

FINANCE COMMITTEE QUESTIONS FOR THE RECORD

United States Senate Committee on Finance

Hearing on the nomination of Mr. Wally Adeyemo

Responses by Mr. Adeyemo

February 28, 2021

Senator Barrasso

1. Senator Barrasso 1:

On his first day in office, President Biden issued an executive order halting construction of the Keystone XL pipeline. Thousands of American jobs were eliminated with the stroke of President Biden's pen.

- a. From an economic standpoint, do you believe the workers who lost their jobs and the communities they lived in are better or worse off today as a result of President Biden's action?
- b. What action can Treasury take **today** to help energy workers who lost their job as a result of President Biden's executive order, or those energy workers whose jobs are threatened by policy statements made by the President and individuals he has nominated for positions within the Executive Branch?

Climate change is an existential threat to the health and safety of the American people, the environment, as well as our economy. It is critical that we mitigate these risks in a manner that is consistent with our interest in creating a better future for our children.

As Secretary Yellen has said, as we work to solve the climate crisis and move toward a low-carbon future, we must ensure that American families—especially the most vulnerable and those exposed to the costs of the energy transition—share in the economic gains that can come from a clean energy economy. The President's agenda includes investments in clean energy and energy efficiency technologies that create good-paying jobs. If confirmed, I look forward to working with you and other Members of Congress to make investments in the energy transition that will help create jobs.

2. Senator Barrasso 2:

There is strong bipartisan support in Congress for the implementation of sanctions related to the Nord Stream II project.

Failing to implement US sanctions strengthens President Putin's influence in the region and will create long-term instability for many of our allies in the region and their economies.

A broad, encompassing sanctions regime will strengthen the interests of the United States as well as our allies and their people.

It sends a message to our allies and partners that we will stand beside them against Russian aggression.

- a. Do you support robust and timely implementation of US sanctions on Nord Stream 2?
- b. What additional sanctions must be put in place to prevent the completion of the dangerous pipeline?
- c. What will be the impact on Baltic countries and other allies in the region if the United States is perceived to willfully ignore its own laws or enact ineffective sanctions on Russia?

If confirmed, I will work closely with counterparts across the Administration on these issues. I am committed to effectively enforcing sanctions targeting Russian actors and other threats to U.S. national security. As I said in my opening statement, we need to work with Congress to strategically use the Treasury Department's tools to protect our citizens from threats, foreign and domestic. If confirmed, I look forward to working with you on this important issue.

3. Senator Barrasso 3:

President Biden has indicated he will push to halt US and world organizations, such as the World Bank, from financing global fossil fuel projects. Many of these projects would be in poor, underdeveloped nations.

We know providing a nation with reliable and affordable power generation improves the quality of life for their citizens exponentially.

We also know helping nations develop their natural resources by using them domestically will raise the standard of living through economic activity and employment.

By pushing to block funding for energy projects in poor nations, President Biden will open the door for China to finance fossil energy power generation projects through its Belt and Road Initiative.

- a. Do you believe it is appropriate for the United States to tell poor countries we will not help them to address poverty in their nations unless they do it as we demand?

It is important that the United States, our allies, and international financial institutions take steps to ensure developing countries have the resources they need for public health and economic recovery during this time of crisis. If confirmed, I will work with Secretary Yellen and Treasury staff to analyze the full range of ways that the international community can strengthen its support for the most vulnerable countries during this time. I believe this can be done in a way that is consistent with ensuring these countries have access to the tools needed to mitigate and adapt to the impact of climate change.

- b. Do you agree China will step in with their Belt and Road initiative to provide the assistance President Biden has indicated he will not provide?

Competition with China is one of the central challenges of the 21st century, including competition with China's economic statecraft. For a number of countries, the pandemic has exposed the challenges that come with accepting economic assistance from China. I believe it is critical social, economic, and environmental safeguards are built into development programs we support, and we work to offer countries an opportunity to pursue sustainable growth. If confirmed, I look forward to working with President Biden, Secretary Yellen, and Congress to craft an economic and diplomatic agenda that promotes economic fairness and democratic values.

4. Senator Barrasso 4:

I have heard from multiple accountants and tax preparers about problems they have connecting with a live person at the Internal Revenue Service.

When eventually reaching a live person, more often than not, the individual is unable to provide assistance and directs the customer to other divisions where the routine repeats itself. The situation has only gotten worse as the COVID-19 pandemic continues.

While most people are understanding of delays during the pandemic and the need to safely return people to their work sites, lack of timely and useful responses is beginning to create serious problems for America's taxpayers.

- a. What steps do you plan to implement to get IRS workers within all units of the IRS back in the office, and improve the level of service currently being encountered?

If confirmed, one of my goals will be to review the services the Department of the Treasury provides to the American people. I would, if confirmed, move quickly to be briefed on this issue and work to understand the health, safety, and resource constraints that the IRS faces. That understanding would underpin future steps I would take, if confirmed, toward improving service for taxpayers in this and future filing seasons. I understand that this past year has been incredibly challenging for all Americans and all organizations, and the IRS is no exception. American taxpayers are right to expect high levels of service from their government, including the IRS.

- b. What is your timeline to institute these steps?

If confirmed, I am committed to providing you with a briefing on what it will take to address these service issues after I have completed my review.

5. Senator Barrasso 5:

The Chinese Communist Party continues to commit terrible human rights abuses.

Prior to leaving office, Secretary of State Pompeo issued a formal declaration that China is committing genocide through its wide-scale repression of Xinjiang's ethnic minorities.

China's actions include:

- Incarceration of the Uighur people in "re-education camps;"
- Forced sterilization of Uighur women; and
- Efforts to eliminate the existence of the Uighur people, their dignity and culture from recorded history.

During his confirmation hearing, now Secretary of State Antony Blinken agreed with Secretary Pompeo's genocide determination and condemned the Xinjiang "concentration camps."

- a. Given President Biden and Secretary Blinken agree that the Chinese government is engaged in genocide against the Uighur people, what sanctions do you suggest the U.S. Department of Treasury impose against China?
- b. How quickly can those sanctions be implemented?
- c. Will the sanctions be implemented before the genocide is completed?

If confirmed, I look forward to learning how my colleagues at the Treasury Department are thinking about using the Department's tools to address these challenges. I am committed to working to hold China accountable for its violation of international law.

Senator Brown

6. Senator Brown 1: Multilateral Diplomacy on Anti-Corruption Efforts

As part of its foreign policy platform, the Biden Administration has both promised to reinvigorate U.S. multilateral diplomacy and identified global anti-corruption as a priority for its diplomatic engagement. There are several opportunities within the next year – the G7, G20, Summit of the Americas, APEC, UN and the General Assembly Special Session on Corruption, as well as the proposed Summit of Democracy, to name a few – in which the United States can collaborate with our allies to strengthen the international anti-corruption framework. As the United States has itself just passed a landmark anti-corruption law – the Anti-Money Laundering Act, which would give U.S. law enforcement a powerful tool to identify the true, “beneficial” owner of U.S. shell companies – it would seemingly behoove us to work in multilateral fora to promote similar transparency measures, as well as to strengthen the enforcement of existing commitments against corruption, fraud, waste, and abuse. How and in which fora will the Treasury Department plan to play a unique role in implementing President Biden’s anti-corruption agenda? What mutual accountability mechanisms between nations might be used to ensure *existing commitments* are implemented, in addition to new commitments?

If confirmed, I will work to ensure that the Treasury Department continues and expands its role promoting anti-corruption efforts in international forums, such as the G7, G20, and Financial Action Task Force. The Treasury Department can share best practices, promote strong legislation across jurisdictions, and encourage collaboration with the private sector to improve awareness of and counter corrupt practices worldwide. I welcome the opportunity, if confirmed, to work with colleagues at Treasury and around the U.S. government to implement the Anti-Money Laundering Act recently passed by Congress. The Treasury Department can also play an important role in encouraging other countries to adopt similar transparency measures and enforce legal requirements related to corruption, fraud, and other forms of illicit finance.

7. Senator Brown 2: AML Obligations for Private Equity

In an [internal report](#) leaked last summer, the FBI assessed with “high confidence” that the \$15 trillion private investment fund market is increasingly used by criminals, kleptocrats, and tax cheats to circumvent the U.S. regulatory system. While registered investment advisers (RIAs) overseeing hedge funds, private equity funds, and other private investment vehicles report some information on their own ownership on Securities and Exchange Commission (SEC), many currently have no obligations to know their customer or fulfill basic anti-money laundering (AML) requirements. In 2015, Obama’s Treasury Secretary Jack Lew [initiated](#) – but never finalized – a [rule](#) that would bring registered investment advisers under the same AML obligations as similar financial institutions (e.g. mutual funds, broker-dealers in securities, banks, and insurance companies). Do you intend to update and finalize the Obama-era rule requiring registered investment advisers to fulfill basic anti-money laundering obligations, as a way to

mitigate risks of fraud, money-laundering, and sanctions evasion in the U.S. private investment fund market?

If confirmed, I will make safeguarding America’s financial integrity a top priority and will work to remove malign actors and illicit financial flows from our financial system. If confirmed, I look forward to being briefed by my colleagues at the Treasury Department on the status of this rulemaking and would welcome the opportunity to collaborate with you on this very important issue.

8. Senator Brown 3: Humanitarian trade with Iran

There are a lot of complicated issues surrounding US-Iranian relations, including how to engineer the administration’s stated desire to re-enter the Iran nuclear agreement on a compliance-for compliance basis. But one issue which should not be complicated, especially during the Covid-19 crisis, is how to better ensure delivery of humanitarian goods -- food, medicines and medical supplies – to the people of Iran, and how to mitigate sanctions over-compliance by financial institutions and allow basic humanitarian trade finance for these products to continue. Will you work at Treasury to do everything necessary to allow the free flow of licensed humanitarian goods to Iran, an especially urgent priority during the ongoing Covid-19 pandemic?

If confirmed, I will work with my colleagues at Treasury and throughout the Federal government to allow the free flow of licensed humanitarian trade to countries that are subject to U.S. sanctions, recognizing the unique circumstances of the COVID-19 crisis.

9. Senator Brown 4: Cross-Border Rule

The Intelligence Reform and Terrorism Prevention Act of 2004 directed the Secretary of the Treasury to prescribe regulations to require the reporting to FinCEN of certain cross-border electronic transmittals of funds to help detect and prevent the proceeds of financial crimes and terrorist financing from flowing across America's borders. The Act required the Secretary to issue these regulations by December of 2007, if Treasury could certify that the technical capability to receive, store, analyze, and disseminate the information was in place prior to any such regulations taking effect. The Act also required that, in preparation for implementing the regulation and data collection system, the Treasury Department study the feasibility of such a program and report its conclusions to Congress. In 2006, FinCEN published a feasibility study detailing the costs and benefits of collecting cross border wire transfers. In September 2010, FinCEN published a notice of proposed rulemaking (NPRM) that would require certain depository institutions and money services businesses to affirmatively provide records to FinCEN of certain cross-border electronic transmittals of funds. To my knowledge, nothing further has been published on the issue. Can you provide a status update on where the cross border electronic transmittal of funds reporting regulation currently stands, and whether FinCEN or the Treasury Department plans to pursue a final regulation on this topic in the near future?

If confirmed, I look forward to being briefed by my colleagues at FinCEN and across the Treasury Department and to working with you on this very important issue.

Senator Cantwell

10. *Senator Cantwell 1:*

Mr Adeyemo, although you didn't mention it in your opening remarks, I believe the Treasury Department can play a key role in helping decarbonize our economy. Whether that is making sure financial markets assess and disclose climate risks, to effective distribution of clean energy tax incentives, to maybe someday soon issuing monthly dividends to every American as part of a carbon pricing program.

Senator Cantwell 1.a: Do you share Secretary Yellen's view that she expressed during her January 21, 2021 confirmation hearing that climate change poses an "existential threat" and support her plans to make the Treasury Department a leader in addressing the risks it poses to our economy?

Climate change is an existential threat to our health and safety, the environment, and also our economy. If confirmed, I look forward to working with Secretary Yellen and the rest of the Treasury Department to deliver on President's Biden's plans to combat climate change, including investing in sustainable infrastructure and working to create new, green jobs. Investing in these industries of the future will be critical to ensuring America's long-term economic competitiveness.

