

**Crapo Statement at IRS Commissioner Nomination Hearing**  
*February 15, 2023*

**Washington, D.C.**--U.S. Senator Mike Crapo (R-Idaho), Ranking Member of the U.S. Senate Finance Committee, delivered the following remarks at hearing to consider the nomination of Daniel Werfel to be Internal Revenue Service (IRS) Commissioner.

*The text of Ranking Member Crapo's remarks, as prepared, is below.*

"Mr. Werfel, thank you for your willingness to serve and answer our questions.

"The IRS exists solely to serve taxpayers and fairly administer tax laws. The Internal Revenue Code requires the IRS Commissioner, and all IRS employees, to 'act in accord' with codified taxpayer rights, including: the right to be informed; the right to quality service; the right to challenge the position of the IRS and be heard; the right to privacy; and the right to confidentiality.

"Over the last several years, Americans have time-and-again seen the IRS fail to meet these obligations, and they are rightly concerned about the vitality of their taxpayer rights. Statute requires the IRS Commissioner to ensure the IRS respects these rights, and the next Commissioner needs to show that he will faithfully stand up for the American taxpayer.

"The next IRS Commissioner must also demonstrate he can be a fair, consistent and impartial umpire for taxpayers, rather than reflexively pro-IRS. While I did not always agree with former Commissioner Rettig, he was consistent and called balls and strikes the same for everyone.

"Recently, the IRS simply overlooked statutory deadlines for implementing new laws, including third-party network reporting and EV tax credits. These delays seem conspicuous given that other recent and complex tax changes, including the amortization of R&D expenses, corporate book minimum tax, and stock buyback excise tax all took effect without necessary guidance.

"The need for an objective, consistent and level-headed IRS Commissioner, who is laser-focused on taxpayer rights, is even more imperative given the staggering \$80 billion in additional funding that the misnamed 'Inflation Reduction Act' just gave the agency.

"For reference, \$80 billion is more than six-and-one-half times the IRS's typical annual budget. These additional funds come despite the fact that over the past two-plus decades, Congress has appropriated the IRS hundreds of billions of dollars in annual funding, and tens of billions of dollars more in supplemental funding, with little improvement to show for it. The IRS continues to utilize outdated methods and processes that even the Taxpayer Advocate called 'crazy.'

“A recent report by the Treasury Inspector General for Tax Administration shows that these antiquated processes cost hundreds of times more than an updated approach that would better serve taxpayers and the IRS. This is just one example of how funding has become a scapegoat for mismanagement.

“It is no surprise to hardworking Americans that the IRS currently ranks dead last in a recent Gallup poll rating federal agencies. Sending the IRS on an unchecked spending binge has no intrinsic value.

“Unless there are outsized results to match the gargantuan investment, the IRS’s supplemental billions will simply become another example of government waste. Because the funding lacks any accountability measures or guardrails, the next IRS Commissioner shoulders the primary responsibility for outcomes, as well as planning, tracking spending and transparently monitoring outcomes.

“Americans--and their elected representatives--are watching. Will the IRS be honest and fully and deeply transparent? Will the IRS use best practices, rely on unbiased data, and set commonsense goals?

“Given how the funding was conceived, designed and adopted, I am skeptical, but will look to you, Mr. Werfel, to fill the gap if you are confirmed.

“The fact that nearly 60 percent of the funding will go toward hiring enforcement personnel--more than 14 times the funding set aside for serving taxpayers--is a particular concern. Unease about super-sized IRS enforcement hiring has nothing to do with supporting evasion by ‘wealthy tax cheats,’ but comes from a fear that the IRS will waste untold taxpayer dollars chasing speculative or marginal revenue recoveries, while hardworking Americans and small businesses end up in a dragnet.

“When I offered an amendment to statutorily protect taxpayers making less than \$400,000 from increased audits, only my Republican colleagues stood up in support. No one on the other side voted ‘yes’. We have a statement from the Secretary of the Treasury that we won’t see this 60-plus percent of the \$80 billion be spent on auditing those making less than \$400,000, and the Chairman has indicated that is the *intent* of this money, but it is not what the law says, because my amendment was not allowed to be adopted. Unenforceable edicts are easily broken.

“In sum, the new IRS Commissioner will shoulder immense responsibility. If confirmed, Mr. Werfel, you must be the change agent we have long been promised.

“Thank you, and I look forward to your testimony and detailed responses to our questions.”