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House of Representatives

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Opening Statement

Ranking Member Gerald E. Connolly

Subcommittee on Government Operations

Hearing on “Examining IRS Customer Service Challenges”

March 8, 2017

Thank you, Mr. Chairman, for holding a hearing to examine the challenges the Internal Revenue Service (IRS) faces in providing quality customer service. Year after year, our tax code becomes more complex, the number of individuals filing tax returns increases, and the threat of identity theft and cyber-attacks becomes more difficult to fight. Over the last five years, Republican-led Congresses have added to these challenges by repeatedly slashing the IRS budget.

From 2010—the last year that Democrats controlled the appropriations process—to 2015, the IRS’s budget has fallen from \$12.1 billion to \$10.9 billion. Fortunately, last year, Congress provided the agency with its first considerable budget increase in six years. Even with the additional \$290 million dedicated to taxpayer services, the IRS’s fiscal year 2016 budget represented a 19% tax-adjusted decrease from its 2010 level.

These budget cuts directly harm taxpayers. National Taxpayer Advocate Nina Olson stated in a recent report to Congress, quote, “taxpayers are experiencing many problems today because the IRS lacks adequate resources to assist them.” The Inspector General’s January 2017 report on the 2016 filing season supports this assertion. The IG found that calls went unanswered, correspondence was delayed, and many Taxpayer Assistance Centers were severely understaffed. A TAC located in my district has closed with little to no notice due to understaffing, and my constituents have had their appointments cancelled.

In the absence of an appropriate investment, billions of dollars in uncollected taxes are at stake – by recent estimates uncollected tax debts totaled \$458 million in 2015. These are taxes owed but not paid, and the IRS is in some instances powerless to do anything about it due to a lack of staffing. By actually collecting taxes that are owed, the government can make substantial gains towards closing our nation’s budget deficit.

With adequate resources, the IRS could fix these problems. With adequate resources, the IRS would be able to modernize its legacy information technology systems, some of which date back to the Kennedy Administration.

With adequate resources, the IRS would be able to answer millions of more customer calls and build upon its recent accomplishment of cutting the average wait time for assistance by almost half.

With adequate resources, the IRS could increase its already impressive return on investment. As Commissioner Koskinen stated earlier this week, the IRS is the only agency that when given more people and more money, gives the government more money back. For every dollar spent on IRS operations, the agency yields approximately \$300 for the funding of the national defense, public health, and the administration of fair and equal justice.

Unfortunately, my colleagues in past Congresses have instead demanded the IRS do more with less. One thing that remains certain is failure to adequately fund the IRS will cause honest taxpayers to lose, and tax cheats to win. We in Congress must uphold our responsibility to our constituents to ensure that government has the resources it needs to operate effectively and efficiently for all.

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