

March 21st, 2012

Subcommittee Ranking Member Rep. José E. Serrano

"Thank you, Chairwoman Emerson. I would like to join you once again in welcoming Commissioner Shulman before the subcommittee.

"IRS may be the one federal agency that most American people have contact with. In some cases, it may be the only contact people have with the federal government- whether it is in filing taxes, receiving a refund, or resolving a tax problem. In this sense, IRS employees are at the front lines of making sure that our government is responsive and fair to the people we represent. Moreover, the IRS brings in the vast majority of our government's revenue by enforcing our tax laws, and by ensuring that tax cheats do not get away with breaking the law.

"Given these important roles, I was extremely disappointed with the final fiscal year 2012 funding level for the IRS. The funding cuts for the IRS in fiscal year 2012 resulted in a significant drop in IRS enforcement personnel. Because of the cuts, you now have 5,000 fewer employees. As a result, I have no doubt that there is likely to be billions of dollars in lost revenue, and I look forward to discussing this with you further.

"Your FY 2013 budget request has had to fill these budgetary gaps. I believe that you have done a good job in balancing the need to restore funds to critical areas with the understanding that the IRS must become more streamlined in everything that it does.

"A couple of weeks ago, we held a hearing with the Treasury Inspector General for Tax Administration. At that hearing, I was disturbed to hear comments that seemed to support the idea that we shouldn't increase IRS funding because we could never collect the entirety of the tax gap. To me, such an attitude sends a bad message: that we don't actually want to catch the people who are cheating the U.S. government. While it may be difficult to completely eliminate the tax gap, that does not mean that we should stop trying, nor does it mean that we shouldn't give the IRS enough resources to give it their best effort.

"To me the equation is simple: when you cut the IRS for short term political gain, you do long term damage by increasing our deficit. Last year's cuts will clearly result in a loss of revenue, and I hope we will not be put in the same position again this year. Unfortunately, given the recently released Republican budget, I fear that we will be.

"Thank you, Madam Chair."