Senator Cantwell 1.b: Do you believe that an economy wide price on carbon, applied upstream where fossil fuels enter the economy, is the most efficient mechanism to decrease carbon emissions at the necessary scale and speed?

I agree with Secretary Yellen that we cannot solve the climate crisis without effective carbon pricing. During the campaign, President Biden made clear he supports an enforcement mechanism that requires polluters to bear the full cost of the carbon pollution they emit. I am committed to working on this issue and, if confirmed, look forward to working with you on this issue.

Senator Cantwell 1.c: Do you believe that a predictable, market-based carbon price will incentivize the markets to reduce carbon emissions faster and more efficiently than could be achieved through direct regulation of emissions within specific industry sectors?

Please see my answer above. Thank you.

Senator Cantwell I.d: Do you believe that concerns over carbon pricing disproportionately harming lower-income households would be addressed if the majority of revenue raised was distributed back to consumers through equal per capita monthly dividends?

I believe it is essential that as we move toward a low-carbon future, we also ensure that American families share in the economic gains that can come from a clean energy economy. If confirmed, I share Secretary Yellen’s commitment to working with you to advance the President's agenda for investments in clean energy and energy efficiency technologies that create good-paying jobs, and clean electricity standards that will achieve carbon-pollution free electricity by 2035.

Senator Cantwell I.e: Do you believe the experience gained by the Treasury Department issuing stimulus checks during the COVID crisis prove that the Treasury Department would be capable of efficiently and cost-effectively issuing monthly dividend payments to every American?

I share your interest in improving tax administration. If confirmed, I plan to review how the lessons learned from issuing Economic Impact Payments can inform future tax administration. I look forward to working with you on this issue.

Senator Crapo

11. Senator Crapo 1:

As Deputy Secretary of the Treasury, you would have oversight over the Office of Terrorism and Financial Intelligence which is charged with combating terrorist financing and money laundering. Last year alone, law enforcement seized over two billion dollars in illicit cryptocurrency from terrorist financing and money laundering campaigns. It is obvious that terrorist groups have adapted to technology and the digital world, and that includes the exploitation of cryptocurrencies. As Deputy Secretary, would you prioritize the Department's counter-terrorist financing and anti-money laundering tools to combat the illicit use of cryptocurrency?

The stability and integrity of the U.S. financial system are vital to our economic and national security. If confirmed, I will make it a priority to protect our financial system from illicit financial flows and malign actors, working closely with the dedicated staff of the Office of Terrorism and Financial Intelligence, the IRS Criminal Investigation Division, and others within the Treasury. When it comes to cryptocurrency and digital assets, as Secretary Yellen has said, we know they can be used to finance terrorism, facilitate money laundering, and support malign activities that threaten U.S. national security interests and the integrity of the U.S. and international financial systems. It is also important that we consider the benefits of cryptocurrencies and other digital assets. If confirmed, I will work closely with Secretary Yellen, the Federal Reserve Board, and other federal banking and securities regulators, including the SEC and CFTC, on how to implement an effective regulatory framework for these and other fintech innovations. If confirmed, I also look forward to working with you and other Members of Congress to address these issues.

12. Senator Crapo 2:

As Deputy Secretary of the Treasury, you would oversee the Internal Revenue Service, including its Criminal Investigation Division, IRS-CI. Do you support prioritizing existing funding and increasing future funding within IRS-CI to combat the illicit use of cryptocurrency which are used to fund terrorist and criminal networks?

If confirmed, I look forward to discussing the IRS's approach to the illicit use of cryptocurrency with the IRS Commissioner, as well as Secretary Yellen. If confirmed, I look forward to discussing with you and other Members of Congress the role the IRS will play in addressing the illicit use of cryptocurrency.

13. Senator Crapo 3:

IRS-CI agents have partnered successfully with Blockchain analysis companies to investigate donations to terrorist groups and the larger underlying financial networks that

facilitate their operations. These partnerships have uncovered the parties that have sent and laundered funds, as well as identified the goods and services bought with these illicit funds. As Deputy Secretary, would you support continued and increased partnerships between IRS-CI and Blockchain analysis companies?

I believe the strength of U.S. financial system is a critical asset for our country and, if confirmed, I will work to protect its stability and safeguard its integrity. I would support the efforts of the IRS-CI and other offices within the Treasury to root out malign actors and illicit activities from our financial system, including efforts to partner with outside organizations willing to assist their efforts. If confirmed, I look forward to briefing you on these partnerships and other innovative methods to protect national security.

14. Senator Crapo 4:

Do you believe it is in the U.S. interest to ensure fair access for financial services in foreign markets? Will you work with USTR to ensure that such access remains a priority for both agencies?

It is essential that American companies and workers be able to compete on a level playing field. American companies and workers are the most innovative in the world and have always been able to succeed and prosper when they are given a fair chance to compete. If confirmed, I will make American competitiveness a top priority and commit to working closely with USTR and others in the Administration to address unfair practices that target American companies and to write rules of the road for trade that reward hard work and innovation, not abusive and unfair practices.

15. Senator Crapo 5:

One of the important international initiatives advanced by Treasury in the previous Administration was promoting data connectivity in financial services. As you know, data flows are critical to secure and ensure efficient operations in this sector, and support innovation and choice in financial services for small businesses and workers. Will you commit to maintaining Treasury's global push for data connectivity in financial services, including through bilateral dialogues and in any new agreements negotiated by USTR?

It is critical that we work with our allies to create a global financial system that rewards innovation and supports American competitiveness. If confirmed, I will work to develop a robust regulatory and trade agenda that supports access to financial services for small businesses and workers. At the same time, we must remain cognizant of the importance of data security and work to safeguard Americans' personal information and private data from intrusions and misuses. If confirmed, I will work with USTR and others throughout

the Biden-Harris Administration to balance supporting data-driven innovation with the need to protect consumers' and companies' data.

16. Senator Crapo 6:

Economists Larry Summers and Olivier Blanchard have recently sounded numerous warnings about risks associated with President Biden's \$1.9 trillion covid-19 plan. Blanchard succinctly wrote that "I think this package is too much" and "The \$1.9tn program could overheat the economy so badly as to be counterproductive." Summers, identifying that the plan is at least three times the size of the "output shortfall" as projected by the Congressional Budget Office, wrote that "If the stimulus proposed is enacted, Congress will have committed 15 percent of GDP with essentially no increase in public investment to address these challenges [economic injustice, slow growth, and inadequate public investment]. After resolving the coronavirus crisis, how will political and economic space be found for the public investments that should be the nation's highest priority?" He also wrote "The household saving rate almost doubled last year to 12.9%. This could translate into a potential \$1.5 trillion supporting pent-up consumer demand as the pandemic subsides." With that, Summers wrote that "there is likely to be further strengthening of demand as consumers spend down the approximately \$1.5 trillion they accumulated last year as the pandemic curtailed their ability to spend...Judged relative to either the macroeconomic output gap or declines in family incomes, the proposed covid-19 relief package appears very large."

Secretary Yellen has repeatedly advocated that Democrats "go big" with respect to stimulus, yet many prominent economists, including Summers and Blanchard who are typically strong proponents of stimulus, have put forward strong, data-based arguments that the President's proposed \$1.9 trillion stimulus is too big.

Do you acknowledge that the "go big" \$1.9 trillion proposed stimulus could pose significant risks stemming from going too big?

I agree that it is important that we consider all the risks of any policy approach. I believe the biggest risk we face is not making the investments we need to get Americans back on their feet and not doing enough to confront this crisis. Millions of Americans have lost their jobs or their businesses, are facing eviction or foreclosure, and are struggling to put food on the table. If we don't act in a way that meets this moment, we risk long-term economic scarring. If confirmed, it will be my responsibility, working with Secretary Yellen, to be vigilant and remain mindful of all risks to the economy, and I will closely monitor those risks now and going forward. If confirmed, I am also committed to providing you with regular updates on these risks.

17. Senator Crapo 7:

In the December COVID-19 relief package, I worked closely with Senator Warner, many of my other Senate and House colleagues, and the previous Administration on a bipartisan basis to provide \$12 billion in funding for Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs), including \$9 billion for Treasury to establish an Emergency Capital Investment Program for low-cost, long-term capital investments in certain CDFIs and MDIs, and a \$3 billion infusion into the CDFI Fund. It is important that both of these become operational quickly to ensure communities most suffering from the COVID-19 pandemic are getting the help that they need.

- a. Do you commit to implementing these programs quickly and effectively to ensure that CDFIs and MDIs can start getting support to their communities as soon as possible?

I believe CDFIs and MDIs play a vital role in supporting some of our country's most underserved communities. I strongly support your efforts to provide additional resources to these institutions. If confirmed, I commit to working expeditiously to implement these programs and deliver relief where it is badly needed, and I look forward to working with you and Congress to accomplish these goals.

18. *Senator Crapo 8:*

You have advocated for additional “stimulus” in response to the pandemic, and the administration, including Secretary Yellen, argues for additional “relief” funding for state, local, and other units of government, based partly on forecasts of “lost revenue.” Those forecasts, since the onset of the pandemic, have been far off the mark. As revenue realizations arrive, they have consistently shown either no or severely smaller revenue losses relative to earlier forecasts.

- a. Do you advocate for additional state, local, and other government relief?
- b. If so, what data on revenue realizations guide your advocacy, and what studies of lack of state, local, and other government “relief” in past recessions lead you to believe that without additional funding now, recovery from a recession would be held back in some ways.
- c. Do you think that your assessment reflects a consensus from academic literature on the topic of efficacy of federal relief aid to state, local, and other governments and the extent to which such relief influences medium-term growth? If so, please cite academic, peer-reviewed, studies guiding your thoughts?

I share Secretary Yellen's view that relief for state and local governments remains essential to combat the pandemic, restart our economy, and reopen our schools. States and localities need funds for public health and education, and to keep front line workers on the job. There are a number of researchers studying these issues. I find Tracy Gordon from the

Urban-Brookings Tax Policy Center to have produced research that helps us better understand the benefits of providing fiscal support to state and local governments.

19. *Senator Crapo 9:*

Prior to the Tax Cuts and Jobs Act (TCJA), the United States had one of the highest corporate income tax rates among developed countries. TCJA lowered the corporate rate to ensure that our domestic businesses would remain globally competitive. Even at 21 percent, the United States still holds the 11th highest corporate tax rate out of the top 36 developed countries, according to the [Tax Policy Center](#).¹

President Biden has proposed increasing the 21-percent rate to 28 percent. If enacted, the United States once again would have one of the highest business tax rates among developed countries. Unfortunately, not just U.S. companies would be affected by the rate increase. The Joint Committee on Taxation and Congressional Budget Office have both concluded that 25 percent of the corporate tax is borne by workers. If the corporate tax rate is increased to 28 percent as proposed, American workers will also feel the burden through fewer jobs, reduced wages, and less benefits.

What are your views on increasing the corporate tax rate above that of most developed countries, particularly if a significant portion of the rate increase would also be borne by American workers?

My view is our goal must be to advance a policy mix that creates jobs while progressively raising revenues. This is why I support raising the corporate tax rate to 28 percent. At 28 percent, the corporate tax rate would be substantially below the level that had been in place for decades. The President has also proposed investments that would improve competitiveness. This includes investments in infrastructure, ranging from surface transportation to broadband to airports and waterways. The President's plan would also support American workers by investing in worker training, college education, and apprenticeship programs.

20. *Senator Crapo 10:*

President Biden has claimed that the Tax Cuts and Jobs Act (TCJA) incentivizes U.S. companies to move manufacturing and intangible property overseas. However, the nonpartisan Joint Committee on Taxation has concluded that the TCJA international provisions “are expected to reduce the incentives for this ‘profit-shifting’ activity, resulting in an increase in the U.S. tax base.”²

Further, available data confirms that TCJA is actually encouraging companies to invest more in the United States. Data from the Bureau of Economic Analysis (BEA) shows that, among U.S. multinationals, employment, investment, research, and production in the United States has increased at a faster rate in 2018 than the average rate over the past 20 years and faster than the growth rate of U.S. multinational companies abroad.³ BEA data

also illustrates that the quarterly average of dividend repatriations to the United States from foreign entities has tripled in the years since the enactment of the TCJA.⁴

Do you agree that significant changes should not be made to the international tax system until the data on U.S. and foreign investment and repatriation are fully analyzed and understood, and it can be confirmed that any such change would not reduce the rate of employment, investment, research, and production in the United States?

