

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 7972
OFFERED BY MR. SMITH OF MISSOURI**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Taxpayer Workforce
3 Modernization Act”.

4 SEC. 2. IRS FELLOWSHIP PROGRAM.

5 (a) ESTABLISHMENT.—Not later than September 30,
6 2026, the Commissioner of Internal Revenue (hereinafter
7 known as the “Commissioner”), after consultation with
8 the Chief Counsel of the Internal Revenue Service (herein-
9 after known as the “Chief Counsel”) and the Chief Data
10 and Analytics Officer of the Internal Revenue Service
11 (hereinafter known as the “Chief Data Officer”), shall es-
12 tablish within the Internal Revenue Service a fellowship
13 program (hereinafter known as the “program”) to recruit
14 qualified data scientists in the private sector to join the
15 Internal Revenue Service to create and participate in the
16 task force established under subsection (e).

1 (b) OBJECTIVE.—The Commissioner, after consulta-
2 tion with the Chief Counsel and Chief Data Officer, shall
3 design the program in a manner such that the program—

4 (1) addresses such tax cases handled by the In-
5 ternal Revenue Service as the Commissioner deter-
6 mines—

7 (A) are the most complex, or

8 (B) include new and emerging issues, and

9 (2) recruits and retains outstanding and quali-
10 fied tax experts.

11 (c) ADVERTISEMENT OF PROGRAM.—The Commis-
12 sioner shall advertise the program in such a way as to
13 attract qualified data scientists and such other tax profes-
14 sionals as the Commissioner determines are appropriately
15 qualified to handle the most complex tax cases.

16 (d) STRUCTURE.—

17 (1) IN GENERAL.—The program shall be
18 staffed by not fewer than 10 fellows at the discretion
19 of the Commissioner based on the needs of the In-
20 ternal Revenue Service and the availability of quali-
21 fied candidates.

22 (2) TERM OF SERVICE.—

23 (A) IN GENERAL.—Each fellow shall be
24 hired for a 2-, 3-, or 4-year term of service.

25 (B) EXTENSIONS.—

1 (i) IN GENERAL.—A fellow may apply
2 for, and the Commissioner may grant, a 1-
3 year extension of the fellowship.

4 (ii) NO LIMIT ON NUMBER OF EXTEN-
5 SIONS.—There shall be no limit on the
6 number of extensions under clause (i).

7 (3) FELLOWSHIP VACANCIES.—The Commis-
8 sioner, after consultation with the Chief Counsel and
9 Chief Data Officer, shall fill vacant fellowships—

10 (A) in such a manner as to ensure that the
11 program is staffed with no fewer than 5 fellows,
12 and

13 (B) as soon as practicable after the va-
14 cancy arises.

15 (4) HIRING AUTHORITY.—The Commissioner
16 shall have authority to permanently hire a fellow at
17 the end of the term of service for such fellow.

18 (e) TASK FORCE.—Not later than the date on which
19 the first fellowship is awarded under this section, the Com-
20 missioner shall establish a task force within the Internal
21 Revenue Service and the office of the Chief Counsel in
22 both national and regional office placements that includes
23 the fellows hired pursuant to subsection (d), the purpose
24 of which is to—

1 (1) develop, test, and refine data-driven meth-
2 odologies to support audit case selection,

3 (2) educate Internal Revenue Service employees
4 on the use, interpretation, and limitations of data
5 analytics, models, and emerging analytic techniques
6 relevant to tax administration,

7 (3) support, in coordination with examiners and
8 tax experts, the audit of selected taxpayers through
9 advanced data analysis, transaction-level testing, and
10 quantitative modeling,

11 (4) support efforts to address offshore tax eva-
12 sion and issues implicating the Foreign Account Tax
13 Compliance Act through data integration, anomaly
14 detection, and network analysis,

15 (5) identify, mentor, and train junior employees
16 from the Internal Revenue Service with respect to
17 using data analytics and emerging analytic tech-
18 niques to identify risk and facilitate task administra-
19 tion improvements,

20 (6) review existing use cases of artificial intel-
21 ligence and data analytics with respect to tax admin-
22 istration, provide recommendations to improve on
23 such existing cases, and identify new such cases, and

1 (7) provide data-driven recommendations for
2 improving audit effectiveness and efficiency and for
3 improving improper tax payments.

4 (f) COMPOSITION.—The task force established under
5 subsection (e) may be composed of both—

6 (1) fellows, and

7 (2) permanent employees of the Internal Rev-
8 enue Service.

9 (g) PAY OF FELLOWS.—

10 (1) IN GENERAL.—The Secretary of the Treas-
11 ury (or the Secretary’s delegate) shall determine,
12 subject to the provisions of this subsection, the pay
13 of fellows recruited under subsection (a).

14 (2) PAY SCALE.—For purposes of paragraph
15 (1), the pay of a fellow shall not be less than the
16 minimum rate payable for GS–15 of the General
17 Schedule and shall not exceed the amount of annual
18 compensation (excluding expenses) specified in sec-
19 tion 102 of title 3, United States Code.

20 (h) ADMINISTRATION OF PROGRAM.—The Secretary
21 of the Treasury (or the Secretary’s delegate) may appoint
22 a lead program officer to administer and advertise the pro-
23 gram.

24 (i) ANNUAL REVIEW AND REPORT.—Not later than
25 1 year after the date on which the first fellowship is

1 awarded under this section, and annually thereafter, the
2 Commissioner shall submit to Congress a report con-
3 taining—

4 (1) an analysis of the effects of the program,

5 (2) an analysis of the return on investment of
6 the program, including calculations of all costs in-
7 curred and benefits incurred, which may include pre-
8 dicted revenue increases based on task force rec-
9 ommendations; tax revenue and penalties rec-
10 ommended, assessed, or collected due to the work of
11 the task force; and operational improvements in tax-
12 payer service,

13 (3) a description of the total number of fellows
14 who apply each year, and

15 (4) recommendations for changes to the pro-
16 gram, if any.

17 (j) RULES AND REGULATIONS.—The Commissioner,
18 with the approval of the Secretary of the Treasury (or the
19 Secretary’s delegate, other than the Commissioner), shall
20 promulgate such rules and regulations as may be nec-
21 essary for the efficient administration of the program.

22 (k) QUALIFIED DATA SCIENTIST DEFINED.—In this
23 section, the term “qualified data scientist” means a spe-
24 cialized professional who has demonstrated skills applying
25 advanced analytics, statistical modeling, or machine learn-

1 ing in complex regulatory, financial, or compliance envi-
2 ronments while working alongside tax law specialists and
3 other tax subject matter experts.

