



Chairman Hal Rogers

House Committee on Appropriations

FY 2017 Budget Hearing: Department of the Treasury March 16, 2016 Opening Statement As Prepared

Mr. Chairman, thank you for yielding. Secretary Lew, we are pleased to have you with us this morning to discuss the President's Fiscal Year 2017 budget request for the Department of Treasury.

Treasury's budget, perhaps more so than any other agency, should be viewed through the lens of the President's entire budget request and the state of our nation's economy. As has been highlighted in recent months, deficit reduction and the reduction of our national debt is critical to our long-term economic and national security interests. The annual deficit reached a high-water mark of \$1.4 trillion in Fiscal Year (FY) 2009, but has since fallen to under \$439 billion in FY 2015 largely due to the hard work of this Republican led Congress.

Since 2009, Congress has worked to reduce discretionary spending by some \$126 billion. Of note, mandatory outlays, including net interest, has continued to increase significantly during this same time period. If we want to continue to reduce our deficit and chart a course for long-term economic security, we have absolutely got to get the mandatory side of the ledger under control. The President's FY2017 budget request proposes an increase of \$2.5 trillion in federal spending and \$3.4 trillion in tax increases over the next decade. Unfortunately, once again, there is sadly no leadership in addressing the challenges associated with ballooning mandatory spending. If we were to blindly follow the President down this path, by 2020, our country would spend more money on interest payments on the national debt than we would on protecting and defending our nation. This threatens to squeeze out all of the worthwhile programs that many of our constituents care for – from transportation projects and medical research, to housing assistance and our homeland security. Mr. Secretary, I hope you can shed some light on the Administration's plans to address this looming crisis.

The FY 2017 Budget Request for the Treasury Department is \$13.1 billion, which constitutes a significant \$1.2 billion increase over the enacted level. The majority of this proposed increase would be utilized by the IRS to implement ObamaCare and the Foreign Account Tax Compliance Act, for program increases and towards a discretionary cap adjustment. There are a number of issues with this request, but two in particular stand out.

First, the Bipartisan Budget Agreement 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 that has been rejected by both the House and Senate Budget Committees for five consecutive years. If the activities funded by the discretionary cap adjustment are important to this Administration, then they should operate within the amount allowed under the Bipartisan Budget Agreement. Mr. Secretary, the IRS needs to prioritize its spending like every other federal agency.

Second, I'm very disappointed to see that the IRS' budget proposal eliminates 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.

Finally, I would like to end my remarks on a positive note by thanking you for maintaining the \$5 million increase Congress provided last year to the office of Alcohol and Tobacco Tax and Trade Bureau. This relatively small office at the Treasury Department does great work on behalf of many of the distilleries in my district and around the country, which support a booming industry nationwide. This additional funding will help reduce the average processing time of distilled spirits labeling applications.

Mr. Secretary, I thank you for being with us today and I look forward to your testimony. I yield back.

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