If confirmed, I will work with Treasury Department staff to ground tax policymaking in the best available research and evidence. President Biden laid out a set of tax proposals during the campaign. If confirmed, I look forward to working with colleagues in the Administration further develop these and other proposals, which will all benefit from the expertise of Treasury’s professional tax staff.

21. *Senator Crapo 11:*

A multilateral agreement reached at the OECD may require Congress to ratify a multilateral treaty and enact implementing legislation. It will become increasingly important that Congress be closely engaged with the OECD process to ensure Members are on board with any potential legislative changes that may be necessary. As negotiations continue at the OECD, will you commit to keeping the tax-writing committees apprised of negotiations and developments occurring at the OECD?

If confirmed, I very much look forward to working with the tax-writing committees as we work through the OECD to update global tax rules in ways that, as Secretary Yellen has said, stop the race to the bottom on corporate taxation and prevent global profit-shifting, while securing the competitiveness of U.S. companies.

22. *Senator Crapo 12:*

House and Senate Democrats have proposed lifting the limitation on the deduction for state and local taxes (SALT). Given the effect of the pandemic on our country and economy, Congress has passed significant relief bills that focus on unemployed Americans and smaller businesses that are struggling. The proposal to lift the SALT cap, on the other hand, would overwhelmingly benefit wealthy households. According to the Joint Committee on Taxation, over half the benefit from repealing the cap would go to taxpayers with incomes over \$1 million, and 94 percent of the benefit would go to taxpayers with incomes over \$200,000.

- a. What is your view of lifting the SALT cap, and do you think now is the time for a tax break on high-income individuals and households?

I believe that the tax code should be fair and progressive, and I am committed to working with Congress to implement tax policies that achieve this goal. On this issue, as Secretary

Yellen has said, it is important to consider the entire equation. For example, it is critical to study and evaluate what impact the SALT cap has had on state and local governments and those who rely upon their services. If confirmed, I will work with Treasury staff and others in the Administration to understand this issue and to pursue tax policies that ensure the wealthy pay their fair share while balancing the needs of taxpayers, state and local governments, and other critical stakeholders.

23. Senator Crapo 13:

One area of bipartisan agreement is on the issue of retirement savings. Congress passed the SECURE Act in 2019. Many in the House and Senate on both sides of the aisle are working to develop further legislation to promote retirement savings, which should be a top priority for the Finance Committee.

- a. As Congress considers additional legislation, do you commit to working with Congress on a bipartisan basis to enact policies that will further enhance Americans' ability to save for retirement?

If confirmed, I look forward to working with Congress to ensure that Americans can retire with dignity.

24. Senator Crapo 14:

The Committee for a Responsible Federal Budget (CRFB) projects that even if all of the trillions of dollars in proposed Biden tax increases were enacted, the Biden plan would still increase deficits by \$5.6 trillion over the next ten years, under their central estimate.

- a. How sustainable is the current path of the U.S. debt and associated deficits, and what steps can be taken to put the U.S. on more stable fiscal footing in the long-term?

My view is the most pressing challenge to fiscal sustainability is overcoming the pandemic and rebuilding our economy. As I said in my opening statement, economic policy must remain focused on providing relief until we have contained the pandemic. As Secretary Yellen has said, interest rates are at historically low levels, and our interest burden as a percentage of GDP is also quite low. Therefore, in the current environment, it makes sense to invest in the relief needed to support families and businesses. Over the longer term, we need to ensure that our country is on a sustainable path with respect to our debt burden. If confirmed, I look forward to working with Congress on these important issues.

25. Senator Crapo 15:

Do you support more federal spending on infrastructure?

- a. If so, how do you think the spending should be financed?

- b. Also, if so, please define what you define to be “infrastructure,” using a definition that clearly delineates a distinction between what is regarded as infrastructure and what is not.

I strongly support the President’s plan to bolster America’s infrastructure, ranging from surface transportation to broadband to airports and waterways. This e plan covers traditional physical infrastructure as well as technology infrastructure needed to enhance America’s competitiveness. President Biden has also proposed an array of reforms that would ensure the wealthiest taxpayers and corporations pay their fair share, including proposals to increase the corporate tax rate to 28 percent and ensure robust taxation of overseas profits.

26. Senator Crapo 16:

I am a strong opponent of Operation Chokepoint. During Chokepoint, we saw several politically disfavored industries, such as firearms and oil and gas, become essentially unbanked during this time, and in fact, it is still occurring today due to political pressure. I note all of this because I strongly support the OCC’s fair access rule and believe that legal industries should be banked.

- a. How will you ensure that all federally legal industries have fair access to banks, even with the political pressure that they face?

If confirmed, I plan to work with Secretary Yellen and other members of the Treasury’s staff to review all recently released rules and regulations. It is important to note that the fair access rule was promulgated by the OCC, an independent banking regulator.

27. Senator Crapo 17:

The federal government has agencies that are focused on the environment and agriculture, and therefore are uniquely focused on resources for addressing climate change. The Treasury Department is typically not one of those agencies, yet Secretary Yellen has decided to make fighting climate change a priority, presumably including devotion of Treasury-Department resources to the fight, and perhaps including imposition of regulations through use of the FSOC. Do you agree with that decision and, if so, why do you think Treasury and/or financial regulation is a more appropriate avenue to curb climate change than federal agencies already equipped to do so?

It is important to recognize that the finance ministries of all major economies are engaged in thinking about the impact climate change will have on their economies. Like President Biden, these leaders recognize that climate change is an existential threat not only to the environment but to their economies. If we want to ensure that American workers and

businesses are able to compete globally, it is critical that Treasury is engaged in thinking about the economic challenges and opportunities created by climate change.

28. *Senator Crapo 18:*

The Treasury Secretary, who serves as the managing trustee of Social Security and Medicare trust funds, typically delegates others in the Treasury Department to participate in the formulation of annual trustee reports. If confirmed, you could play a role in helping to develop those reports. In 2017, allegations were made that a single public trustee for Social Security somehow forced insertion of assumptions into models used to project the future finances of Social Security that led to the “playing up the potential future insolvency of the program.” One piece of evidence to support the allegations was that the Chief Actuary for Social Security wrote a public statement of actuarial opinion containing some sort of public rebuke of questionable elements of the 2015 Social Security trustee report. The Chief Actuary’s Statement of Actuarial Opinion from the 2015 report is available on the Social Security Chief Actuary’s website (on pp. 256-257 of <https://www.ssa.gov/oact/TR/2015/tr2015.pdf>).

Given that the Treasury Secretary, who you will assist, is the managing trustee of Social Security Trust Funds, it is important to know that you have knowledge of and sound judgement regarding Social Security trust funds. Do you agree that the Statement of Actuarial Opinion of the 2015 trustee report represents a public rebuke of questionable elements of the trustee report—elements that represent assumptions used to project the future finances of Social Security to play up the potential future insolvency of the program?

I fully support unbiased, credible analysis of the Trust Funds’ balances, and I believe that any actuarial analysis should be undertaken using objective economic assumptions. Social Security is the bedrock of the American retirement system. Continued monitoring of the health of the Social Security Trust Funds is an important element in ensuring the long-term health of the program.

29. *Senator Crapo 19:*

In response to a question on “stranded assets” as an alleged risk from climate change, Secretary Yellen identified that, “Stranded assets are a possible result when new forms of clean energy, transportation, and production displace those that have contributed to climate change.” Using that definition, stranded assets – which Secretary Yellen views as a risk from climate change – include assets such as those associated with development of the Keystone XL project that now lie dormant and stranded. The assets and associated jobs have become stranded in part because some believe they pose risks from climate change and ought to be shut down as part of a mandated transition from] fossil fuels. The

risk relates to a government-mandated shutdown of a productive activity. Not only are assets stranded, American jobs are lost.

According to Secretary Yellen, the transition from fossil fuels “is not a decision or a choice.” That could mean it is a necessity, and must be done, whether through the democratic process or through administrative fiat.

- a. Do you believe that stranded assets and job losses are not a decision or a choice when it comes to responding to climate change, and that the stranding of assets and jobs arising from administrative responses to climate change, such as shutting down the Keystone XL project, is simply a necessary consequence?
- b. Is it your view that the only answer to the loss of workers’ livelihoods is that they should learn other trades, such as solar-panel installation, or that somehow they will get jobs in other sectors because of some as-yet part of the administration’s plans, like spending on infrastructure?

I agree with Secretary Yellen that stranded assets may result from the transitions necessary to mitigate climate risks. The best way to mitigate the risks associated with climate change, including stranded assets and other climate-related financial risks, is to begin to transition now and in a manner that facilitates long-term planning.

The new forms of clean energy, transportation, and production necessary to mitigate climate change are also an opportunity. As Secretary Yellen has said, as we work to solve the climate crisis and move toward a low-carbon future, we must ensure that American families—especially the most vulnerable and those exposed to the costs of the energy transition—share in the economic gains that can come from a clean energy economy. If confirmed, I look forward to working with you and other Members of Congress to invest in clean energy jobs that will create new opportunities for all Americans.

Senator Daines

30. Senator Daines 1:

Mr. Adeyemo, in 2016 you testified before the Senate on your view of CFIUS as a means to resolve national security concerns in order to promote foreign investment. Since that time, Congress has strengthened CFIUS in response to growing concerns over China, expanding its jurisdiction and providing for more substantive analysis of potential threats. How do you assess the current state of Chinese direct investment, and how would hedge against Chinese manipulation?

I strongly support Congress’s efforts to modernize CFIUS under the Foreign Investment Risk Review Modernization Act, and, if confirmed, I look forward to working with you and Congress to continue to strengthen investment security. As Secretary Yellen has said, China is America’s most serious economic competitor. Strategic competition with China is a defining feature of the 21st century. China poses challenges to our security, prosperity, and values. China is engaged in conduct that hurts American workers, blunts our technological edge, and threatens our alliances and our influence in international organizations. Winning the economic competition with China requires us to make transformative investments at home in American workers, infrastructure, education, and innovation. We cannot maintain our edge over the long term unless we run faster at home. As President Biden has said, we need to be far more effective in galvanizing allies to join with us to push back on unfair Chinese practices that threaten U.S. values and interests. And, if confirmed, I will be willing to make use of the full array of tools to counter China’s abusive economic practices and hold Beijing accountable.

31. Senator Daines 2:

Mr. Adeyemo, officials in both the Trump and Biden Administrations have recognized the growing threat posed by China, and labelling it as a “competitor” for global power and influence. Given China’s history of leveraging financial instruments to gain access, harvest technology, and coerce its partners, how will you approach future dealings with Chinese businesses?

Please see my answer to the previous question. Thank you.

32. Senator Daines 3:

As Treasury continues to promote the need for the next \$2 trillion bill, many individual Americans and business owners are entirely unaware of what is in the bill Congress passed in December 2020, or the four prior COVID relief bills. For example, a National Federation of Independent Business survey conducted last month found that only 4 percent of small businesses were very aware of the Employee Retention Tax Credit (ERTC), and 65 percent said they were “not at all familiar” with the ERTC.

- a. Do you agree that the fastest way to help Americans in need would be raising awareness of the relief that Congress already passed for which they are eligible?
- b. If confirmed, what will you do to raise awareness of provisions like the ERTC, net operating loss carrybacks, paid sick and family leave credits, and other tax relief that is available today for individuals and businesses in need?

I agree that it is essential that we work to raise awareness of existing programs and opportunities for relief. If confirmed, I will work to increase outreach to individuals and the small business community, especially in underserved areas, to ensure they know that relief is available. Raising awareness of these programs will ensure we get the most out of the money Congress has appropriated in prior legislation, alongside additional rounds of stimulus American individuals and businesses need to get through the difficult months ahead.

33. *Senator Daines 4:*

The COVID Relief and Response Act provides \$2 billion in funding for grants for the motorcoach, school bus and U.S. flagged passenger vessel industries to be established by the Department of Treasury in consultation with the Department of Transportation. The named industries are in immediate need of this critical funding, yet we are hearing it may still be weeks before the program is operational.

- a. Can you provide an update on the status of implementation?

