

**Senator Ron Wyden**  
**Finance Committee Hearing: IRS Filing Season & I.T.**  
**April 6, 2017**

Now that Americans are getting into crunch time with tax filing season, I want to begin today's hearing by discussing what usually happens when early April rolls around each year.

Around this time of year, presidents usually release their tax returns to the public. It's been a tradition for decades, but apparently that's not going to happen in 2017. It looks like this president will choose to keep hiding his returns and ignoring this very low ethical bar, even though it's clear his "blind trust" isn't blind at all and the separation he promised he'd make from his businesses seems to be nonexistent.

Second, around this time of year is when the whole executive branch gets on the same page to pitch its budget proposal to the public and the Congress. Not so this time. With this executive branch, it seems like one hand often doesn't know what the other is doing.

On one hand, you have the Treasury Secretary, who came before this committee as a nominee and said he was committed to making sure the IRS had the resources it needs to do its job – protecting taxpayer data, closing the tax gap, improving customer service. He said the big staffing cuts in recent years were a concern, and it would be a “very quick conversation with Donald Trump” to get it fixed.

Apparently that conversation hasn’t happened, or if it did, the message didn’t get through. When the public got its first glimpse of the Trump budget, the IRS didn’t get the investment Secretary Mnuchin talked about. For next year it got a \$239 million cut. What that would mean is that customer service would get worse, more taxpayers would fall victim to hackers and preventable scams, and the good times will roll for tax cheats while honest taxpayers get fleeced.

And this isn’t just some academic debate. Right now, the online Data Retrieval Tool that students and their families use to fill out financial aid forms is down because of cybersecurity problems. Hackers were using stolen personal info like names, birthdates and Social Security numbers to steal taxpayer dollars.

You'd think that an administration that talks about running government like a business would want to invest in cybersecurity when it discovers a hack. But that's not what's happening in this case. Instead, this administration is repeating the same old pattern: cut after cut after cut to IRS resources, meaning taxpayer service and data security could get worse and worse and worse.

The third example of what usually happens this time of year: right around now, taxpayers are collecting all their forms and receipts and sitting down to file their taxes, and they're wondering if the Congress will ever manage to simplify the tax code in a way that helps middle class families. And they might even be a little hopeful, because they hear the president and members of Congress say tax reform is right up at the top of the agenda. But so far, when you parse the details, it looks like some Republican members of Congress and the administration are locked in competition to see who can propose the biggest tax cut for the wealthy. And for a typical working family, there's not much in the Trump plan or the House Better Way blueprint that helps you get ahead, and you might even get hit by a tax increase.

Real tax reform, in my view, starts with the reality that our tax code today is a tale of two systems. There's one compulsory system that applies to the wage earner. Their taxes come straight out of their paychecks. Then there's the other system for the wealthy with impossibly complicated and murky rules. And that system says that with the right advice, you can pay what you want, when you want to pay it. And sometimes you can pay nothing at all. That grossly unfair system, which is stacked against working families, is what I'll be focused on as this debate goes forward.

With that, I want to thank Commissioner Koskinen for being here today, and I look forward to our discussion.

Thank you, Chairman Hatch.