

## **Crapo Statement at Hearing on the President's Budget**

*June 16, 2021*

**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 2022 Budget with 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 thank you, Secretary Yellen, for joining us today.

"Today, we will discuss the President's Fiscal Year 2022 budget and proposals for Treasury and its agencies.

"The Administration's proposals to increase spending, hit Americans with higher taxes and strangle the economy with regulations and red tape is not a path to prosperity.

"The President's budget envisions deficits of \$14.5 trillion over the next decade, with debt exploding to more than \$39 trillion, or 117 percent of GDP, by the end of fiscal year 2031.

"Such high debt is risky, especially in the current high inflation environment.

"Consumer price inflation from April to May was 7.7 percent at an annualized rate, and inflation for durable goods was 36 percent at an annualized rate.

"If inflation expectations become unanchored, which no one can credibly claim cannot happen, the resulting increased interest rates can turn federal debt-service costs into budget busters.

"Treasury's top-line budget request of \$22 billion is an 11.3 percent increase over fiscal year 2021, and Treasury asks for outsized increases across the board in its various agencies and programs.

"I look forward to hearing more about Treasury's budget proposals and general explanations of tax proposals in the so-called Green Book.

"Those proposals are heavy on tax hikes, introduce new tax ideas of questionable merit, and seek to inject more social policy goals into the income tax system.

"They also call for a mandatory financial-information reporting regime.

"Under this regime, financial institutions would become agents of the IRS, tasked with monitoring and reporting flows into and out of personal and business accounts above a mere \$600 threshold.

“The proposal, which is sold under the guise of trying to close the tax gap, is very concerning and pulls almost all taxpayers into a surveillance dragnet.

“The era of big data should not be viewed as an opportunity for big brother.

“I do not agree with some high-tax advocates that private tax information should be a public good, with governments and the public knowing every private aspect of individual and business income and assets.

“An overwhelming majority of taxpayers in this country are law abiding, and pay the taxes they owe.

“My concerns are amplified by the egregious apparent leak of private taxpayer information out of the IRS, with data ending up at ProPublica, which reported sensationalized and misleading claims about taxes paid by named individuals.

“While ProPublica focused on wealthy people, an IRS leak may involve personal information on American taxpayers across the income spectrum.

“Secretary Yellen, it would be helpful for you to share what is known at Treasury and the IRS about the apparent massive data breach.

“I also look forward to hearing about political agreements struck by the Administration and the G-7.

“A recent G-7 communique reflects a shift in the U.S. position in OECD negotiations that appears driven by the Administration’s plans to significantly increase taxes on U.S. businesses.

“The United States already has a robust global minimum tax, GILTI, and no other country has moved to enact one since.

“If Treasury envisions hiking taxes on U.S. businesses domestically, including onerous changes to GILTI, before other countries adhere to a global minimum tax, the U.S. could suffer from a first-mover disadvantage.

“Higher U.S. tax rates instituted before other countries move poses the risk of others not following through and a new wave of inversions and foreign acquisitions arising because U.S. businesses are unable to compete.

“Congress needs to understand the analysis behind your proposals, and whether any agreement would allow foreign targeting of U.S. companies or special carve-outs for particular jurisdictions, including China.

“The G-7 understandings also advocate for new mandatory financial disclosures and funding for multilateral financial institutions, including a new \$650 billion general allocation at the IMF of Special Drawing Rights.

“I am interested to hear about the outreach you have done with Congressional Republicans on those funding increases.

“Additionally – I again ask that Treasury work to improve its responsiveness to this Committee.

“Secretary Yellen, I look forward to learning more from our discussions today.

“Thank you Mr. Chairman.”