Like other travel and tourism-related industries, domestic passenger travel businesses have suffered over the past year. I support Congress's efforts to provide relief to this industry, and others, and, if confirmed, I look forward to working with you to implement the Coronavirus Economic Relief for Transportation Services Act. If confirmed, I look forward to working with the dedicated public servants at the Treasury to understand their progress implementing this program.

- b. Can you commit to making this program a priority and ensuring this money is distributed as soon as possible?

As I mentioned above, I support Congress's passage of the Coronavirus Economic Relief for Transportation Services Act and, if confirmed, will work to ensure that the Department is prioritizing this program given the urgent need for fund disbursements.

Senator Grassley

34. Senator Grassley 1:

A common adage for stimulus and economic relief measures is that they should be timely, temporary, and targeted. However, according to analysis by the Committee for a Responsible Federal Budget, only about 6 percent the COVID reconciliation bill is dedicated to vaccine distribution and immediate pandemic public health needs. At the same time, more than 15 percent, or \$300 billion, is dedicated to long-term Democrat policies with little relation to the pandemic. This includes expanding refundable tax credits that in most cases won't provide any benefit to taxpayers until they file their taxes a year from now. If providing immediate relief is as urgent as the President has claimed, what justifies the focus on using the current crisis to enact long-term partisan policy priorities that won't benefit taxpayers for another year?

I agree with Secretary Yellen on this important issue. Our country is facing an unprecedented economic and public health crisis. Millions of Americans have lost their jobs or their businesses, are facing eviction or foreclosure, and are struggling to put food on the table. If we don't act in a way that meets this moment, we risk long-term economic scarring. Rising to this challenge requires economic relief to get Americans through the hard months ahead and to support them and their families as they get back on their feet. The President's economic stimulus plan ensures relief will not dry up before the economy has fully recovered and that Americans will receive the support they need until this pandemic is behind us.

35. Senator Grassley 2:

At Secretary Yellen's nomination hearing, I asked if she could inform me of the Administration's position on repealing the State and Local Tax (SALT) deduction cap. As I pointed out to her at the time, repealing the SALT cap would overwhelmingly benefit the wealthy. In fact, according to the liberal Tax Policy Center, repealing the cap would provide the top one tenth of one percent an average tax cut of about \$144,000. For an Administration that has advocated tax increases, I would have thought the answer would have been a no brainer. However, I was informed the Administration needed more time to review the issue. Please explain your understanding of the Administration's position on repealing the SALT cap.

The President, during the campaign, proposed making changes to the tax code that make the system more progressive. If confirmed, I look forward to being briefed on the work Treasury is doing to evaluate the impact the SALT cap has on state and local governments. I agree with Secretary Yellen that it is important for us to consider the entire equation when making tax policy. If confirmed, I look forward to working with you and other Members of Congress to pursue tax policies that promote fairness.

36. *Senator Grassley 3:*

During the campaign, President-elect Biden pledged not to increase taxes on anyone making under \$400,000. However, a significant tax increase will go into effect on millions of middle-class taxpayers in 2026 unless Congress acts to extend the tax cuts and reforms enacted in 2017. Given President-elect Biden's campaign pledge, will you, if confirmed, work with Republicans in Congress to make these tax cuts permanent in order to prevent a massive tax increase on American families?

As you noted, President Biden made clear during the campaign that no American taxpayer with income under this threshold will be subject to a tax increase. If confirmed, I will work with Members of Congress to address the expiration of various aspects of the 2017 tax law, particularly those that impact middle-class taxpayers and families with incomes below the \$400,000 threshold.

37. *Senator Grassley 4:*

As I raised with Secretary Yellen during her nomination, the U.S. private motor coach, school bus, and domestic passenger vessel industries have suffered unprecedented economic losses and furloughed hundreds of thousands of employees over the past 10 months due to the pandemic. Collectively, these industries have furloughed or laid off an estimated 308,000 employees due to the COVID-19 pandemic. These businesses do not expect to see the start toward a return to "normal" business operations until mid- to late 2021, at the earliest, forcing their employees to remain out of work or be lost to other industries. Congress provided some relief for these industries in the legislation signed into law on December 27, 2020. That bill provided \$2 billion in grants for these industries to be jointly administered by the Department of Treasury and the Department of Transportation.

- a. *Senator Grassley 4.a:* Please provide an update on the status of implementing this program and distribution of the funding.

Like other travel and tourism-related industries, domestic passenger travel businesses have suffered over the past year. I support Congress's efforts to provide relief to this industry, and others, and, if confirmed, I look forward to working with you to implement the Coronavirus Economic Relief for Transportation Services Act. If confirmed, I look forward to working with the dedicated public servants at the Treasury to understand their progress implementing this program.

- b. *Senator Grassley 4.b:* Is the Treasury Department making this new program a priority and ensuring that the money gets out the door as soon as possible?

I know firsthand that the dedicated career professionals at the Treasury Department are the best our government has to offer and that they are committed to getting relief out the door and into the hands of these businesses. If confirmed, I look forward to working with them and with you to continue to implement this program and ensure we get these businesses the support they need.

- c. *Senator Grassley 4.c:* If confirmed, will you commit to doing everything possible to expedite the implementation of the program and the allocation of funds to eligible recipients?

Yes.

Senator Menendez

38. Senator Menendez 1: International Financial Crisis/World Bank SDR

COVID-19 spurred devastating health, social and economic crises that have had serious impacts everywhere, but especially in developing countries where the pandemic has deepened development and inequality challenges and erased years of progress on poverty reduction and women's rights. While wealthier countries have spent trillions of dollars on stimulus packages so far, many developing countries cannot afford expenditures that are vital to bring the pandemic under control—increasing the likelihood of prolonging the crisis further, and delaying a recovery that is equitable and resilient to future crisis. A multilateral solution—and one that will not push low- and middle- income countries into further distress—is urgently needed.

- a. What is your plan to address this international financial crisis and how do you envision using the World Bank and the IMF - specifically in regards to a potential SDR allocation?

This crisis requires a coordinated international response. The virus does not respect borders – it is global in nature, and we need to ensure that countries around the world have the resources they need to confront it. If confirmed, I look forward to working with Secretary Yellen and our international counterparts to ensure that low-income and emerging market countries requiring assistance receive the aid they need. SDRs are one tool that could potentially offer significant aid to these countries, through coordinated action under the auspices of the IMF. To make this tool effective, a broad coalition of countries must work on a set of shared parameters for greater transparency and accountability in how SDRs are exchanged and used. If confirmed, I look forward to exploring options for such accountability mechanisms and to cooperating with you and other Members of Congress to work toward providing low-income countries the aid they need during this time of crisis.

39. Senator Menendez 2: CRRSA Private Transportation Operators Grant Program

The private motorcoach, passenger ferry, and school bus industries are a vital component of the national public transportation network, providing critical services to communities in New Jersey and across the country. Unfortunately, these industries have been decimated by the COVID-19 pandemic and subsequent economic downturn. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) provides \$2 billion in funding for grants for the motorcoach, school bus and U.S. flagged passenger vessel industries to be established by the Department of Treasury in consultation with the Department of Transportation. However, guidance has not yet been released for this program. While we understand the challenges in setting up a new program, we also don't have a clear timeline for when it will be up and running.

- a. If confirmed, will you provide an update on the status of implementing this program and distribution of the funding?

Like other travel and tourism-related industries, domestic passenger travel businesses have suffered over the past year. I support Congress’s efforts to provide relief to this industry, and others. If confirmed, I will work with Treasury staff to implement the Coronavirus Economic Relief for Transportation Services Act and with Congress to continue to provide much-needed relief to these businesses. If confirmed, I will make it a priority to get up to speed on the status of this program and will make myself available to Congress to provide updates on the program as needed.

- b. If confirmed, will you commit to making this new program a priority and ensuring that the money gets out the door as soon as possible?

As I mentioned above, I support Congress’s passage of the Coronavirus Economic Relief for Transportation Services Act and, if confirmed, will work to ensure that the Department is prioritizing this program given the urgent need for fund disbursements.

40. *Senator Menendez 3: Sanctions*

When Congress passed my Venezuela Defense of Human Rights Act in 2014, we were deeply concerned about significant human rights abuses in Venezuela. Today, the crisis is exponentially worse, and the Maduro regime is now being investigated for crimes against humanity—including systemic cases of extrajudicial killings and torture.

- a. If confirmed, will you continue to utilize targeted sanctions to hold members of the Maduro regime accountable for perpetrating gross violations of human rights and crimes against humanity?

If confirmed, I will work in collaboration with my colleagues across the Biden-Harris Administration to hold the Maduro regime accountable for its human rights abuses. The Treasury Department has an array of tools at its disposal that can be deployed to address these challenges. If confirmed, I also look forward to working with you and other Members of Congress on this issue.

41. *Senator Menendez 4:*

I have long been a proponent of unilateral and multilateral sanctions on Iran to pressure the government to come to the negotiating table. While I don’t believe the previous administration’s sanctions efforts had any meaningful impact in curtailing Iran’s nuclear program or stopping Iran’s other malign behavior, I believe they have built up some leverage

- a. Do you believe the United States should lift sanctions against Iran without meaningful action on the part of the Iranians?
- b. Even if the United States engages in some diplomatic steps on Iran's nuclear program, do you believe the United States should continue to maintain sanctions on Iran for its support for terrorism, its ballistic missile program, and human rights abuses?

As Secretary Yellen has noted, the Biden-Harris Administration is committed to ensuring that Iran takes the appropriate steps to resume compliance with its nuclear commitments, and I believe Iran should only enjoy sanctions relief if it does so. If confirmed, I will work to ensure that Treasury continues its important work to combat Iran's support for terrorism and abuse of human rights.

42. *Senator Menendez 5: Multilateral Development Banks*

The United States has long played a critical role in shaping the priorities of Multilateral Development Banks (MDBs) and promoting investments that fulfill a development mandate and reduce global poverty. We have led efforts to ensure that these institutions have strong social and environmental safeguards, provide the public with access to information regarding their investments, and uphold robust accountability frameworks.

- a. As Deputy Treasury Secretary, how will you continue and build on efforts to advance U.S. values of transparency and accountability across the MDBs?

The Multilateral Development Banks (MDBs) play a critical role in promoting sustainable global economic growth. If confirmed, I will work with Treasury's staff and Executive Directors at the MDBs to continue the important ongoing oversight and optimization of procurement guidelines and evaluations of results. Furthermore, if confirmed, I will support Treasury's ongoing participation in the adjudication of MDB investments, including reaffirming the need for protections against corruption and bad governance, as well as requirements to support monitoring of investment progress.

Senator Portman

43. Senator Portman 1:

In Secretary Yellen’s response to one of my questions, she asserted that “The U.S. has strong and unique attractions as a residence for multinational corporations, and, as a result, U.S. companies would remain competitive even if they faced a somewhat higher 21% rate of tax on their foreign earnings irrespective of the outcome of the OECD negotiations.” However, later in that same answer, Secretary Yellen acknowledged that “today, most other headquarters’ jurisdictions impose no tax on the foreign earnings of their domestically-headquartered multinationals.”

There is a history of bipartisan agreement in this Committee that international tax-related changes, specifically anti-base erosion measures, should not disadvantage U.S. companies. I note the 2015 report issued by the Senate Finance Committee bipartisan working group on international tax, co-chaired by Senator Schumer and myself, which stated that, “should there be a minimum tax, we believe that the type of income subject to a minimum level of tax and the rate applied to such income should meet the twin goals of preventing base erosion while ensuring that U.S. multinational companies are more competitive vis-à-vis their overseas rivals.” (emphasis added)

However, if the U.S. makes onerous changes to the GILTI regime before our trading partners have adopted comparable rules through an OECD agreement, it cannot be credibly stated that U.S. companies would remain competitive, much less more competitive, than their foreign-headquartered counterparts. Prior to TCJA, we saw a troubling trend of foreign acquisitions of U.S. companies, despite the “strong and unique attractions” of the U.S. as a headquarter country. I would think there is bipartisan interest in not returning to those days.

- a. *Question: Would you and Secretary Yellen, at a minimum, agree to reconsider before moving forward on making onerous changes to the GILTI regime, or similar anti-base erosion rules, at least until other OECD member countries have adopted comparable rules?*

President Biden has proposed reforming GILTI as part of his plan to ensure a fair and progressive tax code where wealthy individuals and corporations pay their fair share. I share your concern for American competitiveness, and believe it is critical that we adopt international tax and trade rules that ensure American companies can compete on a level playing field. When it comes to taxation, I believe we should use the OECD negotiations as an opportunity to pursue an agenda that works to ensure American companies can compete fairly by stopping the destructive global race to the bottom on corporate taxation and discouraging harmful profit-shifting. If confirmed, I look forward to working with you to ensure that our negotiating position at the OECD helps American companies compete on a level playing field.

