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Wyden Statement at Finance Committee Hearing on Markup of Kautter Nomination
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Mr. Kautter spent a number of years as director of national tax at Ernst and Young. During that time, the firm marketed tax shelters to wealthy clients. And E&Y employees were convicted of fraud and obstruction for covering it up when the practice came under federal investigation. This was a major scandal, and the firm paid more than \$100 million in settlements. Through the vetting process for his nomination, Mr. Kautter has said, essentially, that wasn't his job to do anything about these abuses. Taking him at his word, others in the firm may have approved these shelters, but I don't think it's appropriate to look the other way when confronted with evidence of wrongdoing.

Since Tuesday's hearing, Mr. Kautter and I have spoken further, and he has responded to additional questions from me in writing. He expanded on what he wishes he'd done differently at E&Y, and what he would do in the future if confronted by a similar situation at Treasury.

Mr. Kautter committed to me that he would maintain the highest level of ethical and professional standards if he is confirmed. But actions speak louder than words, and Mr. Kautter will be judged by his actions going forward.

Now turning to the question of how Mr. Kautter would approach the policy part of his job, I want to revisit our discussion at the hearing when Mr. Kautter said that the real problem with the tax code which led to the tax shelters was complexity. There's no question that the appalling unfairness in the tax code is fueled by complex, murky rules that plague its pages -- particularly when it comes to the tax treatment of income for the most fortunate. Tax evaders thrive in the shadows.

But let's recognize that the tax code didn't become this complicated by accident, and fixing it is a matter of political will. There is bipartisan interest in comprehensive tax reform, and in my view, fighting this complexity has to be at the heart of the effort. This is an opportunity to eliminate what I call the tale of two systems. One set of tax rules for the nurses and cops based on strict, compulsory rules, with your taxes taken straight out of your paycheck. And another set of rules for the fortunate few, which says you can pay what you want, when you want to pay it.

There's a lot of work ahead on tax policy. Getting tax reform done right -- and done on a bipartisan basis -- is one of the big economic challenges of our time. Bringing the two sides together on this issue is the key to making tax reform last. So it's my hope that Mr. Kautter can help to bring Democrats and Republicans together. I plan to support his nomination, and I look forward to working with him.

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