Crapo Statement at Hearing on The President's FY 2024 Budget
March 16, 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 a hearing on the President's fiscal year 2024 budget with the U.S. Department of Treasury Secretary Janet Yellen.

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

"Thank you, Mr. Chairman, and welcome to today's hearing, Secretary Yellen.

"I appreciate you appearing before the Committee in a timely manner following the release of the President's budget.

"While the budget is the focus of today's hearing, I expect that the emergency measures taken this weekend by the Treasury Department, Federal Reserve and FDIC will also be appropriately discussed today.

"It is important to learn more about what initiated the run on Silicon Valley Bank, the impact of the Federal Reserve holding interest rates low for too long, and what steps were--or were not--taken by Silicon Valley Bank and the banking regulators.

"In the meantime, I am concerned about the precedent of guaranteeing all deposits and the market expectation moving forward.

"Once started, moral hazard--like inflation--is not easily contained and does long-lasting damage.

"Inflation played a key role in the recent bank failures, as rising interest rates and mismanaged interest rate risk led to a liquidity crisis.

"Indeed, there is no issue more critical than the unacceptably high inflation American families continue to face every day.

"Americans have now experienced 16 months of inflation at or above 6 percent. Costs of rent, groceries and services continue to rise. Wages cannot keep up.

"Last year, the Administration committed to working in a bipartisan fashion to address this serious problem, noting the budget must complement monetary policy.

"Instead, a reckless tax-and-spend agenda was forced through Congress, rolling out trillions of dollars in debt-financed spending and hundreds of billions of dollars in new taxes on U.S. job creators.

“The Congressional Budget Office says the Inflation Reduction Act will not only increase inflation in the near term, but Treasury will collect LESS corporate tax revenue with the partisan IRA in effect--despite being sold as a bill to make corporations pay their ‘fair share.’

“The Federal Reserve is having to compensate for this Administration’s lack of budget discipline with growing interest rate hikes.

“Rising interest rates are impacting household budgets, the federal government’s coffers, and, as we saw this week, our banking system.

“The President’s budget demonstrates the Administration has not learned from its mistakes. After two years of policies that contributed to record-high inflation and excessive deficit spending, this Administration is doubling down with more of the same.

“The spending binge must stop.

“We must address our growing deficits in order to put the United States’ finances on a sustainable path, and pro-growth tax policy should be part of the solution.

“The Tax Cuts & Jobs Act led to one of the strongest economies in generations.

“TCJA introduced competitive tax rates while broadening the base, including by enacting the first global minimum tax of its kind, and putting an end to corporate inversions.

“It also contributed to record-high corporate tax receipts, both nominally and as a share of gross domestic product.

“But instead of considering bipartisan, pro-growth policies, the President’s budget includes a whopping $4.7 trillion of new and increased taxes on American job creators, which ultimately means fewer jobs and lower wages.

“It also includes higher taxes on American energy producers.

“Earlier today, Senator Barrasso and a number of his Republican colleagues, including myself, sent a letter to you, Secretary Yellen, raising concerns with the over-$100 billion in increased energy taxes proposed in the President’s fiscal year 2024 budget. Mr. Chairman, I ask that the letter be included in the hearing record.

“The Administration’s shortsighted, partisan agenda extends to its unilateral approach to the OECD international tax agreement.

“For the last two years, Treasury has used the OECD negotiations to attempt to compel changes in U.S. law without regard for the effect on U.S. revenue, U.S. companies and U.S. workers.

“Not only has the Administration failed to put a stop to digital services taxes, but now foreign countries threaten to impose extraterritorial taxes on U.S. companies under the global minimum tax--at Treasury’s invitation.

“The latest OECD guidance confirms the Administration has agreed to allow foreign countries to collect U.S. GILTI revenue, and worse, tax U.S. companies on their U.S. profits in violation of our tax treaties.

“The budget fails to consider these revenue impacts, which, if implemented, will result in billions of dollars of lost U.S. revenue.

“Meanwhile, the Administration continues to hide its true intentions for ‘transforming’ the IRS.

“The budget doubles-down on the $80 billion already given to the IRS, including two additional years of plus-up funding totaling $29.1 billion solely for ‘enforcement and compliance initiatives,’ in addition to $14.1 billion more of yearly funding. That’s another $43 billion!

“Secretary Yellen, I agree with you that having a funding plan for an agency budget that dwarves many others is ‘critical.’

“In the meantime, the IRS has embarked on a “spend first, plan later” approach that is not transparent or responsible, and is a surefire recipe for error, waste and mismanagement.

“While we may not have all the details, we do know that only six percent of the existing plus-up funding is for modernization, while over 62 percent is solely for hiring--more than 93 percent of which is enforcement hiring.

“These new funds are not going to replace retiring IRS agents, as annual appropriations already provide that funding, and the Administration has not requested any reductions in IRS annual funding to account for replacing retirees with plus-up funding.

“Secretary Yellen, there are opportunities for the Administration to work across the aisle on commonsense economic policies, but nothing suggests the President is abandoning the partisan tax-and-spend policies of the last two years.

“This Administration must recommit to working with Republicans to develop real solutions that will stabilize the economy and create higher wages and opportunities for American workers.