



# Chairman Ander Crenshaw

*Subcommittee on Financial Services and General Government*  
*House Committee on Appropriations*

## **Oversight Hearing – Internal Revenue Service** **February 25, 2015** **Opening Statement As Prepared**

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Good morning. The hearing will come to order.

Today's hearing is the first of the year for our Subcommittee. Welcome to all of our returning Subcommittee Members; we appreciate your hard work and dedication. And a warm welcome to our Subcommittee's newest Members: Mr. Rigell of Virginia, Mr. Fattah of Pennsylvania, and Mr. Bishop of Georgia. We are glad to have you join us and look forward to working with you.

Today, the Subcommittee will hear about the activities and operations of the IRS from the Treasury Inspector General for Tax Administration, J. Russell George, and the National Taxpayer Advocate, Nina Olson. We appreciate their willingness to share their expertise with us again and to appear before the Subcommittee exactly 364 days since their last appearance.

As a matter of housekeeping for Members, we will be following the five-minute rule during the question and answer period of the hearing. I don't plan on cutting anyone off in mid-sentence, but if you could keep your questions and comments to about five minutes, that would be appreciated.

Members will be recognized in order of seniority based on who is seated at the beginning of the hearing, going back and forth between parties. Latecomers will be recognized in the order that they arrive, going back and forth between parties.

Last year was a very good year for the Subcommittee. It was the first time since 2008 that the Subcommittee's bill was brought to the House floor under an open rule thanks to the able and adept leadership of Mr. Rogers, the Chairman of the Full Committee. We do not know when the Budget Committee will complete its work on a budget resolution, but both the House and Senate Appropriations Full Committee Chairmen have said they intend to bring all 12 bills to the floor this year under regular order. And by that, I mean a process by which appropriations bills that reflect our funding priorities are marked up, subject to amendment in Committee and on the Floor, and then conferenced with the other Chamber.

For the first time since 2010, the Administration submitted its budget request on time in accordance with the Congressional Budget Act on the first Monday of February. While timeliness is always appreciated, a budget that spends more, taxes more, and borrows more is not.

Within the President's request is a massive \$2 billion, or 18 percent, increase for the IRS. Earlier this month, the IRS Commissioner told the Senate Finance Committee that the IRS was not asking for an increase. No, they were just for the money that was taken away. If the Commissioner believes that the IRS is entitled to \$13 billion, he is mistaken. Entitlements are for Social Security benefits, Medicare, Medicaid, and so forth. Providing for the national defense is a Constitutional obligation, but even the Department of Defense must appear before the Appropriations Committee, justify and defend its budget request, provide reports and briefings, and subject itself to Congressional oversight and hearings before Congress will provide any funds. The IRS will have to do the same, starting with this oversight hearing.

I think we all want the IRS to answer the phones, prepare forms and instructions, process returns and refunds, and pursue criminals and tax cheats. But I also think we all want the IRS to administer the tax code in a fair and objective manner, respect the Constitutional rights of taxpayers, safeguard taxpayers from identity theft, and to be a good steward of the funds provided by Congress.

While the IRS has exhibited a litany of questionable practices and expenses over the past five years with regards to processing tax exempt applications, bonuses, conferences, videos, and now hiring, what I really want to hear today is how, or if, the IRS has or could change its ways.

After five years of budget cuts or freezes, I would hope that the IRS would have turned a new leaf by now – studying its budget line-by-line, identifying its highest priorities, reengineering its business practices, and concentrating its resources – both people and money – on what matters the most.

For example, the Commissioner frequently complains about the audit rate going down, but could the IRS do a better job of selecting which cases to audit and which ones not to audit? Has the IRS refined its selection criteria to reduce its rate of false positives – cases that are selected for audit, but do not result in a change in tax liability? Why expend limited resources and burden taxpayers, if they are ultimately found to be tax-compliant?

We deliberately lowered the IRS' funding to a level to make them think twice about what they were doing and why. They don't have a dime to spare on anything frivolous or foolhardy or even middling. The IRS should and must focus on the most important, the most egregious, and the most in need.

Again, welcome, General George and Ms. Olson; we look forward to your testimony and working with you to improve the IRS.

Finally, I want to take a minute to thank Mr. Serrano for working with me and all the Members of the Subcommittee last Congress. While we don't always agree on issues, we were partners through the hearings, marking the bill up in Committee, and conferencing with the Senate. I appreciate his efforts and insights to improve the bill. With that, I will yield to Mr. Serrano for any opening statements he would like to make.

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