

1 OPEN EXECUTIVE SESSION TO CONSIDER FAVORABLY REPORTING
2 THE NOMINATION OF SCOTT BESSENT, TO BE SECRETARY,
3 DEPARTMENT OF THE TREASURY
4 TUESDAY, JANUARY 21, 2025
5 U.S. Senate,
6 Committee on Finance,
7 Washington, DC.

8 The hearing was convened, pursuant to notice, at
9 10:18 a.m., in Room SD-215, Dirksen Senate Office
10 Building, Hon. Mike Crapo (chairman of the committee)
11 presiding.

12 Present: Senators Grassley, Cornyn, Thune, Scott,
13 Cassidy, Lankford, Daines, Young, Barrasso, Johnson,
14 Tillis, Blackburn, Marshall, Wyden, Cantwell, Bennet,
15 Warner, Whitehouse, Hassan, Cortez Masto, Sanders,
16 Smith, Luján, Warnock, and Welch.

17 Also present: Republican staff: Becky Cole,
18 Chief Economist; Andrew Dell'Orto, Policy Advisor; Gregg
19 Richard, Staff Director; Don Snyder, Senior Tax Counsel;
20 and James Williams, Tax and Economic Policy Advisor.
21 Democratic staff: Sarah Schafer, Chief Tax Advisor;
22 Joshua Sheinkman, Staff Director; Tiffany Smith, Deputy
23 Staff Director and Chief Counsel; Shade Streeter,
24 Investigative Counsel; and Ryder Tobin, Senior
25 Investigative Counsel and Nominations Advisor.
26

1 OPENING STATEMENT OF HON. MIKE CRAPO, A U.S. SENATOR
2 FROM IDAHO, CHAIRMAN, COMMITTEE ON FINANCE

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4 The Chairman. I see that we have a quorum, and so
5 this business meeting will commence. We meet today to
6 vote on the nomination of Scott Bessent to be Secretary
7 of the Treasury. Senator Wyden and I have discussed it.
8 We will each give our opening remarks, and then we will
9 proceed immediately to a vote.

10 If any members of the committee would like to make
11 comments, they may freely do so. I will remain
12 afterwards, after the vote, and anyone who wishes to
13 speak may speak at that time.

14 Mr. Bessent has decades of academic, professional,
15 and leadership experience relevant to this position, as
16 well as the gravitas, demeanor, and character to be an
17 effective Secretary. Mr. Bessent has also thoughtfully
18 responded to our questions during the rigorous diligent
19 process. In his hearing and in the course of that
20 hearing, he has answered 200-plus questions for the
21 record, not including the subparts.

22 These are questions that have been asked by
23 members of this committee and have been responded to
24 carefully by him with thousands of documents. There is
25 no doubt that Mr. Bessent is an excellent choice for

1 Secretary of the Treasury. He has my vote. In prior
2 Congresses, I have joined with many of my Republican
3 colleagues in voting for well-qualified Treasury
4 Secretary candidates put forward by a Democrat
5 President, even though I did not agree with all of the
6 positions which they advocated.

7 I encourage my colleagues on both sides of the
8 aisle today to join in advancing this well-qualified
9 nominee. And now I recognize Senator Wyden for his
10 remarks.

1 OPENING STATEMENT OF HON. RON WYDEN, A U.S. SENATOR FROM
2 OREGON

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4 Senator Wyden. Thank you very much, Mr. Chairman.
5 I want my colleagues to know why I strongly oppose this
6 nominee. First, this nominee is not square on his
7 taxes. Like others on Wall Street, he has opted out of
8 paying his fair share of his Medicare taxes.

9 The IRS has gone to court twice to ban this
10 particular scheme that Mr. Bessent is using. Treasury
11 policy says what Mr. Bessent is doing is against the
12 law. Apparently, he disagrees and maybe he will pay his
13 Medicare taxes some time down the road. Remember, this
14 is an individual who is a billionaire. It is not going
15 to be a hardship on him to pay his Medicare taxes.

16 My view is, you cannot have a Treasury Secretary
17 who does not abide by Treasury policy. That is what you
18 are going to have on Day 1 if Mr. Bessent is confirmed.
19 That is number one.

