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Wyden Statement at Finance Committee Hearing to Consider the Nomination of Charles P. Rettig to be IRS Commissioner
As Prepared for Delivery

The next IRS commissioner will be in charge of administering a tax system that's broken in two.

There's one set of rules for the cop on the beat or the worker on the factory line. Strict rules, no special loopholes, taxes come straight out of your paycheck.

Then there's another set of rules for the high-flyers. Under that system, with the right advice from costly advisers, you can effectively pay what you want, when you want.

Mr. Chuck Rettig, nominated by the president to lead the IRS, made a career on dispensing that advice. And the biggest policy challenge he'd walk into as commissioner is implementing the extremely complicated Trump tax law, which did a whole lot more for the high-flyers and well-connected than everybody else.

Given that fact, it's up to Mr. Rettig to demonstrate that if he's confirmed, he'd work on behalf of all Americans, particularly hard-working, middle-class families and the owners of the garages, corner stores and restaurants that make up our communities. "The guy on the street," as he said in our meeting earlier this week.

One of the most immediate challenges he'll inherit if he's confirmed is sorting out a big headache the Trump tax law has caused for small businesses. Months after it was enacted, small businesses nationwide are still struggling to figure out how the new passthrough deduction will affect their tax bills. This law was hyped as a way to simplify the code and make life easier for millions of Americans. The passthrough deduction is an example of where the exact opposite has happened.

Mr. Rettig also needs to demonstrate that he will maintain independence from the Trump White House. That's important with any nominee, but it's especially relevant in Mr. Rettig's case, since he owns and rents out condos in a Trump-branded and -managed property. I'll have questions about that today.

But even setting aside that financial relationship, committing to independence matters. This administration often seems to be making tax decisions for political reasons rather than policy reasons, and that's a recipe for the kind of swampy corruption that makes people lose faith in institutions like the IRS.

For example, it appears a policy regarding tax-favored “Opportunity Zones” was changed at the behest of one well-connected Republican donor in Nevada. It’s a sign the administration has put itself in the business of picking economic favorites as a result of the tax law. This donor wanted a special accommodation, and he got it. When the State of Vermont sought a similar change, it was denied.

There are also reports the Trump Administration is going to introduce a new, untested tax form that will make the experience of filing returns even more of a headache for lots of Americans, particularly seniors. When the debate closed and the new tax law passed, it turned out that most Americans would not be able to file on a postcard, contrary to what Republicans had promised. But the administration decided to go ahead and cram the same amount of tax math onto a smaller form anyway. That means many taxpayers are going to have to rifle through complicated new stacks of instructions, attach multiple schedules and it will lead to more errors. The new forms are setting up taxpayers to fail.

And finally, the Vice President said in May that the Johnson amendment, which bars 501(c)(3) tax-exempt organizations from campaigning for or against political candidates, quote, “will no longer be enforced under this administration.”

That’s a longstanding right-wing priority and a recipe for even more dark money to infect our political system. The next IRS Commissioner will be in charge of enforcing that law on the books despite the Vice President’s pledge to look the other way.

I’ll close on this. Running the IRS is a difficult job that involves managing tens of thousands of employees. Mr. Rettig has decades of experience in tax matters, but his lack of management experience is a concern. I’m sure he will be asked that today as well.

I appreciate Mr. Rettig’s willingness to serve, and I thank him for joining the committee here today. I look forward to Q&A.

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