

**Hearing Statement
Subcommittee on Financial Services and General Government
Committee on Appropriations**

**Department of Treasury and Internal Revenue Service
Budget Requests for FY 16
Chairman John Boozman**



Good afternoon. The subcommittee will come to order.

Today marks the first hearing of the Financial Services and General Government Subcommittee for the 114th Congress. This is also my first hearing as subcommittee chairman, and I am pleased to serve alongside the new ranking member, Senator Coons.

I would also like to acknowledge the other members of our subcommittee, Senator Moran, Senator Lankford, and Senator Durbin. Although our subcommittee is small, the number of agencies we fund is large and their impact on our economy is significant. I am confident that our members are up to the task before us.

As we begin this important hearing to review the budget requests of the Department of the Treasury and the Internal Revenue Service, we welcome our witnesses: Secretary Jack Lew, Commissioner John Koskinen and the Treasury IG for Tax Administration, Russell George. Thank you for being here. We look forward to your testimony.

As members of this Committee, we have a tremendous responsibility to ensure the hard-earned tax dollars from millions of Americans are spent appropriately.

Unfortunately, the President has put forth a budget that is out of touch with the needs and concerns of hardworking taxpayers. In his budget for fiscal year 2016, the President proposes to create \$2.1 trillion in new taxes, increase spending by 65% and add \$8.5 trillion to the debt over the next ten years. While hardworking Arkansans have been forced to cut their spending significantly in the last few years, the President has been unwilling to do the same in Washington.

Our country is in need of serious budgeting. All too often, Washington loses sight of the fact that every dollar the government spends comes out of the pocket of a taxpayer and is one less dollar that a taxpayer can spend to provide for their family, grow their business or help their neighbor.

As members of this committee we have a responsibility to ensure that decisions about federal funding are made with those taxpayers in mind. Nowhere is the need for oversight more apparent than in the agencies before us today.

When the IRS takes actions that breach the trust of the American people, it undermines taxpayers' faith in the impartiality of the agency. This self-inflicted damage harms the credibility that is essential for our voluntary compliance system to function. Americans have lost faith in the institution and you have a responsibility to regain their trust.

We have all heard too often that investigations into these issues are distracting and that everyone should move on.

Unfortunately, to taxpayers these responses appear to reflect a continued lack of accountability and a lack of leadership.

To repair that damage, there has to be fundamental change in the agency's culture – and that change must begin with complete transparency and acceptance of responsibility.

Unfortunately there is continued evidence of a culture that is simply out of touch with taxpayers. For example, hiring employees with past performance or conduct issues undermines the public trust in tax administration. Additionally, it weakens the public's confidence in the IRS's ability to safeguard taxpayer's rights and privacy.

Making bonuses a priority does not help the IRS regain the trust of taxpayers or raise confidence that the agency will enforce tax laws impartially, without regard to an individual's exercise of their constitutional rights.

As was the case in the previous fiscal year, in 2015 one of the IRS's first actions after the enactment of their appropriations bill was to announce they would pay out \$67 million in awards to employees.

Once again, IRS management seems to have forgotten that their most important customers aren't their own employees. They are the American people.

It is disappointing to see that the IRS budget request is again unrealistic. The President's request for the IRS for fiscal year 2016 is almost \$12.9 billion, a \$2 billion increase.

Under the Budget Control Act, the discretionary spending caps for fiscal year 2016 limit non-defense spending to \$493 billion. This represents an increase of \$1.1 billion over the fiscal year 2015 level for non-defense departments and agencies.

Yet for fiscal year 2016, the IRS has requested a base increase that is higher than the total increase available for all non-defense discretionary spending.

Also troubling is the request for an additional \$667 million dollars, above the limit on spending set by current law.

Treasury and the IRS are fully aware that such cap adjustments were not included in the Budget Control Act of 2011. No cap adjustment for the IRS has been authorized since then.

Given this fact, submitting an unrealistic request simply sets unreasonable expectations. This is even more troubling when funding for critical work, for example to protect taxpayers in the future from the trauma of identity theft, is left to be funded through a cap adjustment.

The American people want a government that works for them, not against them. They want us to curb Washington's wasteful spending habits; make the government more efficient effective and accountable, and pursue policies that create economic opportunities for everyone.

These are the priorities of the American people. They will be reflected in the critical oversight we conduct as we consider the fiscal year 2016 budget requests for all of the agencies within our jurisdiction.