



## DEPARTMENT OF THE TREASURY

### **The President's 2009 Budget will:**

- Help maintain healthy and competitive U.S. capital markets;
- Increase revenues through more effective tax collection;
- Promote global economic security; and
- Use technology to improve the Government's financial management.

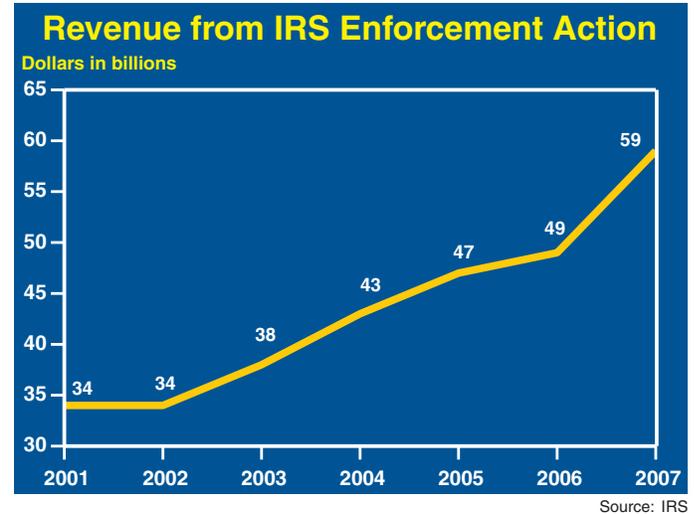
### ***Helping Maintain Healthy and Competitive U.S. Capital Markets***

- *Provides economic leadership.* Supports the analysis of, and coordinates appropriate responses to, economic challenges and opportunities.
- *Responds to troubled mortgage markets.* Partners with the private sector to assemble a group of lenders, loan servicers, mortgage counselors, and investors (the HOPE NOW Alliance) to identify troubled borrowers and help them refinance or modify their mortgages, so more families can stay in their homes.
- *Strengthens U.S. capital market competitiveness.* Continues the study of U.S. financial regulations and the Nation's regulatory structure to ensure that the United States continues to have the world's pre-eminent financial markets.
  - Treasury will work to strengthen financial reporting and auditing and will consider a modernized regulatory structure that improves oversight, reduces overlap, and adapts to market innovation.
- *Promotes financial literacy.* Supports the newly-formed President's Advisory Council on Financial Literacy and launches new activities, such as an exam and award program for high school students, to improve financial literacy in the United States.
- *Enhances financial market surveillance.* Enhances the Department's capability to provide a robust response to economic and financial crises through improvements to Treasury's crisis management infrastructure.

### ***Increasing Revenues through More Effective Tax Collection***

- *Reduces the tax gap.* Proposes 16 changes to existing tax law to help decrease the tax gap, which is the gap between taxes voluntarily paid on time and total taxes owed. These measures are estimated to generate \$36 billion in new revenues over 10 years.
  - A new tax gap reduction initiative will require the reporting of automated payments to support business income claims. Taxpayer errors are reduced and compliance rates improve when the Internal Revenue Service (IRS) can compare information provided in returns with information provided by third parties.

- *Collects revenues through law enforcement initiatives.* \$7.5 billion is provided for enforcement in 2009, an increase of 7 percent over 2008, including new initiatives with an expected return on investment of \$6.5 to \$1 once fully implemented.
  - New enforcement initiatives will improve revenue reporting of small businesses and the self-employed—estimated to be the largest component of the tax gap, increase reporting compliance of domestic taxpayers with offshore financial transactions, and increase audits of large corporations.



- In 2007, the IRS collected \$2.7 trillion in Federal tax revenue, with a record \$59 billion collected through enforcement activities, an increase of 20 percent over 2006. This represents a return on investment for enforcement-related activities of \$8.6 to \$1.

### ***Furthering Global Economic Security***

- *Strengthens global anti-money laundering efforts.* Improves anti-money laundering and law enforcement initiatives through increased sharing of financial intelligence throughout the U.S. intelligence community and with the Nation's international partners.
- *Modernizes money laundering information collection and analysis.* Retools Treasury's money laundering information technology system to increase the number of banks filing electronic Currency Transaction Reports and thereby reduce the cost of compliance with reporting requirements. This change will improve the quality and timeliness of data submitted, resulting in more accurate analyses.
- *Facilitates industry compliance with anti-money laundering initiatives.* Streamlines reporting requirements for the industry, tailors reporting requirements to industry segments that are newly covered by Federal regulations, and expands outreach to other regulators and the industry to ensure that requirements are applied consistently.
- *Supports international dialogue and partnerships.* Promotes continued outreach and cooperation with major trading partners and emerging economies, such as Europe, India, and Latin America, and supports the Strategic Economic Dialogue with China.

