



# Chairman Tom Graves

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

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**FY 2019 Budget Hearing - IRS  
April 11, 2018  
Opening Statement As Prepared**

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Good Morning, the hearing will come to order.

I want to welcome the Acting Commissioner of the Internal Revenue Service, David Kautter, to the Subcommittee to discuss the IRS budget request for 2019. I realize this is the first time you are testifying before this Subcommittee, and I appreciate you taking the time to be with us. I realize this is a very busy time for the IRS.

Late last year, Congress passed and President Trump signed the Tax Cuts and Jobs Act. As a result of this historic tax reform legislation, American families are taking home more of their hard-earned money, businesses are expanding and confidence in our economy is growing, which means more jobs and opportunity for the American people.

As Mr. Kautter is well aware, implementation of this law falls primarily on the IRS, which is why we provided \$320 million for its implementation in last month's government funding bill. Specifically, this funding will go toward updating 140 different IRS IT systems to accommodate more than 100 new tax code provisions before the next filing season.

The Subcommittee is also committed to providing \$77 million in 2019 to finish the law's implementation. I look forward to hearing how the implementation is progressing and how we can maintain the momentum.

Continuing on to the 2019 budget request, it also includes more than \$500 million for Operations Support. I know the Inspector General and Government Accountability Office repeatedly commented on IRS's mismanagement of IT projects – from insufficient IT workforce plans to legacy systems that run on software language from the 1950's. This mismanagement puts our tax collection operations at risk. This Committee expects better, as I know you do. I look forward to discussing how these funds will contribute to the replacement of legacy systems and the positive impact it will have on the overall taxpayer experience.

Additionally, the IRS is a prime target for cyber and identity theft because of the massive amount of personal information it receives and stores. In recent years, the IRS faced problems from data breaches in some of its e-Services, services such as the Get Transcript, Identification Protection PIN apps, and the Free Application for Federal Student Aid form, also known as FASFA. These

breaches allowed cybercriminals to access taxpayer information and file fraudulent tax returns. The IRS must improve its cyber defenses and do more to protect taxpayer data.

Similarly, improving the taxpayer's experience is a major focus of this Subcommittee. In the past two annual appropriations bills we provided the IRS with targeted funds to improve customer service. With the 2018 filing season drawing to a close, I'm interested in learning what kinds of improvements our constituents are experiencing.

To that end, my top priority on this Committee and in writing this appropriations bill is ensuring the taxpayer is respected. The IRS is on the front lines but doesn't have the best track record. I look forward to hearing how our targeted investments are making life easier for taxpayers, and holding the IRS accountable for bad behavior.

Before wrapping up my comments, I want to zoom out our focus for a moment. As we begin working on our 2019 bills, let's not forget the success of last year. Defying the odds, the House successfully passed all 12 annual appropriation bills under regular order before the end of the fiscal year for the first time in nearly a decade. Let's make that success a pattern by repeating the performance for 2019.

That said, Mr. Kautter, thank you again for taking the time to meet with us today. I look forward to working with you and hearing your testimony.

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