44. Senator Portman 2:

In Secretary Yellen’s response to one of my questions, she stated that she “will certainly keep the Senate Finance Committee appropriately updated on the OECD/G20 negotiations” and acknowledged that “any treaty arrangement would, of course, require the advice and consent of the Senate.” The changes being considered under Pillar One and Pillar Two would require Congressional action to implement through both domestic legislation and treaty changes—none of which can or should be done on a partisan basis.

- a. *Question: Will you commit not only to keep us appropriately updated but also to seek the advice of bipartisan members of this Committee before finalizing any OECD agreement?*

I agree with Secretary Yellen on the importance of congressional engagement on this issue. If confirmed, I very much look forward to seeking the advice of bipartisan members of the tax-writing committees. Working with Congress is an important component for achieving a successful multilateral agreement on international tax matters.

45. *Senator Portman 3:*

A primary stated goal of Pillar One is to remove relevant unilateral measures, including digital services taxes (“DSTs”). There is bipartisan agreement that those taxes are discriminatory and largely aimed at U.S.-based companies. Secretary Yellen stated that she is committed to “resolving the digital taxation disputes” in the context of the OECD/G20 process. However, given Secretary Yellen’s answers that repeatedly stated she plans on using that process to agree to a global minimum tax to “stop the destructive global race to the bottom on corporate taxation” (i.e., through Pillar Two), I remain concerned that U.S. Treasury will agree to an OECD deal on Pillar Two issues without explicitly requiring other countries to promptly repeal those unilateral measures, a primary goal of Pillar One.

- a. *Question: Will you commit to ensuring that any OECD agreement requires other countries to eliminate relevant unilateral measures?*

The Biden-Harris Administration is committed to the multilateral OECD/G20 process, and to working to resolve digital taxation disputes within that framework. In that context, I believe it is critical that we reach an agreement that allows American companies to compete on a level playing field. If confirmed, ensuring American competitiveness through fair international tax and trade rules will be a top priority for me. If confirmed, I hope to work with you and Members of Congress to reach an international tax agreement that provides for a fair, rules-based international economy where American companies can thrive.

46. *Senator Portman 4:*

In response to the pandemic, the IRS closed its offices in March of 2020 as taxpayers were filing their 2019 tax returns resulting in a large mail backlog. Commissioner Rettig redirected resources to address the mail backlog, which I understand is now cleared. However, an enormous backlog of unprocessed 2019 tax returns (currently estimated at 11 million individual and businesses returns) still

remains and is deeply concerning. Taxpayers are receiving notices and letters for failing to file when in fact they filed nearly a year ago. This backlog now threatens to interfere with the timely processing of 2020 tax returns.

- a. *Question: How do you plan to address the processing backlog for 2019 tax returns and what steps will the IRS and Treasury take to ensure that taxpayers are not harmed by the delay?*

The situation being experienced by millions of taxpayers this year is understandably frustrating. If confirmed, I will make it a priority to be briefed on the operational challenges being faced by the IRS. I will also, if confirmed, urge the IRS to use all the flexibilities they possess to ensure that taxpayers are not disadvantaged by the processing backlog.

- b. *Is the IRS informing taxpayers who receive an automatic notice that 2019 returns are still being processed and the notice should be disregarded, if they have already filed?*

If confirmed, I will make it a priority to be briefed on the IRS process for sending out non-filing notices to taxpayers, how the IRS is handling taxpayers whose returns may be caught up in the processing backlog, and what steps the IRS is and should be taking to keep taxpayers informed of the situation.

- c. *What is the timeline for resolving this processing backlog?*

If confirmed, I look forward to being briefed by my Treasury Department colleagues to determine the best ways to alleviate this processing backlog.

- d. *Do you anticipate delays in processing 2020 tax returns as a result of the backlog?*

If confirmed, I will work with my Treasury Department colleagues (including the IRS) to understand all the implications of the processing backlog and to try to ensure a successful income tax filing season.

47. Senator Portman 5:

Cryptocurrency and digital assets are becoming more widespread with reports of nearly 15% of Americans owning some form of cryptocurrency. The IRS has increased enforcement and added a line to the Form 1040 requiring taxpayers to disclose whether they have engaged in any transactions involving a virtual currency. While the IRS has issued some guidance for taxpayers, it is relatively sparse. As more retailers begin

accepting digital currency as payment and more companies and financial institution invest in these assets, it is critical that we provide taxpayers with certainty. With this goal in mind, I plan to introduce legislation to clarify the tax treatment of these digital assets.

- a. Question: *Will you commit to work with my office to provide further guidance on digital assets and cryptocurrency?*

Yes. If confirmed, I look forward to working with your offices on this issue.

48. Senator Portman 6:

As a member of the House of Representatives, my legislation to create the Tropical Forest Conservation Act (TFCA) program became law in 1998, which I have since worked to expand and reauthorize. TFCA is a “debt-for-nature” swap program that offers eligible developing countries options to relieve or restructure concessional debt owed to the U.S. in exchange for supporting certain conservation activities. Specifically, the program has helped protect more than 67 million acres of tropical forest in 14 countries around the world. TFCA was provided \$15 million in both fiscal years 2020 and 2021, and the Treasury Department is one of the key agencies responsible for carrying out TFCA agreements, in addition to the State Department and USAID.

- a. Question: *Will you commit to prioritizing additional TFCA deals using the funding that Congress has provided?*

If confirmed, I look forward to being briefed by my Treasury colleagues about this program and working to support conservation efforts and fund programs that provide sustainable solutions.

49. Senator Portman 7:

Secretary Yellen, in her response to my question regarding the treatment of conservation easements transactions, committed to issuing taxpayer guidance so that taxpayers have greater certainty when utilizing this program. This is an important issue to my state of Ohio, particularly in relation to easements for historic preservation. These easements protect iconic buildings in places like downtown Cleveland and Columbus from simply being bulldozed. This program has saved numerous historically significant buildings and facilitated the revitalization of entire neighborhoods in my state. And, it goes without saying, the issue is crucial to land conservation which I know is a priority of the President as articulated in his [thirty by thirty](#) goal. Due to the lack of guidance from the IRS in this area, taxpayer certainty on conservation easements is elusive. As the bipartisan Finance Committee report indicated last year, it is important that Treasury and the IRS make clear what the rules of the road are to allow taxpayers to appropriately utilize this preservation tool and to protect the integrity of the conservation easement tax deduction, as Congress intended.

- a. Question: *If confirmed, will you commit to work with my office and stakeholders, to facilitate a notice and comment period, and to expedite clear guidance from Treasury’s Office of Tax Policy and the Internal Revenue Service to further Congressional intent?*

If confirmed, I will engage my Treasury Department colleagues to learn more about the current status of guidance in this area. I am committed to working with Secretary Yellen to consult you and other stakeholders on this important issue.

50. Senator Portman 8:

In December, re-establishment of the Office of Sanctions Coordination within the Department of State was signed into law. The Office of Sanctions Coordination should work hand in hand with the Treasury Department in general and the Office of Foreign Assets Control (OFAC) more specifically. Importantly, the office should neither duplicate the efforts of nor compete with the Treasury Department on sanctions policy. Instead, it should serve as a link between the rest of the State Department and the sanctions experts at OFAC and among Treasury's policy leadership (especially the Undersecretary for Terrorism and Financial Intelligence), so that their respective work advances shared objectives.

- a. *Question: If confirmed, how would ensure the Treasury Department works closely and effectively with the Office of Sanctions Coordination to maximize the effectiveness of US sanctions against malign actors worldwide?*

If confirmed, I pledge to work closely with my colleagues at the U.S. State Department, including the Office of Sanctions Coordination, and across the Biden-Harris Administration to ensure the effective coordination of U.S. sanctions against malign actors worldwide.

51. Senator Portman 9:

Recent reports indicate that the Iranian regime and its military wing – the Iranian Revolutionary Guard Corps (IRGC) – may be siphoning money away from the NIMA system (FOREX Management Integrated System) in an effort to fund terror outside of Iran's borders. This informal system was designed to give Iranian exporters access to a foreign exchange market so that they could convert their foreign earnings into rials. However, there are allegations that the IRGC has established a web of front companies which exploit this system to gain currency which is then given to IRGC affiliated groups throughout the region.

- a. *Question: What steps will you take as Treasury Secretary to ensure that the IRGC is not able to exploit loopholes in the international banking system, and in more informal networks such as NIMA, to fund terror outside its borders?*

If confirmed, I will work to ensure that the Treasury Department is focused on any Iranian efforts to evade sanctions and abuse the international banking system. As Secretary Yellen has said, Iran's support for terrorism is a very serious concern and, if confirmed, I will work with colleagues at Treasury to closely monitor and seek to disrupt that support with all available tools.

52. Senator Portman 10:

Following the Obama Administration's adoption of the Joint Comprehensive Plan of Action (JCPOA) with Iran, the Treasury Department granted Iran a specific license to access the U.S. financial system.

Question: Should the Biden Administration re-engage in negotiations with Iran regarding nuclear capabilities, would you also consider granting Iran a specific or general license to access the U.S. financial system?

The Biden-Harris Administration is committed to ensuring that Iran takes the appropriate steps to resume compliance with its nuclear commitments, and I believe Iran should only enjoy sanctions relief if it does so. If confirmed, I will work to ensure that Treasury continues its important work to combat Iran's support for terrorism and abuse of human rights.

53. Senator Portman 11:

Following the grant of the specific license to Iran, Treasury officials were asked by members of Congress if Iran was given access to the U.S. financial system as part of the JCPOA. Those Treasury officials, under oath, stated that Iran had not been given such access.

- a. *Question: Do you pledge to provide truthful information regarding the granting of any specific or general license in response to Congressional inquiries?*
- b. *Do you further pledge to consult with Congress before ever allowing Iran access to US financial systems?*

I will provide Congress with truthful information regarding Iran sanctions and licensing and, if confirmed, I look forward to working with Congress on these issues.

54. Senator Portman 12:

The recent SolarWinds attack demonstrates our lack of cyber defenses and the sophistication of our adversaries. As the Deputy Secretary of the Treasury Department, I understand that you will be leading the Department's response to the breach. Effectively responding will require a government-wide approach and coordination across agencies.

- a. *Question: If confirmed, how will you work with CISA, the FBI, and other federal agencies to respond and mitigate potential damage?*

As Secretary Yellen has noted, the recent SolarWinds incident that impacted a number of agencies across the federal government is an issue of grave concern. If confirmed, I look forward to working with my colleagues across the federal government, including at CISA, the FBI, and the Intelligence Community as we learn more about the incident, engage in remediation, and improve our defenses.

Senator Sasse

55. *Senator Sasse 1:*

As I noted to Dr. Yellen both during her confirmation hearing and in a follow up letter, it is my view that the leadership of the Treasury Department understand two fundamental qualifications for leadership. First, they see their roles as integral members of the President's national security team. Second, that leadership of the Treasury Department understands that the Chinese Communist Party is the greatest threat to the United States. Nominees that misunderstand either of these qualifications should not serve.

- a. Do you believe your potential post as Deputy Secretary to be a national security position?

Yes. During my time working at the Treasury Department between 2009 to 2015, I saw firsthand Treasury's critical role in national security – including its role in financial intelligence and sanctions – as well as the close connection between economic policy and national security during my time as Deputy National Security Advisor for International Economics. If confirmed, I will make Treasury's national security responsibilities a top priority.

- b. Do you believe the Chinese Communist Party poses an existential threat to the United States?

As Secretary Yellen has said, China is America's most serious economic competitor. Strategic competition with China is a defining feature of the 21st century. China poses challenges to our security, prosperity, and values. China is engaged in conduct that hurts American workers, blunts our technological edge, and threatens our alliances and our influence in international organizations. Winning the economic competition with China requires us to make transformative investments at home in American workers, infrastructure, education, and innovation. We cannot maintain our edge over the long term unless we run faster at home. As President Biden has said, we need to be far more effective in galvanizing allies to join with us to push back on unfair Chinese practices that threaten U.S. values and interests. And, if confirmed, I will be willing to make use of the full array of tools to counter China's abusive economic practices and hold Beijing accountable.

