



# Chairman Hal Rogers

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## House Committee on Appropriations

**Fiscal Year 2016 Budget Hearing: Internal Revenue Service**  
**IRS Commissioner John Koskinen**  
**March 18, 2015**  
**Opening Statement As Prepared**

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Mr. Chairman, thank you for yielding. Commissioner Koskinen, we are pleased to have you with us this morning to discuss the President's budget request for the Internal Revenue Service. It is always good to see someone with strong Kentucky roots in the hearing room, particularly during basketball season.

Mr. Commissioner, you've taken the helm of the IRS during a tough time in the history of the agency, and I applaud you for undertaking these difficult – and very important – responsibilities with competence and grace. While I think much of you personally, I unfortunately find many aspects of this budget request troublesome.

Since Fiscal Year 2011, this Committee has pared back IRS' astronomical budget requests on a bipartisan basis. This is largely a result of this Committee's concerted effort to reduce discretionary spending government-wide; justifiable concern over the implementation of ObamaCare and the Foreign Account Tax Compliance Act; and various objectionable management decisions at the agency – for example, targeting certain groups and holding lavish conferences at taxpayers' expense. It is therefore surprising to see that the Fiscal Year 2016 Budget Request for the IRS is \$12.9 billion - a significant 18% increase over the FY 2015 enacted level. The majority of this proposed increase, \$2 billion, would be utilized to implement ObamaCare and the Foreign Account Tax Compliance Act and towards a discretionary cap adjustment. There are a number of issues with this request, but three in particular stand out.

First, the Budget Control Act does not allow for a discretionary cap adjustment for the IRS. As you know, this would require a statutory change outside the jurisdiction of this Committee – a legislative change that has been rejected by both the House and Senate Budget Committees for four consecutive years. If the activities funded by the discretionary cap adjustment are important to this Administration, then you ought to operate within the amount allowed under the Budget Control Act. The IRS needs to prioritize its spending like every other federal agency.

Second, this Congress has repeatedly rejected additional funding for the implementation of ObamaCare. I am concerned, as are my colleagues, that the IRS, through CMS, recently made \$2.7 billion in payments to insurance companies without the approval of Congress. The courts will be the ultimate arbiter of this issue, but I can say without a doubt that this Committee has never appropriated a single penny to permit the Administration to make any Section 1402 Offset Program payments. Speaking of the courts, I would be remiss if I did not acknowledge *King v.*

*Burwell*, currently under consideration by the Supreme Court, which will determine whether the IRS can extend taxpayer subsidies to individuals who purchase coverage through the health care exchange developed by the Federal Government. While the Supreme Court probably won't rule on the case until this summer, now is a good time to start thinking about the potential impact of the case on the IRS.

Finally, I am disappointed that the IRS requests to eliminate the three administrative provisions that have been enacted on a bipartisan basis for several years. Since the IRS' targeting and spending scandals, Appropriations bills have included prohibitions against: targeting U.S. citizens for exercising their First Amendment rights, targeting groups for regulatory scrutiny based on their ideological beliefs, and making videos without advance approval. We are dealing with taxpayers' money and these provisions lay out what most people would consider common-sense policies.

Mr. Commissioner, I thank you for being with us today. This Committee takes seriously our role in overseeing the budget and policies of the IRS, and I appreciate your continued engagement with us. I yield back.

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