

**Chairman James Lankford Opening Statement
Committee on Appropriations Subcommittee on Financial Services and General Government**

Hearing to Review the FY2019 Budget Request for the U.S. Department of the Treasury

May 22, 2018

(As prepared for delivery)

Good morning. The subcommittee will come to order.

This is the second of our fiscal year 2019 budget hearings for agencies under the jurisdiction of the Financial Services and General Government subcommittee.

Today we have with us the Secretary of the Treasury Steven Mnuchin and the Acting Commissioner of the Internal Revenue Service David Kautter.

Thank you both for being here today.

The Treasury Department's budget request proposes total funding of \$12.3 billion in 2019 for its operations and bureaus.

These offices execute important functions that promote economic growth, combat illicit finance, safeguard our financial system, administer the Internal Revenue Code, and manage the federal government's fiscal operations.

One of the largest proposed increases is an additional \$17.2 million to the Office of Terrorism and Financial Intelligence (TFI). TFI plays a critical role in our national security by developing and implementing our government's strategies to combat terrorist financing.

I look forward to hearing how you will utilize the increase to target additional sanctions against terrorists, international narcotics traffickers, and those involved in the proliferation of weapons of mass destruction.

I also look forward to hearing how the Memorandum of Agreement between Treasury and OMB to create a new framework for reviewing tax regulations is being implemented.

I have long believed that IRS regulations should be held to the same rigorous standards as other agencies. While it is important that the IRS implements the Tax Cuts and Jobs Act expeditiously, it is

also important that proposed tax regulations are thoroughly analyzed and impose the least possible costs.

The IRS requests a total of \$11.135 billion for its base operations and an additional \$362 million that would be provided through a program integrity cap adjustment.

While the agency's previous requests for a program integrity cap adjustment were not enacted, I look forward to discussing the agency's resource needs.

This funding is intended to administer the nation's tax system, generate more than \$3 trillion in revenue to fund government programs, protect billions of taxpayer records, and strengthen tax compliance.

Tax compliance, in particular, is critical. The Government Accountability Office has identified the enforcement of tax laws as a "high risk" area. In 2016, IRS estimated that the average annual gross tax gap—the difference between taxes owed and taxes paid on time—was \$458 billion for tax years 2008-2010.

I look forward to hearing your strategy for closing the tax gap, and I stand ready to work with you on solutions.

Thank you again for testifying today.

I now turn to my colleague, the Ranking Member Senator Coons, for his opening statement.

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