

## **OPENING STATEMENT**

The Honorable José Serrano  
Chairman, Financial Services and General Government Subcommittee  
House Committee on Appropriations

---

Hearing on the Internal Revenue Service  
Fiscal Year 2011 Budget Request  
February 24, 2010

---

The subcommittee will come to order. Today, we meet to discuss the fiscal year 2011 budget request of the Internal Revenue Service. We welcome the Commissioner of Internal Revenue, Douglas Shulman, back for his third appearance before the subcommittee.

The IRS employs more than 100,000 people, processes more than 140 million tax returns each year, and collects more than 95 percent of the revenues that fund the Federal Government. Recently, the IRS has also been involved in implementing an array of tax benefits contained in last year's Recovery Act, in addition to preparing for the requirements of the annual tax filing season.

But still fresh in our minds is last week's tragedy at the IRS facility in Austin, Texas. Our hearts go out to those who were killed, those who were injured, and their families. This subcommittee can and should play its part to ensure that the IRS will recover from the difficulties caused by the terrible event last week.

In its fiscal year 2011 budget submission, the IRS is requesting \$12.6 Billion dollars, an increase of \$487 million, or 4 percent, above fiscal year 2010.

I want to continue to emphasize the importance of the IRS's taxpayer service mission. Taxpayers who need information and assistance to deal with the complexities of the tax code should be able to come to the IRS for help. Good taxpayer service can lead to increased compliance and lower IRS costs in the area of enforcement. The IRS continues to provide assistance through its walk-in sites, partner organizations, and the IRS web site and toll-free telephone hotline. I am pleased that in this budget request, the IRS is attempting to address its problems in the area of telephone assistance and to implement improvements to the IRS web site. At the same time, I am disappointed that the

budget proposes to reduce funding for grants to low-income taxpayer clinics and volunteer income tax assistance sites. Both of these programs have provided essential assistance to low and moderate-income taxpayers throughout the country. The budget request also reduces funding for Tax Counseling for the Elderly grants.

However, I am pleased that the budget request continues the IRS enforcement initiative aimed at offshore tax evasion and corporate and high-income taxpayers. The level of tax noncompliance in these areas continues to be a problem, and this initiative will help to address the problem.

In addition, I greatly appreciate Commissioner Shulman's announcement last month of an IRS proposal to increase its oversight of paid tax preparers, by requiring registration, testing, and continuing education requirements for preparers not already subject to oversight. Paid preparers are a prominent part of the tax system, and the vast majority of paid preparers are both helpful and ethical. But, as I have pointed out before, there have been many cases of scam artists who bilk taxpayers out of their money. We have also heard of incompetent preparers who do not make sure that people are able to get all of the benefits for which they are eligible. This has been a problem in neighborhoods, including my own in the Bronx where the need for the tax benefits is greatest. The paid preparer initiative is very much needed and will go a long way toward helping taxpayers who utilize these services.

I look forward to a very interesting discussion today on these and other issues facing the IRS. Commissioner Shulman, we thank you for your testimony today.

At this time, I'd like to recognize the subcommittee's Ranking Member, Ms. Emerson.