### ***Using Technology to Improve the Government's Financial Management***

- *Processes electronic tax returns more efficiently.* \$25 million to improve the ability of the IRS to receive and process electronically-filed tax Form 1040s.
- *Improves debt management.* Funds new investments in risk and portfolio management systems to better manage Treasury's \$9 trillion debt portfolio, ensuring that the U.S. Treasury market remains the pre-eminent sovereign debt market in the world.
- *Saves money through electronic Federal payments and collections.* \$47 million for new technology to increase electronic Federal payments and collections.
  - Each Federal payment converted from paper to electronic format saves the taxpayer 80 cents, and 19 cents is saved for each additional \$1,000 collected by the Government electronically.

***Since 2001, the Department of the Treasury has:***

- Implemented a series of major economic policy changes that have helped the economy generate approximately 8.3 million new jobs since 2003 and 2.8 percent average annual growth in gross domestic product.
- Responded to turbulence in the credit markets and the mortgage market, in particular, by aggressively working with other Federal agencies and the private sector to help homeowners avoid foreclosure.
- Increased electronic Federal payments to individuals and businesses from 72 percent to 78 percent in 2007, an increase of 90 million payments worth \$221 billion.
- Increased electronic filings of tax returns of individuals from 31 to 57 percent and businesses from 9 to 19 percent.
- Improved taxpayer service by increasing the percentage of calls answered by a live assistor from 56 percent to 82 percent in 2007 and by providing a new web-based service, which 31 million people used in 2007 to easily check the status of their refunds.
- Protected the financial markets and their critical infrastructure following the attacks on September 11th.
- Led the international community in efforts to safeguard the financial system from illicit abuse by North Korea and Iran.
- Promoted knowledge about the history and geography of the United States and the U.S. Presidents, and the rich diversity of the national heritage, through the 50 State Quarters Program and the Presidential Dollar Coins program.



Source: Bureau of Engraving and Printing

In 2008, Treasury will begin printing the re-designed \$5 bill, incorporating several new anti-money laundering security features.

### Increased Oversight of Elections, Improved Voter Systems

The Help America Vote Act of 2002 (HAVA) instituted new voting system and election oversight requirements and election administration standards. Over \$3 billion in Federal grants to States was authorized by HAVA and distributed to States and local governments since 2003, to improve the administration of elections and to replace antiquated voting equipment with systems that have robust security and accessibility features. In 2009, \$17 million is provided for the Election Assistance Commission (EAC) to develop, review, and publish a new set of voluntary voting system guidelines, which States use to determine their own voting system requirements. New guidelines will likely address wireless components of voting machines, software independence, and voter-verified paper audit trails, among other issues. EAC will also enhance its existing voting system certification program by incorporating the first Federal inspection program of voting machine manufacturers.

The financing of Federal election campaigns has also changed significantly during this Administration with increasing amounts of funds being raised and spent by Federal candidates in an expanding campaign activity period. To help meet the challenges posed by this growth, \$64 million is provided for the Federal Election Commission (FEC) in 2009 to enforce Federal campaign finance laws and to help bring transparency to the Federal campaign process. In 2009, FEC will make enhancements to its campaign finance disclosure database and website, and continue to increase the efficiency of its campaign finance enforcement and audit programs.

## Department of the Treasury

(In millions of dollars)

	2007 Actual	Estimate	
		2008	2009
<b>Spending</b>			
Discretionary Budget Authority:			
Internal Revenue Service .....	10,597	10,892	11,362
Financial Management Service .....	235	234	239
Departmental Offices .....	247	267	301
Bureau of Public Debt .....	176	173	177
Inspectors General .....	150	159	165
Alcohol and Tobacco Tax and Trade Bureau .....	91	94	97
Financial Crimes Enforcement Network .....	73	86	91
Community Development Financial Institutions Fund .....	55	94	29
All other .....	-145	-4	—
<b>Total, Discretionary budget authority .....</b>	<b>11,479</b>	<b>11,995</b>	<b>12,461</b>
<b>Total, Discretionary outlays .....</b>	<b>11,335</b>	<b>11,868</b>	<b>12,485</b>
Mandatory Outlays:			
Payment where Earned Income Exceeds Liability for Tax .....	38,274	39,463	41,022
Legislative proposal .....	—	—	-40

**Department of the Treasury—Continued**  
(In millions of dollars)

	2007 Actual	Estimate	
		2008	2009
Payment where Child Credit Exceeds Liability for Tax.....	16,159	16,321	16,780
Legislative proposal .....	—	—	3
Payment where Alternative Minimum Tax Credit Exceeds Liability for Tax.....	—	357	306
Interest Payments on Advances to the Black Lung Disability Fund Trust Fund.....	-717	-737	-758
Legislative proposal .....	—	—	-2,288
Internal Revenue Collections for Puerto Rico.....	462	404	389
Legislative proposal .....	—	75	102
Terrorism Insurance Program .....	2	152	426
Presidential Election Campaign Fund.....	32	208	2
All other .....	-990	-1,367	-1,143
Total, Mandatory outlays .....	53,222	54,876	54,801
Total, Outlays .....	64,557	66,744	67,286
<b>Credit activity</b>			
Direct Loan Disbursements:			
Community Development Revolving Loan Fund.....	1	5	5