

March 13, 2018

Chairman Thad Cochran  
Vice Chairman Patrick Leahy  
Committee on Appropriations  
Room S-128, The Capitol  
Washington, D.C. 20510

Chairman Rodney Frelinghuysen  
Ranking Member Nita Lowey  
H-305, The Capitol  
Washington, DC 20515

Chairman Cochran, Chairman Frelinghuysen, Vice Chairman Leahy and Ranking Member Lowey,

As you assemble the FY 2018 omnibus appropriations bill, we hope you would retain provisions of the FY '18 Financial Services General Government Appropriations bill based on the bipartisan IRS Data Verification Modernization Act, H.R.3860. This bill would require small tech upgrades at the IRS which would produce great benefits to our economy by increasing access to capital and making it more affordable, faster, easier, and safer for small businesses to borrow. Specifically, it would require the Internal Revenue Service (IRS) to consider technical upgrades that would enable borrowers to submit the complete IRS form 4506-T online and instantly and directly share tax return information with their lenders.

The 4506-T form is a tool for small businesses' access to capital, but outdated paper processing prevents this tool from being used effectively. The form allows taxpayers to authorize IRS to send a summarized transcript of their tax returns to a third party, such as a lender. Many small business owners have weak or average personal credit profiles because the business owner often carries a large balance on credit cards to get a business off the ground. By accessing form 4506-T via an application programming interface (API), lenders would be able to look beyond credit scores as they make credit decisions and consider detailed, verified, multi-year financial data. They could see, for instance, that an applicant's small business has been growing steadily over the last three years, and maintaining a solid or increasing income. Unfortunately, up-to-date online technology, such as API, is not being used today for the 4506-T. We believe many small business borrowers are now being declined by lenders offering prime rates because there is no timely solution for lenders to receive the appropriate forms from the IRS. As a result, these small businesses borrowers are often forced to turn to higher rate, higher cost financing, or see their application rejected.

The IRS should move passed the era of paper processing in this critical area. While IRS already accepts e-signatures and already sends 4506-T tax data directly to third parties online, current technology for this form would allow the IRS to make the verified information available to lenders securely and instantly. We thank you for your consideration of this bipartisan bill that supports responsible lending to the small businesses that our economy and our middle class depend on.

Sincerely,

Independent Community Bankers of America  
Responsible Business Lending Coalition  
Marketplace Lending Association  
Consumer Bankers Association  
Electronic Transactions Association  
Innovative Lending Platform Association  
Online Lenders Alliance  
Equipment Leasing and Finance Association  
U.S. Chamber of Commerce  
Financial Innovation Now

Cc:

Speaker Paul Ryan  
Majority Leader Mitch McConnell