56. *Senator Sasse 2:*

Several of my colleagues and I wrote to Secretary Yellen prior to her confirmation vote expressing concern about the strategic danger of continued financial and technological interdependence with the Chinese Communist Party. There is a real need for serious leadership in reviewing our interdependencies and thoughtfully considering some degree

of decoupling from a genocidal regime that happens to also oversee the world's second largest economy.

- a. Can you please describe the strategic challenges for the United States posed by continued financial and technological interdependence with the CCP?
- b. How you would consider the array of tools of economic statecraft at Treasury's disposal to address these challenges?
- c. Where would you prioritize employment of those tools?

This pandemic has demonstrated the extent to which reliance on China threatens our critical supply chains, and President Biden has proposed a detailed plan to strengthen our supply chains and manufacturing at home to meet this challenge. President Biden is firmly committed to making sure that Chinese companies cannot misappropriate and misuse American technology, another key challenge posed by interdependence.

As Secretary Yellen has noted, to address these challenges the Biden-Harris Administration has to play a better defense, which must include holding China accountable for its unfair and illegal practices and making sure that American technologies are not facilitating China's military buildup, human rights abuses, or other malign activities. If confirmed, I will encourage the Biden-Harris Administration to make use of its full array of tools to counter China's abusive practices and hold Beijing accountable. If confirmed, I would also encourage efforts to play a much better offense by investing in the sources of our technological strength.

57. Senator Sasse 3:

The Chinese Communist Party's Military-Civil Fusion Policy is designed to eliminate the barrier between the military and defense industrial sectors and China's civilian and commercial sectors to ensure that China's military becomes the most technologically dominant in the world. Additionally, China's domestic national security laws ensure that, when necessary, there is barely a distinction between the Chinese public and "private" sectors.

- a. Do you support Chinese companies having access to US capital markets when these companies are neither as transparent as they should be or have known links to the Chinese military?

I agree that we need to address the challenges that China poses to our economic and national security. If confirmed, I will look forward to working with regulators and colleagues within the Biden-Harris Administration to ensure that companies listed in the U.S. follow the law.

- b. Do you support sanctions and prohibitions on American companies and financial instruments investing in Chinese entities with close ties to the Chinese military?

If confirmed, I look forward to being briefed by my Treasury Department colleagues on this important issue. We need to ensure that we protect the financial system and that it is not abused by those that seek to harm us.

- c. Will you support the continued implementation of the November 12, 2020 E.O. prohibiting US individual investors from investing in Chinese military companies and their subsidiaries, as defined by the DOD and placed on a public list authorized by Section 237 of the 1999 NDAA (the so-called Pentagon PLA list)?

If confirmed, I look forward to being briefed on the E.O. and working with my colleagues to ensure that the financial system is not abused by those that seek to harm us.

Senator Toomey

Mr. Adeyemo, as you know, the Treasury Department plays a crucial role in implementing U.S. sanctions – which are an important element of our foreign policy and national security toolkit. If confirmed, it has been reported that you will play an integral role in Treasury’s sanctions policy. That would make you one of the top national security officials in our government.

General Questions

58. *Toomey 1:*

What, in your view, should be the objective and purpose of U.S. sanctions?

Sanctions are powerful tools that should be deployed in service of a clear foreign policy goal, providing us a means to try and change the behavior of those who threaten our national security. If confirmed, one of my first actions will be to lead a review of U.S. sanctions programs to ensure they fit these criteria and advance our national security.

59. *Toomey 2:*

Can you provide an example of a sanctions program that you believe has been effective and explain why?

The counterterrorism sanctions program has offered many important successes and has been an effective and key component to the U.S. government’s efforts to counter terrorism. In various instances, counterterrorism sanctions have been deployed in service of a clear objective, were coordinated with allies, have supported a UN focus on terrorism concerns, and have helped to achieve a broad public and private sector appreciation of, and successful effort to combat, terrorist abuse of the financial system.

60. *Toomey 3:*

What do you believe is the single greatest challenge to the efficacy of U.S. sanctions today?

American sanctions are powerful and effective, drawing on the size of the U.S. economy, the central role of our currency, and the importance of our financial markets. These are advantages we must work to protect and preserve to continue the efficacy of our sanctions.

61. *Toomey 4:*

Will you commit to making the Treasury Department available to the Banking Committee, including for notifications and consultations, on issues related to sanctions, CFIUS, and AML/CFT?

Yes. If confirmed, I look forward to working with you and other Members of Congress on these issues and to consulting with you as we continue to strengthen our foreign investment review, AML, and other capabilities.

62. Toomey 5:

What level of U.S. public debt is a threat to the dollar's status as the world's reserve currency? Please be specific.

As Secretary Yellen has said, there are important reasons that the U.S. dollar is the world's dominant reserve currency. The United States has the largest economy, and the deepest and most liquid capital markets in the world. It is essential that we maintain a sound economy and confidence in our financial system. The most important thing we can do today to set us on a path to fiscal sustainability is defeat the pandemic, provide relief to the American people, and make long-term investments that will benefit future generations. The President is committed to implementing responsible policies that grow the economy, while asking high-income Americans and corporations to pay their fair share.

Iran Questions

63. Toomey 6:

Do you agree that U.S. sanctions on Iran have had a significant impact on the Iranian economy? Please describe your understanding, if only from what you've read in the news, of the impact of U.S. sanctions on the Iranian economy and the Iranian regime.

I agree. My view, based on publicly available information, is that U.S. sanctions over many years have isolated Iran from the international trade and financial system.

64. Toomey 7:

Do you agree that the United States should not provide Iran with any sanctions relief as a precondition for negotiations with the regime?

The Biden-Harris Administration is committed to ensuring that Iran takes the appropriate steps to resume compliance with its nuclear commitments, and I believe Iran should only enjoy sanctions relief if it does so. If confirmed, I will work to ensure that Treasury continues its important work to combat Iran's support for terrorism and abuse of human rights.

65. Toomey 8:

As you are aware, the Central Bank of Iran has been designated as a Specially Designated Global Terrorist (SDGT) pursuant to Executive Order 13224 for providing material support to terrorist organizations. Do you agree that terrorists, and those who provide any manner of support to them, should not have access to the U.S. or global financial system?

If confirmed, I will make safeguarding America’s financial integrity a top priority and will work to remove malign actors and illicit financial flows from our financial system, including terrorists and terrorist sponsors.

66. Toomey 9:

In 2017, Congress approved almost unanimously legislation that required Iran’s Islamic Revolutionary Guard Corps (IRGC) to be designated as a terrorist organization. Do you agree with this designation and will you commit to keeping sanctions on the IRGC and all of its affiliates until they have fully and verifiably ceased their support for terrorism?

The Biden-Harris administration will continue the U.S. government’s important work to combat Iran’s support for terrorism, including rigorously using sanctions on Iranian-linked institutions and entities involved in or facilitating terrorism. In particular, President Biden is committed to working with our allies and partners to counter Iran’s destabilizing activities in the region, including its support for violent proxies.

67. Toomey 10:

Do you commit not to lift, rescind, or significantly modify terrorism designations related to the Government of Iran unless designated entities permanently and verifiably cease their support for international terrorism and they meet the criteria for removal as SDGTs?

I agree with Secretary Yellen’s view on this important issue. I believe we should keep in place broad and rigorous restrictions targeting Iran’s support for terrorism.

68. Toomey 11:

Do you agree that Iran’s ballistic missile program and its support for terrorism pose a direct threat to the United States, Israel, and our Arab partners?

Iran presents an array of threats to the United States and its allies, including threats related to its support for terrorism and regional destabilization. If confirmed, I will work to ensure that Treasury continues its important work to combat Iran’s support for terrorism and abuse of human rights.

69. Toomey 12:

During any U.S. diplomatic talks with Iran, do you commit to fully and meaningfully consult with the U.S. Congress, Israel, and our Arab partners in the Middle East throughout the process?

Yes. If confirmed, I am committed to working closely with Congress and our allies and partners on this important issue.

70. *Toomey 13:*

Do you commit not to significantly modify or rescind FINCEN's October 25, 2019 final rule imposing the Fifth Special Measure against the Islamic Republic of Iran as a "jurisdiction of primary money laundering concern" under Section 311 of the Patriot Act unless Iran ceases its support for terrorism and other illicit financial activities?

If confirmed, I will work to ensure that the Treasury Department is closely focused on any Iranian efforts to evade sanctions and abuse the international banking system. As Secretary Yellen has said, Iran's support for terrorism is a very serious concern and, if confirmed, I will work with my colleagues at Treasury to closely monitor and seek to disrupt that support with all available tools.

Russia Questions

71. *Toomey 14:*

The Protecting Europe's Energy Security Act (PEESA), as amended by the Protecting Europe's Energy Security Clarification Act (PEESCA), mandates sanctions on companies and individuals involved with the Nord Stream 2 pipeline. This statute requires the Treasury Department's input and consultation regarding which entities are sanctioned.

Do you commit to implement fully this statute and pursue sanctions on any entity engaged in prohibited activity activities related to Nord Stream 2?

If confirmed, I will work closely with my colleagues across the Administration on this important issue. If confirmed, I commit to rigorously enforcing sanctions targeting Russian actors and other threats to U.S. national security. As I said in my opening statement, we need to work with Congress to strategically use the Treasury Department's tools to protect our citizens from threats, foreign and domestic. If confirmed, I look forward to working with you on this important issue.

72. *Toomey 15:*

In January of this year, the German state of Mecklenburg-Vorpommern established the MV Climate and Environmental Protection Foundation. Funded mostly by Nord Stream 2 AG, the Gazprom subsidiary that wholly owns Nord Stream 2, this foundation is a special-purpose vehicle designed to shield Nord Stream 2 contractors by quickly acquiring products needed for construction. How does the administration plan on dealing with this effort?

If confirmed, I look forward to being briefed on this matter by my colleagues at the Treasury Department. I am committed to rigorously enforcing sanctions targeting Russian actors and other threats to U.S. national security.

China Questions

73. Toomey 16:

Will you commit to have OFAC work with my staff to identify the ways in which current sanctions laws on North Korea and China, including the BRINK Act (PL No: 116-92) and the Hong Kong Autonomy Act (PL No: 116-149), can be more rigorously implemented?

If confirmed I commit to having OFAC personnel discuss with your staff the current sanctions on North Korea and China, including whether the current sanctions are effective and whether such sanctions should be strengthened and, if so, how to do so

74. Toomey 17:

What is your view of Executive Order 13959 (as amended), which prohibits U.S. persons from purchasing for value, or sale, any publicly traded securities of certain Chinese military companies?

As Secretary Yellen has said, we need to address the challenges that China poses to our national security and economy. If confirmed, I will look forward to working with regulators and colleagues within the Biden-Harris Administration to ensure that companies listed in the U.S. follow the law.

75. Toomey 18:

With respect to the U.S. CFIUS process, do you agree that the U.S. must work with allies to set similar policies on investment restrictions, technical standards, and export controls?

Protecting the U.S. economy and the companies that operate within it from malign foreign influence is of the utmost importance. If confirmed, I will work with President Biden, Secretary Yellen, and Congress to strengthen our investment security. As in many areas, these efforts may be strengthened by working in concert with our allies. If confirmed, I hope to work toward restoring America's alliances and to work with our allies to pursue common economic and national security objectives, including investment security.

76. Toomey 19:

Will you commit to establishing and pursuing a multilateral framework to support international standards with respect to national security review of foreign investment?

Please see my answer to the previous question. Thank you.

Senator Warren

77. *Senator Warren 1: Climate Finance*

During Secretary Yellen's nomination hearing, Secretary Yellen stated, "[I will look to appoint someone at a very senior level to lead our efforts and to create a hub within Treasury in which we particularly focus on financial system related risks and tax policy incentives toward climate change.](#)"¹ Furthermore, Secretary Yellen "[plans to wield the department's broad powers to tackle potential risks to the financial system posed by climate change while pushing tax incentives to reduce carbon emissions.](#)"²

- a. What steps will you take to ensure that the Treasury Department appoints a senior-level official with a background and understanding of the relevant economic agencies and regulators, Congress, and climate-related economic risks? Please provide a timeline for the department's appointment of this senior official.
- b. What steps will you take as Deputy Treasury Secretary to engage on climate finance issues and to ensure that the United States plays a leading role in international climate finance issues? Please describe these actions in detail, including forums where the United States can lead on climate finance policy.