20 Number two, I think Mr. Bessent came to this
21 committee completely unprepared to answer some of the
22 most basic questions about tax policy. He was asked a
23 critically important one: should wages be treated
24 differently than wealth? This is the central debating
25 question, colleagues, on taxes, about whether the

1 ultra-wealthy should get a better deal than people who
2 work for a living.

3 Mr. Bessent bobbed and weaved a little bit, and
4 basically said that is just the way it is. He might as
5 well have said, "Let 'em eat cake," and that is what we
6 are dealing with here.

7 The last point I want to make deals with an issue
8 that came in in writing last night, provided by Mr.
9 Bessent. According to news report, longtime Trump
10 advisor Boris Epshteyn ran a quid pro quo scheme during
11 the 2024 campaign. He told certain people seeking
12 cabinet appointments that if they paid him hundreds of
13 thousands of dollars, he would push Trump to nominate
14 them.

15 After reading these reports, I felt that the
16 committee needed an answer to what actually happened.
17 So in December, I sent a letter to Mr. Bessent and the
18 Trump transition with straightforward questions about
19 this. Last week I asked Mr. Bessent about it in our
20 one-on-one meeting.

21 He told me Mr. Epshteyn talked to him about
22 payments for public relations, which is a pretty sleazy
23 way of pitching a quid pro quo. The reason I bring it
24 up is, Mr. Bessent has now given a different answer in
25 response to a written question after the hearing.

1 His new answer is nobody ever asked him about
2 payments in exchange for an appointment. He still will
3 not reveal who else in Trump's orbit he talked to about
4 it. Colleagues, this smells. It is a significant
5 question that warrants additional follow-up.

6 So, for the reasons that I just outlined, I think
7 we ought to have somebody in this job who pays his
8 Medicare taxes; I think we ought to have somebody who
9 treats people who make wages fairly and not just people
10 who are well-to-do; and third, because there are
11 significant issues surrounding Mr. Epshteyn and the
12 nominee.

13 I urge my colleagues to oppose this individual.

14 The Chairman. Thank you, Senator Wyden. We're
15 just waiting one moment for one more Senator to arrive,
16 and we will proceed with the vote.

17 [Pause.]

18 The Chairman. While we are waiting for that,
19 maybe you and I could have a little colloquy on the
20 comments that you just made?

21 Senator Wyden. Absolutely.

22 The Chairman. My understanding is that Mr.
23 Bessent has made it very clear with regard to Boris
24 Epshteyn that he never sought assistance from him and
25 never paid him anything, directly or indirectly. And I

1 understand that you are now asking him to comment on
2 what conversations may have been held with anyone else,
3 and that he is not responding to those.

4 But the point is that I do not believe you can
5 discourage support for him, because he never, ever
6 sought any assistance from Mr. Epshteyn or paid him
7 anything, or anyone else anything, for his candidacy.

8 Senator Wyden. Well, we have a quorum, but I
9 would only say that his answer in writing is different
10 than the answer he has given elsewhere. That is
11 troubling enough, particularly given the amount of
12 corruption we are seeing associated with Mr. Epshteyn.

13 The Chairman. Thank you. I see that we do have a
14 quorum, and so we will now proceed to the vote. We have
15 a very solid quorum. I move that the committee
16 favorably report the nomination of the Honorable Scott
17 Bessent of South Carolina to be Treasury Secretary. Is
18 there a second?

