



23 State Financial Officers: Biden Plan to Monitor Middle Class Bank Accounts is Largest Data Mining Exercise in U.S. History

Banking activity of 100 million Americans could be subject to IRS examination

News Release

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WASHINGTON, D.C. – Twenty-two State Treasurers, Auditors, and financial officers joined today to oppose a Biden administration proposal that empowers the IRS to monitor American bank accounts with more than \$600 of deposited funds. If the proposal is enacted, the private banking activity of more than 100 million Americans could be subject to examination by the IRS.

“We do not believe the federal government should give the IRS the unprecedented and unconstitutional power to peer into law-abiding citizens’ private financial accounts,” wrote the financial officers in a letter to President Biden and Treasury Secretary Yellen. “This would be one of the largest infringements of data privacy in our nation’s history and is a direct assault on the financial disclosures of all Americans.”

“The Biden administration is trying its hardest to make up for the massive amount of debt he and his party are putting our country in,” said Arkansas

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State Treasurer Dennis Milligan, chairman of the State Financial Officers Foundation (SFOF). "In doing so, they are burdening middle-class Americans and small businesses in the name of trying to catch tax evaders. People who evade taxes aren't your hardworking middle-class Arkansans. This is just another government overreach."

Nebraska State Treasurer John Murante, incoming chairman of the State Financial Officers Foundation, further explained: "This could lead to a tremendous invasion of privacy the likes of which our country has never seen. Millions of law-abiding Americans would suddenly have their bank accounts opened to federal investigators for no more reason than buying a refrigerator. This is simply unconscionable. To make matters worse, under this proposal, saving for college could put an American family on the IRS's radar."

The proposed IRS monitoring plan was first made in May 2021 and is included in \$3.5 trillion spending bill currently being debated in the U.S. Congress.

"If passed, this will be one of the largest and most continuous data mining exercises against Americans in our history and will put a constant strain on customer privacy, data security, and overall safety of the banking system," the financial officers' letter continued. "Moreover, there are no guardrails in place to prevent any abuse of this information by the IRS or other government actors. We urge you to consider the negative impacts this initiative would have."

The letter issued to President Joe Biden and Treasury Secretary Janet Yellen was signed by Arizona State Treasurer Kimberly Yee, Arkansas Treasurer Dennis Milligan, Florida Chief Financial Officer Jimmy Patronis, Idaho Treasurer Julie Ellsworth, Indiana Treasurer Kelly Mitchell, Kentucky Auditor Mike Harmon, Kentucky Treasurer Allison Ball, Louisiana Treasurer John Schroder, Mississippi Treasurer David McRae, Missouri Treasurer Scott Fitzpatrick, Nebraska Treasurer John Murante, North Dakota Treasurer Thomas Beadle, Ohio



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Treasurer Robert Sprague, Oklahoma State Treasurer Randy McDaniel, Pennsylvania Treasurer Stacy Garrity, South Carolina Treasurer Curtis Loftis, South Dakota Treasurer Josh Haeder, Texas Comptroller, Glenn Hegar, Utah Auditor John Dougall, Utah Treasurer Marlo Oaks, West Virginia Treasurer Riley Moore, West Virginia State Auditor John “JB” McCuskey, Wyoming State Treasurer Curt Meier, and SFOF CEO Derek Kreifels.

FULL LETTER ([See PDF with Signatures](#))

As State Treasurers, Auditors and financial officers, we are joining together with our local citizens’ community banks and credit unions to express our opposition to any proposal that would require financial institutions to turn over private citizens’ personal bank account information to the Internal Revenue Service (IRS) if they exceed \$600 of inflows or outflows in an account.

We do not believe the federal government should give the IRS the unprecedented and unconstitutional power to peer into law abiding citizens’ private financial accounts. This would be one of the largest infringements of data privacy in our nation’s history and is a direct assault on the financial disclosures of all Americans.

This would impact well over 100 million Americans who currently have a financial account. In the last year alone, over 127 million Americans qualified for the CARES (Coronavirus Aid, Relief, and Economic Security) Act which deposited funds in excess of \$600 into their financial accounts. Funds deposited included \$600 weekly boost in unemployment benefits from the Federal Pandemic Unemployment Compensation Program (FPUC) for the 25 million Americans who lost their job during the pandemic, roughly \$3,200 in Economic Impact Payments (EIP) and most recently Advanced Child Tax Credit Payments to millions of Americans.



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Simply put, this is a direct assault on all Americans of all economic demographics and includes all business and personal accounts.

There is zero quantitative or qualitative evidence that this proposed measure will aid in collecting taxes from tax evaders.

The IRS is a constant target of cyber criminals and in recent years has suffered significant breaches. This reporting requirement will consistently put a large amount of sensitive financial data in transit to the IRS and will be at constant risk of cyber-attack. The IRS does not currently have the capability to effectively utilize or protect this data.

If passed this will be one of the largest and most continuous data mining exercises against Americans in our history and will put a constant strain on customer privacy, data security and overall safety of the banking system.

Designing a system to track and report all account inflows and outflows of \$600 or more for every customer will have a devastating cost impact on small community banks and credit unions.

A goal of the banking industry is to reduce the number of unbanked Americans. A financial account is an important step in creating a positive relationship with financial institutions and is a steppingstone to financial health. Requiring financial institutions to police accounts and constantly report to the government may create a lack of trust, causing many to close financial accounts increasing the number of unbanked Americans.

There are no guardrails in place to prevent any abuse of this information by the IRS or other government actors.



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This proposal may cause massive increases in tax preparation costs for America's small businesses which are the heartbeat of our economy.

As Treasurers and Auditors we want to join the many state bank and credit union associations who oppose this type of intrusive action. We urge you to consider the negative impacts this initiative would have on individuals and small businesses in all of our communities, along with the negative impact on local financial institutions.

About the State Financial Officers Foundation (SFOF)

The State Financial Officers Foundation's (SFOF) mission is to drive fiscally sound public policy, by partnering with key stakeholders, and educating Americans on the role of responsible financial management in a free market economy. To learn more, visit SFOF.com.



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