I support Secretary Yellen's commitment to create a Climate Hub, led by a senior-level official, to coordinate the Treasury Department's climate change efforts and bring to bear financial and economic tools to confront the threat of climate change. If confirmed, I will advocate for the creation of this position as soon as possible. If confirmed, I am happy to provide you with more information once I have been briefed by my colleagues at Treasury on their efforts to stand up the Climate Hub.

In addition to effective coordination across the Treasury Department and U.S. agencies, it will be critical for the Treasury to engage globally on climate finance issues. If confirmed, I will make this an important area of focus for our international finance team. This will include working to ensure we have the right personnel focused on this important issue. Climate change is a focus at many international forums in which Treasury participates, including the G7, G20, and Financial Stability Board, as well as at the international financial institutions. If confirmed, I will work with my colleagues to ensure we have a strategy to secure a leading role for the U.S. on climate finance within these forums, to ensure we address the threat of climate change, and to create economic opportunities for workers and firms.

78. *Senator Warren 2:*

[Since 2008](#), the Treasury Department has had an Office of Environment and Energy, led by a deputy assistant secretary, within the Office of International Affairs to address climate finance issues.³ The Trump administration [reorganized the office](#) as the Office of Investment, Energy, and Infrastructure and reassigned the environmental portfolio to the

Office of International Development.⁴ Outside of this office, [notable roles at the Treasury Department](#) that will likely engage on climate finance issues include the Under Secretary for Domestic Finance, Under Secretary for International Affairs, Assistant Secretary for Financial Stability, Assistant Secretary for Economic Policy, and Assistant Secretary for Legislative Affairs.⁵

- a. What steps will the Treasury Department take to elevate climate finance issues with a senior official with staff capacity that would allow the department to research, analyze, and report on climate finance policy, as well as offer recommendations to Congress and other agencies with rulemaking authority?

As I stated earlier, I strongly support the creation of a Treasury Climate Hub, led by a senior official, which will elevate climate issues within the Department and ensure the Treasury is focused on key areas like climate finance. If confirmed, I look forward to working with Secretary Yellen and other members of Treasury’s staff to set up this critical office. I am committed to making sure senior officials throughout the Department are thinking about how to address the risks created by climate change, as well as how to create incentives for clean energy jobs. If confirmed, I look forward to working with you and other Members of Congress on this important issue.

79. *Senator Warren 3:*

Last year, Ceres [issued a report](#) with recommendations for agencies to “protect[] the stability and competitiveness of the U.S. economy” due to the “need to recognize and act on climate change as a systemic risk.”⁶ The [report argued](#) that the “wide-ranging physical impacts” of climate change, “combined with expected transitions to a net-zero carbon economy and other socio-economic ripples, are likely to manifest in both cumulative and unexpected ways and present clear systemic risks to U.S. financial markets – and the broader economy.”⁷ The Commodity Futures Trading Commission (CFTC) also [issued a report](#) that stated that agencies and regulators “must recognize that climate change poses serious emerging risks to the U.S. financial system, and they should move urgently and decisively to measure, understand, and address these risks.”⁸

- a. What steps will you take to ensure that the Treasury Department reviews these recommendations? What steps will you take to ensure that the Treasury Department coordinates the federal government’s actions on climate finance, including climate risk disclosure and other ways of incorporating climate change into its regulations, enforcement, and guidance?

I agree that the Treasury Department can play a central role in coordinating the federal government’s actions on climate finance and climate-related financial risks. If confirmed, I will serve as the chief operating officer of the Department. If confirmed in this capacity, I will work to ensure the personnel and operations of the Treasury Department are in service of Secretary Yellen’s priorities. The Secretary has made clear that she plans to create a

Hub dedicated to addressing the economic impact of climate change. My plan, if confirmed, would be to support her in finding the personnel and resources needed to support this Hub. I would also look to ensure that offices throughout the Department are thinking about how they can support this critical priority, in service of Secretary Yellen’s leadership on this important issue across the U.S. government and around the world.

80. *Senator Warren 4: Private Equity*

[Last year, I introduced S. 2155](#), the Stop Wall Street Looting Act of 2019, to reform the private equity industry and end abusive leveraged buyouts,⁹ and I have [continued my oversight](#) of this industry, particularly throughout the pandemic.¹⁰ The private equity industry, [which](#) “is behind many of the understaffed and underprepared nursing homes through which COVID-19 tore, the surprise medical bills that will greet those lucky enough to make it home, and the evictions sending people out onto the streets amidst a global pandemic,” [operates through aggressive financial engineering](#) and extracting wealth from target companies, “exploiting tax loopholes and pushing tax planning to the breaking point.”¹¹

- a. Would you recommend that the Treasury Department direct its offices to review the broader economic impact of private equity investments and their impacts on target companies, workers, and communities, as well as the tax and fee structures used by private equity funds?

I believe it is important that the Treasury Department look at the impact of the use of leverage across the financial system. I also support President Biden’s agenda to build a tax system in which the wealthy pay their fair share, including by closing the carried interest loophole, and in which financial regulations prevent the wealthy and powerful from unfairly profiting from workers and those less fortunate.

81. *Senator Warren 5:*

Target companies often [enter into monitoring fee](#) agreements with the private equity firms that own them, despite limited justification for the fees.¹² Private equity firms are also under no obligation to share the monitoring fee agreements with the limited partners that provide much of the capital for private equity funds, thus limiting the ability of limited partners to hold firms accountable. While monitoring fee agreements are not publicly available, the Internal Revenue Service (IRS) would be able to compel private equity funds to provide detailed information about their monitoring fees in order to ensure their compliance with existing tax law.

- a. Would you recommend that the Treasury Department direct the IRS to prioritize tax enforcement of large private investment firms, such as private equity firms and hedge funds, particularly in these firms’ fee structure?

If confirmed, I look forward to being briefed on this topic and to working with the Office of Tax Policy and the Internal Revenue Service (IRS) to determine if the IRS has the authority to compel the release of information about these fee agreements and to understand how Treasury’s authority fits into the broader landscape of financial regulators. If confirmed, I look forward to working and consulting with you as I deepen my understanding of these complex issues.

82. *Senator Warren 6: Puerto Rico*

I support an independent audit of Puerto Rico’s debt so that the federal government and the public can understand the size of the island’s debt, how much of the debt was initially issued, whether that debt was legally issued, and what steps are necessary to alleviate Puerto Rico’s debt. That is why I [introduced](#) the U.S. Territorial Relief Act, a bill that includes the creation of a commission to conduct the audit.¹³ While much of the authority to directly oversee Puerto Rico’s debts lies with the Financial Oversight and Management Board, the Treasury Department is likely to play a major role in the Biden administration’s policies to provide relief for Puerto Rico and address its debt crisis.

- a. Would you recommend that the Treasury Department direct its offices to review and recommend potential options to audit Puerto Rico’s debt and publicly disclose findings?
- b. What other steps would you recommend that the Treasury Department take to address the ongoing debt crisis in Puerto Rico?

Puerto Rico faces the same four crises as the rest of the nation relating to public health, the economic downturn, racial justice, and the adverse impacts of climate change. On top of these, it faces chronic and proportionally outsized challenges. The Biden-Harris Administration has laid out the most comprehensive policy platform for Puerto Rico in history and has set a path forward rooted in recovery, renewal, and respect. Treasury has historically played an important advisory role in helping to advance the process of reform, and, if confirmed, I will support Secretary Yellen in assessing options focused on helping to resolve the island’s intertwined crises. At the top of the list is resolving the bankruptcy process, which requires appointing qualified members to the Oversight Board, as well as monitoring the revised fiscal plan and the plan of adjustment necessary to put the island on a sustainable path to recovery and growth while protecting the needs of Puerto Rico’s people.

83. *Senator Warren 7: Recent Market Volatility*

In response to the “few wild weeks on Wall Street, in which a crush of retail investors sent stocks soaring — in GameStop’s case, more than 1,700 percent — and then plunging back to earth,” [Secretary Yellen convened officials](#) from the Securities and Exchange Commission (SEC), CFTC, Federal Reserve and the Federal Reserve Bank of New York.¹⁴ [Secretary Yellen indicated](#) that the SEC “is preparing a report that could inform

potential regulatory action.”¹⁵ I recently urged the SEC and the Financial Industry Regulatory Authority to provide Congress and the public with information about how they will address the recent dramatic market swings and with the role of Robinhood in the recent volatility, respectively.¹⁶

- a. Please describe the risks to investors and the broader economy when extreme market swings occur and when massive changes in securities valuations do not reflect the underlying company or asset.
- b. Please describe in full detail any findings from the Treasury Department about the causes of the recent market volatility and recommendations for agencies and Congress to consider to prevent such market distortions from occurring again.

Extreme market movements can introduce risk for retail and institutional investors and diminish market confidence, especially when securities valuations are not closely tied to underlying assets. Extreme volatility can also pose challenges to market infrastructure when accompanied by unusually high trading volume. Notwithstanding heavy trading volumes during the recent event, my understanding is that market infrastructure appeared to perform well. It is important that the SEC and CFTC continue their review of whether trading practices are consistent with investor protection and fair and efficient markets. I understand that Treasury and other agencies are engaged in a review of the GameStop volatility event. If confirmed, I look forward to learning the details of the review and working with you and Members of Congress to identify strategies to protect investors and the broader economy from potential negative impacts associated with similar events.

84. *Senator Warren 8: Financial Regulation*

Will you commit to working with me to ensure that our trade agreements do not undermine strong financial regulation?

If confirmed, I look forward to working with you to ensure that our trade agreements do not undermine financial regulation.

85. *Senator Warren 9: Trade*

Investor-State Dispute Settlement (ISDS) has allowed multinational corporations to circumvent labor and environmental laws through extrajudicial means not available to other stakeholders, tilting the economic playing field further in favor of multinational corporations and undermining our judicial system. Corporations should not get their own enforcement rules, especially ones that undermine good laws in the public interest. Will you oppose the inclusion of the ISDS procedures in future trade agreements?

I share the President’s view that private corporations should not be able to undermine labor, health, or environment policies through the ISDS process.

86. *Senator Warren 10:*

As you know, pursuant to an executive order issued by President Trump, the Treasury Department last year added two senior officials of the International Criminal Court (ICC) to its sanctions list. Sanctions professionals have rightly called this use of Treasury’s powers “[an abuse of sanctions](#),”¹⁷ “[bizarre and troubling](#),”¹⁸ and “[a disgrace for a nation that purports to care for human rights and the rule of law](#),”¹⁹ because the sanctions target not those who have committed war crimes but those who prosecute them. These sanctions are alienating the allies and partners we rely on to help amplify our financial pressure. Instead, those partners have been speaking out against our sanctions and looking for ways to guard against them, which undermines this valuable foreign policy tool. And the executive order is so sweeping that a [federal court has already found](#) that the sanctions have violated the constitutional rights of U.S. citizens who have worked with the court.²⁰

- a. Will you commit to supporting the termination of this sanctions program? Will you commit to using Treasury’s authorities to sanction those who are responsible for serious human rights abuses, not those who pursue accountability for them?

If confirmed, I am strongly committed to the implementation of human rights sanctions, working closely with the Department of State and our allies abroad. If confirmed, I am committed to following the appropriate process for evaluating changes to our sanctions regime in order to create confidence in the process. If confirmed, I am committed to taking steps to ensure that our sanctions align with our national security interest, including by reviewing the ICC sanctions.

Senator Whitehouse

87. Senator Whitehouse 1:

President Biden has proposed major reforms to our tax code to ensure that large corporations and the very wealthy pay a fair share. The nation's 600 billionaires have seen their wealth soar by over \$1 trillion during the pandemic. Many large corporations continue to earn record profits. Meanwhile, millions of Americans have been devastated by the economic fallout. We are on the path towards a K-shaped recovery where those at the top continue to pull further away from everyone else.

- a. Do you agree that the very wealthy and profitable corporations can afford to contribute to economic relief and recovery?
- b. Do you support raising revenue from high-income taxpayers and corporations to pay for long-overdue investments we need in clean energy and infrastructure that are critical to our economic future?

