



DEPARTMENT OF THE TREASURY OFFICE OF PUBLIC AFFAIRS

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CONTACT: Taylor Griffin
(202) 622-2014

Prepared Statement of Raymond T. Wagner, Jr. Senate Committee on Finance February 17, 2005

Mr. Chairman, Senator Baucus and Members of the Committee,

I am honored to appear before this committee today as you consider my nomination to be a member of the IRS Oversight Board.

It was just two years ago that I first appeared before you when I was nominated to fill the remaining term of a vacant position on the Oversight Board. I am grateful to appear before you a second time.

Mr. Chairman, it is truly an honor to have been nominated by President Bush to serve a full term on the IRS Oversight Board. I commenced service on the Board in April 2003, and I was elected Chairman of the Board in September 2004. I now have an even greater appreciation for the vital role that the IRS plays in the lives of virtually every taxpayer. If confirmed, I am committed to serve this full term with independence, rigor and complete respect for the importance of the position.

For almost ten years, I have worked at Enterprise Rent-A-Car, most recently as the Legal & Legislative Vice President. For the last twelve years, I have also been an adjunct professor of law at the Washington University School of Law in St. Louis where I co-teach a course in the masters tax law program.

Prior to joining Enterprise Rent-A-Car, I spent much of my career working in the public sector in the tax administration field. I served as Director of Revenue for the state of Illinois, as well as Director of Revenue for the state of Missouri. In addition, I was the General Counsel for the Missouri Department of Revenue.

As a Board member and now chairman, I have watched the Board continue to evolve so that it will best meet its mission. Last September, the Treasury Inspector General for Tax Administration (TIGTA) completed an audit of the Board and found that the Board has made a

number of valuable contributions to the governance of the IRS, such as providing continuity of management and direction, reaching out to stakeholders, and conducting surveys of taxpayer attitudes.

TIGTA recommended that the Board conduct a self-assessment as a tool for understanding how to elevate the Board's performance to the next level. During my chairmanship, the Board conducted such a self-assessment, reorganized its committees, and is expanding its outreach program. It has solicited input from stakeholders, including tax professional organizations and Congressional committees, about how to make improvements. We redesigned our annual public meeting to achieve a better exchange with outside stakeholders.

Prior to being elected chairman by my fellow Board members, I served as chairman of the Board's Human Capital Committee. In this capacity, I led the committee in its first comprehensive review of the IRS' training programs, and also led the committee's annual review of senior IRS executive performance and compensation. This review evaluates whether division goals, executive goals and actual performance are in alignment with executive performance evaluations and compensation. This is a critical issue for all organizations, whether in the public or private sector.

It is important for Board members to listen to and understand the concerns of a variety of organizations and individuals who interact regularly and have outside perspectives of the IRS. Ensuring this communication is a personal priority of mine. In this vein, I meet regularly with many representatives of other government organizations that have oversight responsibilities of the IRS, including TIGTA, GAO, Treasury Department, and Congress, including the staff from this committee, to discuss relevant IRS issues. Other board members and I also meet regularly with IRS employees, representatives of tax professional organizations, and fellow taxpayers. We attend several nationwide tax forums, each of which is normally attended by over two thousand tax professionals.

Clearly the IRS is facing many difficult challenges. It must reduce the tax gap in an environment of limited resources, active circumvention of tax laws by some members of the tax professional community, an aging work force, and ancient computer systems. This is no time for the timid. Every member of the tax administration community, including many of the people in this room, must all pull in the same direction if we are to meet these challenges. I want the Oversight Board to have an important and meaningful role in this effort.

I welcome the opportunity to use my extensive experiences in the private and public sector to address these issues. Enterprise Rent-A-Car, as you may know, has grown to be the number one rental car company in North America based in large part on its founding value of customer service, and I know first-hand the positive impact of superior customer service from a large organization. Despite needed emphasis on enforcement, I will be ever mindful of the priority that this Committee placed upon customer service when it established the mandates of the IRS Restructuring and Reform Act of 1998. We cannot have the IRS lose its balance between service and enforcement. The mission of the Illinois Department of Revenue, which we rewrote during my tenure, might best exemplify my philosophy: "Professional Service – Fair Enforcement." In short, taxpayers should find compliance easy to achieve and difficult to avoid.

In summary, Mr. Chairman, I am keenly aware of the critical importance of this independent Board for all of the American people. If confirmed as a member of the IRS Oversight Board, I will be committed to using my knowledge and experiences to achieve the objectives for the Board as set out in the Restructuring and Reform Act.

Thank you Mr. Chairman. I would be pleased to answer any questions you or other members of the Committee may have.