

**Opening Statement of Senator Mark R. Warner**

**Ranking Member**

**Subcommittee on Taxation and IRS Oversight  
Senate Finance Committee**

**Hearing on Improving Tax Administration Today**

**July 26, 2018**

Thank you Mr. Chairman. And I'd like to thank you for your long term interest in this subject. I know you and Senator Cardin have been leaders in this field, as have Chairman Hatch and Ranking Member Wyden.

We know the notion of tax administration doesn't necessarily sound that exciting, but this is the front line of how Americans intersect with the federal government. The effectiveness of that intersection and the customer service at that intersection are very important. Let's face it, no one loves paying taxes, but if we can make that payment of taxes more efficient, more user friendly, more fair, I think an obligation that we all have to take on as citizens will at least become less painful.

The title of this hearing is improving tax administration *today*, but let me raise two issues about the tax administration of *tomorrow*.

Over the last few years, I have spent a lot of time looking at the changing nature of work. I think we are moving into an environment where classic W-2 full-time employment -- where folks go work at the same firm for 35 years -- is a thing of the past. Part of that is driven by economic circumstances, part of that driven by, frankly, the choices of millennials. We have seen the emergence of a number of new platforms, the so called "gig economy." I believe that people moving forward may not have a single income stream, but multiple income streams. They may be an IT consultant starting their own business, driving for Uber and renting out their apartment on Airbnb. Frankly, the tax administration burden in this new economy is enormously challenging. We need to have a tax administration system that doesn't impede on individuals who are trying to become more entrepreneurial and actually utilize these services and platforms, while making tax compliance for them easier.

I have called for two studies, one from the GAO and one from the Treasury department, to try to look at the size of this workforce and how they interact with the tax system. The recent BLS study indicated that there is not that much growth in this field. I will accept that data, but I don't think it was complete enough. I have seen estimates from government and non-governmental source that literally show close to one third of the American workforce is at least receiving some of its income from contingent work.

So, how we think about tax administration, how we think about even the concept of a social contract, I would argue means we need to move to a portable benefits systems. If we move to a portable benefits system, we've got to have flexibility on the tax administration side as well.

The other item I think is an on-going challenge is IRS technology. We've all seen the IRS make good faith efforts to get its technology up-to-date. Sometimes those good faith efforts have not panned out. But something is wrong with our overall federal government when we spend \$90 billion a year on IT, but a huge share is spent on maintaining and trying to upgrade legacy systems. My hope is, as well, we can get into the question of how we could create a technology-enabled modern tax system -- if the Congress has to bite the bullet and go all-in to fully upgrade the federal IT system, then maybe we need to have that kind of discussion.

Again I want to thank the Chairman for having this hearing, and I look forward to hearing from our witnesses today.