President Biden has proposed an array of reforms that would ensure the wealthiest taxpayers and corporations pay their fair share, including proposals to increase the corporate tax rate to 28 percent and ensure robust taxation of overseas profits. I support these proposals and, if confirmed, look forward to working with President Biden and Congress to pursue these reforms, as well as advance critical investments in infrastructure, clean energy, and the industries of the future that will secure America's long-term competitiveness.

88. Senator Whitehouse 2:

For years, large U.S. multinational corporations have avoided paying as much as \$100 billion in tax annually by shifting profits to offshore tax havens. Instead of fixing the problem, the Trump tax law created new tax breaks for offshoring jobs. When it came to negotiating global tax rules at the OECD, the Trump administration focused on shielding large corporations from tax rather than addressing the global scourge of tax avoidance.

- a. Does the Treasury Department plan to lead our global partners towards strong international rules to put an end to offshore tax dodging, including taxing foreign profits on a country-by-country basis?

President Biden has expressed that the Tax Cuts and Jobs Act did not do enough to address tax competition, profit-shifting, and offshoring. Our country still faces substantial corporate tax base erosion problems; these problems put unfair burdens on other taxpayers. I agree with President Biden's proposals to counter the tax competition, offshoring, and profit-shifting incentives within current law, including the adoption of a strong country-by-country minimum tax. Together with efforts to enhance cooperation with

the international community and level the playing field for U.S. companies, we can tackle these important problems without exposing our companies to adverse competitive effects.

Senator Wyden

89. Senator Wyden 1: Shell Companies and Anti-Money Laundering Efforts

There is a bipartisan commitment among Members of this Committee to fight money laundering and anonymous shell company abuse. Anonymous shell companies can be used to commit fraud, evade taxes, and even finance terrorism. For too long, U.S. shell companies have been a haven for abuse.

Last year Congress included critical shell company transparency language in the National Defense Authorization Act (NDAA). Passing this legislation was only the first step, now it falls to Treasury to write the critical rules to implement this legislation.

- a. *Will you commit to putting a strong anti-money laundering team in place to tackle these issues, preferably with experts in main Treasury leading the effort?*

For 20 years now, a number of critical financial institutions have benefited from a so-called “temporary exemption” created by Treasury to excuse them from the legal requirement to establish an anti-money laundering program, including investment companies and luxury real estate agents.

- b. *Will you commit to ending those regulatory exemptions and requiring the anti-money laundering programs specified by Congress?*

If confirmed, I will make safeguarding America’s financial integrity a top priority and will work to remove malign actors and illicit financial flows from our financial system. As I mentioned during my hearing, when I served in the Obama-Biden Administration, my international counterparts would often ask why the United States did not collect beneficial ownership information, and I could not give them a good answer. I’m grateful for the work you and your colleagues did to fix that gap in our anti-money laundering regime in last year’s NDAA.

If confirmed, I look forward to being briefed by my colleagues at the Treasury Department and FinCEN on the status of the beneficial ownership database created by the legislation and other AML efforts. If confirmed, I would also welcome the opportunity to collaborate with you in ensuring that these critical efforts have the resources they need to succeed.

Senator Young

90. Senator Young 1: Questions on Iran

- a. *(a) What are your thoughts on U.S. sanctions against Iran?*
- b. *(b) If confirmed, are you fully committed to enforcing sanctions against Iran as mandated by law?*

91. Senator Young 2:

- a. *(a) What is your view of the Joint Comprehensive Plan of Action (JCPOA) and the sanctions relief it provided Iran?*
- b. *What role would you expect the Treasury Department to play in any future negotiations with Iran?*

92. Senator Young 3:

Do you agree with President Biden that no sanctions relief should be provided to Iran until it comes into compliance with the 2015 nuclear deal? Do you agree with President Biden that no sanctions relief should be provided to Iran until it comes into compliance with the 2015 nuclear deal?

93. Senator Young 4:

If the U.S. returns to the 2015 nuclear deal with Iran, as President-elect Biden has indicated is his desire, do you agree that non-nuclear sanctions should be maintained?

94. Senator Young 5:

- a. *(a) Under the JCPOA, do you believe the U.S. has the right to sanction entities that engage in illicit activities, even if those entities initially received sanctions relief under the agreement?*
- b. *For example, should the Central Bank of Iran get a free pass for its financing of terrorism, simply because it received relief under the JCPOA?*

Response for 90-94:

The Biden-Harris Administration is committed to ensuring that Iran takes the appropriate steps to resume compliance with its nuclear commitments, and I believe Iran should only enjoy sanctions relief if it does so. If confirmed, I will work to ensure that Treasury continues its important work to combat Iran's support for terrorism and abuse of human rights.

95. Senator Young 6:

- a. *(a) Do you agree Iran's Islamic Revolutionary Guard Corps (IRGC) is a terrorist organization?*
- b. *Are you committed to strict enforcement of sanctions against the IRGC and its subsidiaries and affiliates?*

The IRGC was sanctioned pursuant to the global terrorism executive order, E.O. 13224, on October 25, 2007. As Secretary Yellen has said, Iran's support for terrorism is a very serious concern and, if confirmed, I will direct the dedicated Treasury staff to closely monitor and seek to disrupt that support with all available tools.

96. Senator Young 7:

The Treasury Department has undertaken significant efforts to ensure U.S. sanctions do not impede the flow of humanitarian goods to Iran, particularly those needed in the fight against COVID.

- a. *If confirmed, will you continue the Treasury Department's efforts to mitigate any impact sanctions may have on the delivery of humanitarian assistance to Iran?*

If confirmed, I will work with my colleagues at Treasury and throughout the Federal government to identify mechanisms to allow the free flow of licensed humanitarian trade to all countries subject to U.S. sanctions regimes, recognizing the unique circumstances of the COVID-19 crisis.

97. Senator Young 8:

Iran is currently seeking a \$5 billion loan for the IMF. Under U.S. law, the Secretary of the Treasury is required to direct the U.S. representative to the IMF to use the voice and vote of the United States to oppose any loan to a state sponsor of terrorism.

- a. *If confirmed, will you strongly oppose any loans to Iran, or other state sponsors of terrorism, by the IMF and World Bank?*

If confirmed, I am committed to working with my colleagues at Treasury to implement U.S. law.

98. Senator Young 9:

For more than forty years, the Treasury Department has played a key role in fighting international efforts to boycott Israel.

- a. *If confirmed, are you committed to fighting efforts to boycott, divest or sanction our ally Israel?*

I join Secretary Yellen in supporting President Biden’s efforts to oppose the delegitimization of Israel, whether in international organizations or by the boycott, divestment, and sanctions (BDS) movement in the United States. I also support President Biden’s approach of opposing such efforts and, if confirmed, will work with my colleagues at the Treasury Department to oppose BDS activities directed at Israel.

99. Senator Young 10:

- a. *If confirmed, are you fully committed to the enforcement of sanctions targeting Hamas and Hezbollah, including sanctions under the Hezbollah International Financial Prevention Act?*

Yes.

- b. *Will you oppose IMF loans to Lebanon so long as the Lebanese government fails to carryout needed economic reforms and fails to increase efforts to combat Hezbollah’s access to the Lebanese financial system?*

If confirmed, I will work as appropriate to ensure that the Executive Directors represent and vote consistent with the U.S. position and U.S. law at these institutions.

100. Senator Young 11:

- a. *If confirmed, will you ensure that Executive Order 13959 is fully implemented? Do you think any expansions or other improvements are needed to improve its effectiveness?*
- b. *If confirmed, beyond implementing Executive Order 13959, what steps would you like to see taken to protect U.S. investors from investing in certain Communist Chinese companies?*

As Secretary Yellen has said, we need to address the challenges that China poses to our national security and economy. If confirmed, I look forward to being briefed by my Treasury Department colleagues on this important issue. We need to ensure that we protect the financial system and that it is not abused by those that seek to harm us. If confirmed, I look forward to working with you on this important issue.

101. Senator Young 12:

Given your perspective as part of the Obama Administration during the last major economic recovery effort, how do you believe the Biden Administration should balance economic stimulus and relief with actions that could hamper business growth, such as increased taxation and regulatory burden?

Please see my answer to the question below. Thank you.

102. Senator Young 13:

It is estimated that there is still over a trillion unspent dollars allocated from the previous five COVID-19 recovery packages.

- a. *Do you believe that it is wise to continue to spend trillions more of taxpayer dollars while there are still previously-allocated funds that have not been spent and therefore have not had a chance to fully affect the public health outcomes or the economy?*
- b. *As a macroeconomist by trade, do you believe there is a chance further stimulus may overheat the economy and trigger inflation issues?*

I believe it is important that we consider all the risks of any policy. I believe the biggest risk we face is not making the investments we need to get Americans back on their feet and not doing enough to confront this crisis. Millions of Americans have lost their jobs or their businesses, are facing eviction or foreclosure, and are struggling to put food on the table. If we don't act in a way that meets this moment, we risk long-term economic scarring. If confirmed, it will be my responsibility, working with Secretary Yellen, to be vigilant and remain mindful of all risks to the economy, and I will closely monitor those risks now and going forward. If confirmed, I am committed to working with my colleagues in the Administration and members of Congress to develop a mix of policies that support the long-term growth of our economy.

103. Senator Young 14:

The Congressional Budget Office recently revealed its projections for the federal budget in fiscal year 2021, which estimated a \$2.3 trillion deficit before the anticipated \$1.9 trillion relief package. Additionally, the Biden Administration campaigned on trillions in federal investment into various sectors as a part of his agenda.

- a. *As an official charged with managing the public debt and ensuring the fiscal strength of the U.S. government, do you believe the ballooning debt is a national security risk? Why or why not?*

- b. *If you answered in the affirmative to part (a) above, how do you propose we address this risk?*

My view is the most pressing economic and national security challenge is to overcome the pandemic and rebuild our economy. As I said in my opening statement, economic policy must remain focused on providing relief until we have contained the pandemic. As Secretary Yellen has said, interest rates are at historically low levels, and our interest burden as a percentage of GDP is also quite low. Therefore, in the current environment, it makes sense to invest in the relief needed to support families and businesses. Over the longer term, we need to ensure that our country is on a sustainable path with respect to our debt burden. If confirmed, I look forward to working with Congress on these important issues.

104. *Senator Young 15:*

I am concerned about unresolved issues regarding Digital Services Taxes that are being imposed on U.S. corporations by foreign nations. On June 5, 2020, the United States Trade Representative (USTR) announced an investigation into the Digital Services Tax (DST) being implemented by several countries, expanding on the USTR's existing investigation into France's DST. While USTR has threatened retaliatory tariffs against France and other nations with a DST deemed to be discriminatory, several weeks ago the scheduled tariffs were suspended due to the ongoing investigation.

- a. *Given your experience in international economics, what do you believe a solution on this issue should look like?*

I agree with Secretary Yellen that this is a critically important issue. The OECD negotiations provide an opportunity to level the playing field for U.S. companies while stopping tax competition and resolving these digital taxation disputes in an amicable matter.

Instead of waiting for agreement at the OECD level, a number of countries have chosen to unilaterally implement their own digital services taxes (DSTs). Over a dozen countries have already imposed DSTs, with many more countries having either published proposals or announced an intention to publish a proposal to enact a DST. The details of these DST proposals vary by country, but the policy frequently discriminates against non-resident businesses and imposes double taxation. Additionally, the DSTs of certain countries appear to be designed to specifically target United States digital companies.

I believe it is critical that we adopt international tax and trade rules that ensure American companies can compete in a fair global market. When it comes to taxation, we need to ensure American companies can compete fairly. I believe we can do so by stopping the destructive global race to the bottom on corporate taxation and discouraging harmful

profit-shifting.

- b. *Absent an international agreement regarding the Digital Services Tax issue, how do you believe the United States should respond to the unilateral implementation of such taxes by other nations on U.S.-based companies?*

I am aware of the concerns U.S. companies have raised about digital services taxes. If confirmed, I am committed to a cooperative multilateral process to resolve the digital taxation dispute in the context of broader efforts at enhanced international tax cooperation through the OECD/G20 process. If confirmed, I will work with my colleagues at the Treasury, USTR, and across the Administration to consider appropriate responses absent international agreement. If confirmed, I would also welcome the opportunity to further explore this question with you.