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Opening Statement of Congressman José E. Serrano

Financial Services and General Government

Subcommittee

Hearing on the Internal Revenue Service FY 2012 Budget Request

Thank you, Chairwoman Emerson.

I would also like to welcome Commissioner Shulman to today's hearing. He has testified before us several times before, and I look forward to hearing what he has to say about both the fiscal year 2012 budget request for the IRS, and the impact on IRS of the numerous remaining funding issues for fiscal year 2011.

At the outset, I must note that we are in a very strange situation here today. We are here to review the proposed fiscal year 2012 budget request without having finished the fiscal year 2011 appropriations process. Moreover, there is a stark contrast between the funding level included in the House Republican continuing resolution for fiscal year 2011, and the President's fiscal year 2012 budget request.

The President's request robustly funds the IRS in fiscal year 2012, for what I believe are good reasons. The IRS collects the vast majority of revenue that allows our government- from the Department of Defense to the Department of Education- to operate. It helps to ensure that our tax code, which everyone agrees is extremely complicated, is administered in a fair manner. And it helps to prosecute those who seek to cheat the United States government.

Unfortunately, we must compare this robust request with the funding level provided in the House-passed continuing resolution. That resolution cut IRS funding by approximately \$600 million from fiscal year 2010. While I appreciate the sincerity of belief among my friends on the other side of the aisle in their desire to reduce spending, I think such cuts to the IRS budget are very misplaced. It makes little to no sense to impose harsh budget reductions on the very agency that raises the vast majority of revenue. Should the House passed funding level actually become law, I think the end result will be fewer taxes collected from tax cheats, fewer services for taxpayers, an increase in the tax gap, and ultimately, an increase in our deficit over the next year.

Finally, I would be remiss if I did not discuss the other possibility should the House and Senate not come to an agreement on a continuing resolution. It should not be news to anyone here that we are now three days away from a possible government shutdown. Even with the potential passage of the two-week continuing resolution, we are likely to be in the same place in the near future. Any shutdown would have a serious impact on the numerous services and activities that federal agencies normally engage in. Should such an event come to pass, I am interested to find out what services the IRS will have to shutter, and what the impact will be on tax enforcement, tax return processing, and taxpayer refunds.

Commissioner Shulman, I look forward to your testimony today on all of these important issues.

Thank you, Madam Chair.

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