19 Senator Grassley. I second.

20 The Chairman. Having been duly seconded, the
21 Clerk will call the role.

22 The Clerk. Mr. Grassley?

23 Senator Grassley. Aye.

24 The Clerk. Mr. Grassley, aye. Mr. Cornyn?

25 Senator Cornyn. Aye.

1 The Clerk. Mr. Cornyn, aye. Mr. Thune?
2 Senator Thune. Aye.
3 The Clerk. Mr. Thune, aye. Mr. Scott?
4 Senator Scott. Aye.
5 The Clerk. Mr. Scott, aye. Mr. Cassidy?
6 Senator Cassidy. Aye.
7 The Clerk. Mr. Cassidy, aye. Mr. Lankford?
8 Senator Lankford. Aye.
9 The Clerk. Mr. Lankford, aye. Mr. Daines?
10 Senator Daines. Aye.
11 The Clerk. Mr. Daines, aye. Mr. Young?
12 Senator Young. Aye.
13 The Clerk. Mr. Young, aye. Mr. Barrasso?
14 Senator Barrasso. Aye.
15 The Clerk. Mr. Barrasso, aye. Mr. Johnson?
16 Senator Johnson. Aye.
17 The Clerk. Mr. Johnson, aye. Mr. Tillis?
18 Senator Tillis. Aye.
19 The Clerk. Mr. Tillis, aye. Mrs. Blackburn?
20 Senator Blackburn. Aye.
21 The Clerk. Mrs. Blackburn, aye. Mr. Marshall?
22 Senator Marshall. Aye.
23 The Clerk. Mr. Marshall, aye. Mr. Wyden?
24 Senator Wyden. No.
25 The Clerk. Mr. Wyden, no. Ms. Cantwell?

1 Senator Cantwell. No.

2 The Clerk. Ms. Cantwell, no. Mr. Bennet?

3 Senator Bennet. No.

4 The Clerk. Mr. Bennet, no. Mr. Warner?

5 Senator Warner. Aye.

6 The Clerk. Mr. Warner, aye. Mr. Whitehouse?

7 Senator Whitehouse. No.

8 The Clerk. Mr. Whitehouse, no. Ms. Hassan?

9 Senator Hassan. Aye.

10 The Clerk. Ms. Hassan, aye. Ms. Cortez Masto?

11 Senator Cortez Masto. No.

12 The Clerk. Ms. Cortez Masto, no. Ms. Warren?

13 Senator Wyden. No by proxy.

14 The Clerk. Ms. Warren, no by proxy. Mr. Sanders?

15 Senator Sanders. No.

16 The Clerk. Mr. Sanders, no. Ms. Smith?

17 Senator Smith. No.

18 The Clerk. Ms. Smith, no. Mr. Luján?

19 Senator Luján. No.

20 The Clerk. Mr. Luján, no. Mr. Warnock?

21 Senator Warnock. No.

22 The Clerk. Mr. Warnock, no. Mr. Welch?

23 Senator Welch. No.

24 The Clerk. Mr. Welch, no. Mr. Chairman?

25 The Chairman. Aye.

1 The Clerk. The chairman votes aye. Mr. Chairman,
2 the final tally is 16 ayes, 11 nays.

3 The Chairman. Thank you. The nomination is
4 reported favorably. I appreciate all of attendance
5 today at this meeting, and the committee stands in
6 recess.

7 [Pause.]

8 The Chairman. We are -- actually, there are
9 statements. I apologize. We will come back into
10 session, and are there any statements?

11 Senator Welch?

12 Senator Welch. Mr. Chairman, thank you. I just
13 have this issue of concern to me and my "no" vote today
14 is the situation where there is an ongoing dispute
15 between the taxpayer and the IRS. The taxpayer will
16 soon be the head of the IRS by virtue of serving as the
17 Secretary of the Department of Treasury.

18 And my view is that it is in the interest of
19 public confidence in the Secretary that that tax dispute
20 resolved before the full Senate votes on this
21 nomination. It will be very difficult for the public to
22 be totally confident that this is an on the level
23 resolution of the dispute, when he would be the
24 Secretary of the Treasury while the dispute is underway.

25 So my hope is that Mr. Bessent will resolve the

1 dispute before the Senate votes in full on his
2 nomination, and I reserve the right to take that into
3 account in my vote on the floor. Thank you.

4 The Chairman. Thank you.

5 Senator Wyden. Mr. Chairman?

6 The Chairman. Yes, Senator Wyden.

7 Senator Wyden. My colleague from Vermont, as
8 usual, is making an important point, because this is an
9 issue that relates to a double standard. I mean all
10 over this country, small businesses and individuals are
11 paying these Medicare taxes in Vermont and Oregon, and
12 what has concerned me about the outset is here we have a
13 billionaire.

