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**Statement of Secretary Steven T. Mnuchin
Department of the Treasury
Before the Appropriations Subcommittee on
Financial Services & General Government
U.S. House of Representatives
April 9, 2019**

Chairman Quigley, Ranking Member Graves, and members of the Subcommittee, I am pleased to join you today to discuss the President's Fiscal Year (FY) 2020 Budget and the priorities of the Treasury Department.

I am proud to report that President Trump's program of tax cuts, regulatory relief, and improved trade deals is resulting in the strongest economic growth since 2005 and the best job market in generations. From Q4 of 2017 to Q4 of 2018, real GDP increased by 3 percent. Earnings also rose by over 3 percent for the first time in a decade. Unemployment is historically low, and more Americans are participating in the workforce with renewed optimism for the future.

The World Economic Forum's most recent competitiveness report named the United States the most competitive economy in the world for the first time in 10 years. Thanks in part to the Tax Cuts and Jobs Act (TCJA), companies are investing hundreds of billions of dollars in new and expanded U.S. business operations, resulting in more career opportunities for hardworking Americans. Families are also saving thousands on their yearly tax bills because the TCJA cut rates across the board, doubled the standard deduction, and enhanced the child tax credit.

I would note that Opportunity Zones are a key component of the TCJA, and they will help more Americans benefit from our strong economy. Opportunity Zones offer capital gains tax relief for investments in businesses in distressed communities. We are seeing a great deal of enthusiasm for this policy all across the country because it will lead to revitalization and restore the promise of prosperity to more workers and families.

The Administration is making trade a top priority. I urge all members of Congress to support the passage of the US-Mexico-Canada Agreement (USMCA). It will create the highest standards ever negotiated to protect the intellectual property rights of entrepreneurs, provide strong support for small and mid-sized businesses, encourage manufacturing, and open markets for American agricultural products. We are also making progress negotiating with China to rebalance our economic relationship, end unfair trade practices, open their economy to American companies, and protect our critical technology.

Turning to the President's FY 2020 budget for the Treasury Department, it reflects our key goals of maintaining strong economic growth as well as protecting America's

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national security and technological infrastructure. We are requesting \$35 million to continue implementing the Foreign Investment Risk Review Modernization Act (FIRRMA). This legislation, which passed with overwhelming bipartisan support, modernizes the Committee on Foreign Investment in the United States (CFIUS) review process. FIRRMA enhances CFIUS's ability to analyze transactions for national security risks, while preserving our commitment to an open investment environment.

The budget further provides for increased funding for Treasury's Office of Terrorism and Financial Intelligence (TFI) and the Financial Crimes Enforcement Network (FinCEN). These funds will be used to continue protecting the financial system from abuse by rogue regimes and actors, including terrorists, transnational organized crime, proliferators of weapons of mass destruction, and other threats to our country. The funding includes critical investments in information technology and mission-support capabilities. It also supports the Terrorist Financing Targeting Center in Riyadh, Saudi Arabia, and implementation of the Countering America's Adversaries Through Sanctions Act, known as CAATSA. It also further expands FinCEN's ability to combat cybercrime and prevent the illicit exploitation of emerging payment systems, including cryptocurrency.

Two other key initiatives I would like to highlight are our multi-year plan for modernizing the IRS and the proposed integrity cap adjustment. Our FY 2020 request for \$290 million for the Business Systems Modernization Account is the first installment that will go towards upgrading IRS systems and operations. This plan will reduce long-term costs of maintaining these systems and dramatically improve the taxpayer experience. We are also requesting a program integrity cap adjustment to allow the IRS to efficiently collect taxes, enforce our tax code, and prevent fraud, including by modeling compliance risks and preventing identity theft. We anticipate that a \$15 billion investment over 10 years will generate \$47 billion in additional revenue, resulting in \$32 billion in net savings for taxpayers.

Finally, I would note that the budget includes additional support for the Office of Critical Infrastructure Protection and Compliance Policy to help Treasury identify and reduce emerging threats and vulnerabilities to our financial system.

I look forward to taking your questions and discussing our plan for putting our country on a more secure fiscal path, fostering strong economic growth, and creating more jobs for the American people.

Thank you very much.