THE AMERICAN ECONOMIC ASSOCIATION

Committee on Economic Statistics and **Committee on Government Relations**

Response to the Notice of Proposed Rulemaking:
Proposed Amendments to Regulations Relating to Disclosure of Specified Tax-Return Information to the Census Bureau

The American Economic Association (AEA) is a 20,000+ member organization dedicated to promoting vibrant economic research. The AEA's Committee on Economic Statistics (AEAStat) promotes access to timely, detailed, high-quality, and useful economic statistics provided by the federal government and other sources. The AEA's Committee on Government Relations (CGR) is charged with representing the interests of the economics profession in Washington, D.C., and around the country, without taking a position on questions of economic policy or on any partisan matter. AEAStat and CGR welcome this opportunity to comment on the IRS's proposed amendments to "Disclosures of Return Information Reflected on Returns to Officers and Employees of the Department of Commerce, including the Bureau of the Census, for Certain Statistical Purposes and Related Activities" (IRS and REG-123376-22).

AEAStat and CGR support and applaud IRS's proposal to amend provisions for sharing specified tax-return information with the Census Bureau. Existing provisions for data sharing have provided essential inputs into Census Bureau statistics on U.S. households and businesses, which in turn are an important basis for economic research and more generally help inform the economic decisions of U.S. businesses, communities, individuals, financial-market participants, and federal, state, and local policymakers. AEAStat and CGR expect the proposed amendments to increase the benefits from sharing IRS data with the Census Bureau. The proposed changes will facilitate timely flow of limited tax-return data to the Census Bureau, by eliminating the need to amend data-sharing provisions for format-related changes in tax documents. They will also facilitate timely release of research based on both IRS and Census Bureau data, by permitting the IRS to authorize use of the Census Bureau's disclosure-review process as long as meets or exceeds IRS requirements for protecting the confidentiality of returns and return information. In addition, the proposed amendments will improve the Census Bureau's ability to accurately estimate household incomes and otherwise evaluate and improve its statistical products, by providing the Census Bureau with additional tax-return detail.

AEAStat and CGR also encourage the IRS and Census Bureau, along with the Office of Management and the Budget (Office of the Chief Statistician) and other statistical agencies, to explore additional pathways for increasing the statistical agencies' access to tax data, well as greater sharing of administrative data across statistical agencies. It is widely recognized that increased use of tax records and other forms of

administrative data has significant promise for improving statistics on U.S. households and businesses.[1] Additionally, the Foundations for Evidence-Based Policymaking Act of 2018 calls for increased use of linked statistical and administrative data for improving the evidence basis of government policy, yet special restrictions on access to tax data for research purposes constrain its expanded use.[2] AEAStat and CGR support further consideration of possible means of expanding access to tax data for appropriate purposes, in the context of secure computing environments that reliably protect the confidentiality of businesses and people represented in the data.

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[1] National Academies of Sciences, Engineering, and Medicine. *Toward a 21st Century National Data Infrastructure: Enhancing Survey Programs by Using Multiple Data Sources*, Chapter 5. Washington, DC: National Academies Press,
[2] B. Johnson, "IRS Statistics of Income Division's Joint Statistical Research Program," 2019. D. Card, et al., "Expanding Access to Administrative Data for Research in the United States," 2011. A. Bee and J. Rothbaum, "The Administrative Income Statistics (AIS) Project: Research on the Use of Administrative Records to Improve Income and Resource Estimates," Census Bureau SEHSD Working Paper Number 2019-36, October 2, 2019.