7803(c)(2)(D)(i) of the Internal Revenue Code of 1986 is amended—

(1) in subclause (I), by striking "and" at the end,

(2) in subclause (II), by striking the period at the end and inserting "; and", and

(3) by adding at the end the following:

"(III) appoint counsel in the Office of the Taxpayer Advocate to report directly to the National Taxpayer Advocate.".

(b) PURPOSE.—The purpose of this section is to conform to the intent of the Internal Revenue Service Restructuring and Reform Act of 1998 (Public Law 105–206), as set forth in the joint explanatory statement of the committee of conference accompanying Conference Report 105–599, that the National Taxpayer Advocate be able to hire and consult counsel as appropriate.

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