

Crapo Statement at Hearing on IRS FY 2025 Budget and 2024 Filing Season
April 16, 2024

Washington, D.C.--U.S. Senate Finance Committee Ranking Member Mike Crapo (R-Idaho) delivered the following remarks at a hearing on the Internal Revenue Service (IRS) fiscal year 2025 budget and 2024 filing season with Commissioner Danny Werfel.

As prepared for delivery:

“Thank you, Mr. Chairman, and welcome again Commissioner Werfel.

“The IRS needs to be accountable for the choices it makes, become more efficient, rigorously plan, provide full transparency and timely solicit real feedback from informed stakeholders—like Congress—before acting.

“Despite claims that the \$80 billion in new funding would ‘transform the IRS into a 21st century agency,’ the President’s budget request indicates otherwise.

“While modest progress has been made, there are other areas where the agency continues to miss the mark.

“For example, last year, I raised concerns with the IRS’ strategic operating plan, including its vagueness and missing line-item cost projections.

“A year later, we are still missing important details, yet this year’s budget asks for even more unprecedented IRS funding—more than \$104 billion.

“This underscores that the initial windfall was not a cure, the IRS has not transformed, and the President believes the only way to realize that vision is to just spend more.

“While I support a transformed IRS, this approach is not a solution.

“For \$80 billion, one would expect transformational customer service changes and fully modern front- and back-end IT.

“Instead, it seems taxpayers have paid for mail to actually be opened and a decline in phone wait times. Meanwhile, several million items of taxpayer correspondence remain unanswered and half a million ID theft cases remain unresolved—on average, years later.

“IT modernization funding is also scheduled to run out years before the IRS finishes updating its systems.

“I assume this is due, in part, to the bulk of the IRA funding being directed to enforcement.

“An emblematic example of the ‘just spend more, no questions asked’ approach is the Direct File program.

“Despite there already being multiple free filing programs offered by the IRS, the agency embarked on a redundant government-run tax preparation project, complete with all attendant inefficiencies and conflicts-of-interest.

“Just last week, a Government Accountability Office (GAO) report highlighted many ways the supposed pilot program has not followed best practices, including key planning, budgeting and accountability failures.

“The report noted that while GAO could not determine how much the program has and will cost to develop and operate—the IRS having not provided sufficient information to do this—the current tab far exceeds \$100 million just through FY 2024, all for an ‘option’ that might only serve 100,000 taxpayers this year.

“In contrast, the federal government spends less than \$5 million a year to have two to three million taxpayers served in one of its free income tax preparation programs.

“Were the IRS to use this year’s Direct File spending to pay third-party providers to prepare and file returns instead, literally hundreds of times the number of taxpayers could file for free.

“The IRS spending hundreds of millions of its finite funding to simply ‘test’ the utility of doing something that can already be done more efficiently, with better outcomes and without very real conflicts, while simultaneously pleading for more funding calls for more oversight.

“Direct File is not my only concern with the IRS’ current path.

“Other serious concerns include: continued IRS use of biased data and post-facto metrics to plan and justify its actions; indiscriminate IRS enforcement campaigns that pressure honest taxpayers and waste government resources; and the IRS’ continued—and highly disproportionate—focus on increasing enforcement over improving taxpayer services.

“Commissioner Werfel, while I appreciate a handful of positive steps the IRS has taken during your tenure, so much remains undone at the IRS that any victory lap is unwarranted.

“I look forward to your testimony, Commissioner Werfel. Thank you, Mr. Chairman.”

