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Wyden Statement at Finance Committee Hearing to Review IRS Investigation
As Prepared for Delivery

In early August, the Finance Committee released the final report on its bipartisan investigation into the IRS's processing of applications from for tax-exempt status. Our investigation looked back at the period between 2010 and 2013. The committee reviewed one and a half million pages of emails and documents and conducted interviews with more than 30 IRS officials.

Our investigation found alarming bureaucratic dysfunction. Many applicants for tax-exempt status were treated badly and deserved much better service from their government. For example, between 2010 and late 2011, a total of 290 applications for tax-exempt status had been set aside for review. Only two applications had been resolved successfully. Not 200 – two. That was unacceptable mismanagement. The investigation, however, did not find any evidence of criminal wrongdoing.

Chairman Hatch and I both took time to speak about our views on the Senate floor when the report came out. The focus of today's hearing, however, is what the IRS is doing to guarantee, once and for all, that this type of deeply troubling mismanagement never happens again.

The Finance Committee's report included 36 recommendations – 18 bipartisan, 12 Democratic, and six Republican. Among them were proposals to:

- Set minimum training standards for managers in the exempt organization office to ensure those employees can adequately perform their duties.
- Institute a standard policy that employees must reach a decision on all tax-exemption applications within 270 days of when they're filed.
- Create a position with the Taxpayer Advocate's office dedicated solely to helping organizations applying for tax-exempt status, and many others.

I want to thank Commissioner Koskinen for responding to those recommendations in a letter sent last month to me and Chairman Hatch. My takeaway from the letter is that the commissioner sees genuine progress being made to clean up the mess, and I look forward to hearing more about it today.

While Commissioner Koskinen is here, I also want to address the problem that occurred in Martinsburg, West Virginia. Low-level IRS employees in Martinsburg deleted backup tapes that likely contained emails that were within the scope of the committee's investigation while it was ongoing.

This mistake was completely unacceptable and inexcusable, and there are reports that there was some lying afterward. This cannot happen again. I want to hear what the IRS is doing to fix it.

Finally, on Friday the Committee received a detailed letter from the Department of Justice concerning their investigation into this matter, and I ask unanimous consent it be entered into the record.

Thank you, Commissioner, for being here today. It's my hope that the committee will have a productive debate about how best to guarantee that the kind of bureaucratic bumbling uncovered in our investigation will never recur.

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