14 It is not as if it would work a hardship on him to
15 pay his Medicare taxes, and he has been unwilling and
16 basically using what we talked about in this Committee
17 often, which is if you can put it off and put it off and
18 put it off, sometimes it just goes away, and you make
19 money while you put it off.

20 So I thank my colleague. A very constructive
21 suggestion. I am interested in working with him on
22 that.

23 Senator Welch. Thank you.

24 Senator Wyden. Thank you, Mr. Chairman.

25 Senator Warnock. Mr. Chairman?

1 The Chairman. We will rotate and then come back,
2 Senator.

3 Senator Warnock. Thank you.

4 The Chairman. Senator Marshall?

5 Senator Marshall. Thank you, Mr. Chairman. I
6 just want to express how enthusiastic I am about future
7 Secretary Bessent's nomination.

8 I think -- I have had the privilege of
9 interviewing a few people in my lifetime now, and I
10 cannot share enough how encourage I was with my
11 interview with him on a personal basis, that he is not
12 only a leader but he understands the challenges of every
13 day families, that he is a person who has lived the
14 American Dream, and I think he understands the struggles
15 of every day Americans now as well.

16 I like his priorities. His priority is to grow
17 the economy, to address the federal fiscal deficit, to
18 increase oil production, to bring down the price of gas
19 and groceries, rent and mortgages, so that other
20 Americans like him can live this same American Dream.

21 I like his commitment to making the Trump tax cuts
22 permanent as well, and again just a commitment to those
23 people that carry a lunch pail to work. Obviously, he
24 has been very successful on Wall Street, but he is from
25 rural America, from small town America, and again, I am

1 just so appreciative of his commitment, that every
2 American has that shot at the same American Dream that
3 so many of us have had.

4 Thank you, Mr. Chairman.

5 The Chairman. Thank you.

6 Senator Whitehouse?

7 Senator Whitehouse. Two points, if I may. One is
8 that what, 30 years ago, nominees for cabinet positions
9 withdrew their nominations for failing to pay probably
10 hundreds of dollars, at worst thousands of dollars in
11 taxes. It earned the Watergate appellation, what's
12 called "nannygate."

13 And here we are, 30 years later, and we have an
14 individual who has dodged \$900,000 in contributions to
15 Medicare, which to me is very telling. It speaks to, as
16 the ranking member has said, the double standard in
17 America. If you are a billionaire, you are not expected
18 to follow the rules. Everybody else is expected to
19 follow the rules.

20 I agree that we need an answer to this question,
21 but it would seem to me that the proper answer to this
22 question is while this is the position of the IRS and
23 the Treasury, he should take it and pay his taxes.

24 The conflict of interest of becoming the overseer
25 of the IRS and the Secretary of the Treasury is

1 apparent, and I think that is really significant.

2 The other thing I wanted to mention is that I
3 think we have underestimated what is going to happen as
4 a result of climate change. I think we have
5 underestimated it very badly. I think we have
6 underestimated as a result of a largely fraudulent
7 campaign by the fossil fuel industry to mislead the
8 public about what is happening.

9 We are now towards the end of a very long period
10 of lies by the fossil fuel industry about what climate
11 change really is, how it works, what the science is and
12 what is likely to happen, and we are now entering the
13 period of consequences. And we are seeing those
14 consequences in Florida in the insurance markets. We
15 are seeing those consequences in California in insurance
16 markets.

17 I think there is every reason to believe that an
18 insurance crisis is looming. The former Chief Economist
19 of Freddie Mac, which is not exactly a green
20 organization and cares a lot about mortgages, has said
21 and then testified that as the insurance markets melt
22 down because climate change has made risk unpredictable,
23 that cascades into a failure in mortgage markets,
24 because you need insurance to get a mortgage.

25 And if you cannot get a mortgage on your property

1 unless you are a billionaire and some other billionaire
2 can come by cash. But if you actually need to sell to
3 somebody who, like you, needs a mortgage to afford the
4 house, then you do not have buyers any longer. That
5 creates what in his phrase would be a coastal property
6 values crash.

7 Now, beside the coastal property values crash he
8 warned of, there is a wildfire property values crash
9 that is looming as well, that was not considered then
10 because the growth in wildfire risk has happened so
11 explosively. But if you look at the combination of
12 coastal property values crash risk and wildfire-adjacent
13 property values risk, and you look at what that is
14 already starting to do to insurance markets, and you
15 look at the warnings that have come from many places.

16 If you doubt me, go get the April issue of *The*
17 *Economist* magazine, again, not a green publication,
18 warning that the foundations of the world's largest
19 asset class, the real estate industry, are being shaken
20 by what is taking place. This is not just a coastal
21 problem, it is not just an American problem.

22 This is actually a global problem, and I think it
23 portends very significant global financial shock. And,
24 as best I can tell, the nominee does not want to hear
25 about it, is not interested, could not care less, and

1 like the rest of the Trump administration, is
2 essentially in tow to the fossil fuel industry, which is
3 on the cusp of causing very, very significant economic
4 pain.

5 So, for both of those reasons, I voted "no."

6 The Chairman. Thank you, Senator Whitehouse.

7 I would like to just respond to some of the
8 comments that have been made here. With regard to the
9 global warming issues, I do not think that it is just a
10 fair characterization to say that the nominee does not
11 care about the global warming issues that we face.

12 But I guess that is an argument that we will be
13 engaged in for some time beyond today's meeting.

14 Senator Whitehouse. Yes, sir.

15 The Chairman. But with regard to the nominee and
16 the implication that was made here that he has failed to
17 pay his taxes, that is simply false. The issue is one
18 on which the nominee has filed his taxes in compliance
19 with standard existing tax law.

20 But the Internal Revenue Service, not just with
21 regard to this nominee but with regard to many, many
22 taxpayers, is seeking to change its interpretation of
23 the law at issue. And if the Internal Revenue Service's
24 change of that interpretation is accepted, then he would
25 owe taxes, as would many, many other people.

1 This issue is in court. Not in a case that he has
2 brought, but in a case that another taxpayer has brought
3 against the IRS, trying to change the rules. And the
4 nominee, Mr. Bessent, has stated that he has fully
5 complied with traditional tax law and is prepared, if
6 the IRS position prevails in court and the rules change,
7 to pay the tax that is due.

8 And he has even set aside a reserve fund to do so.
9 He has done nothing wrong except follow traditional tax
10 law and has stated that if the Internal Revenue Service
11 does prevail in its litigation to change the
12 interpretation of how standard practice has proceeded in
13 the past, then he will comply with that new
14 interpretation. I think that's imminently fair.

15 Senator Wyden. If my colleague will just yield
16 briefly, because he and I have some other things to talk
17 about in addition to this. Just so it is clear, because
18 tax policy is pretty tense kind of mumbo jumbo is if Mr.
19 Bessent is confirmed tomorrow, he will go to his office
20 the next day and will be serving in a way that is not
21 compliant with Treasury and the IRS position on this
22 issue of Medicare taxes.

23 That is not a question of appeals and all the
24 rest. That is a question of what will happen the day
25 after he takes his seat, and that is what is so

1 troubling. Because on that day, there will be a double
2 standard all over America.

3 People who pay their Medicare taxes on time will
4 in effect say the person who is in charge of this at
5 Treasury is not in compliance with the policy of two
6 bodies, the IRS and Treasury.

7 The Chairman. Well, I will give you this. He
8 will be the Secretary of Treasury if he is confirmed by
9 the Senate. And the bottom line is, he has still made
10 it very clear that he will comply. If the IRS position
11 is what is determined by courts of law to be the new
12 position of tax policy, he will comply with it.

13 With that, is there anything further on the
14 nomination discussion today? All right. With that,
15 then the committee will be in recess.

16 [Whereupon, at 10:37 a.m., the meeting was
17 concluded.]

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1	STATEMENT OF:	PAGE
2	Hon. Mike Crapo,	2
3	a U.S. Senator from Idaho,	
4	chairman, Committee on Finance	
5		
6	Hon. Ron Wyden,	4
7	a U.S. Senator from Oregon	