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Ranking Member Kweisi Mfume

Subcommittee on Government Operations and the Federal Workforce

Joint Hearing on “Oversight of the Internal Revenue Service”

October 24, 2023

Thank you, Mr. Chair.

Paying your fair share is an important obligation in the American social contract. With an estimated 168 billion individual taxpayers filed returns this year alone, processing high volumes of returns requires sufficient personnel, modernized technology, and streamlined systems.

A little over a year ago, President Biden signed the Inflation Reduction Act, or the IRA, into law. This groundbreaking legislation reached the IRS at a critical time, right before the 2023 tax filing season, and delivered \$80 million to the IRS over 10 years. The funds allowed the IRS to hire new staff, modernize technology, and audit wealthy tax cheats. This is a win for low- and middle-class Americans.

Thanks to these IRA-backed improvements, the IRS achieved an 87% peak level of service success on the phones, a dramatic increase from the previous tax filing year. IRS answered 6.5 million more calls than last year, cut wait times by 86%, served more than 140,000 additional taxpayers, and cleared the backlog of unprocessed 2022 individual tax returns with no errors. These are real, tangible, and immediate results that show investment in the IRS improves taxpayer services.

Unfortunately, shortly after this year’s tax filing season, we were forced to heed to Republicans’ persistent call for the rescinding of IRS funding to avoid a catastrophic debt default.

The agency kept its promise and commitment to this nation—cracking down on delinquent, tax-evading millionaires. And it did so despite cuts to its funding and the persistent and dangerous mischaracterization of IRS agents as a sort of “bogeyman” out to get middle-class Americans.

To that extent, the IRS has collected nearly \$160 million in back taxes from individuals earning an income above \$1 million. These millions of dollars in missing tax payments were no accident.

For example, one individual just last month was ordered to pay more than \$15 million in restitution for falsifying personal expenses as deductible business expenses. These efforts to defraud the federal government included financing the construction of a 51,000-square-foot mansion.

These sorts of greedy tax cheats exacerbate the current \$688 billion tax gap, highlighting the stark difference between the amount owed and the amount collected by the IRS on time. **In other words, the more millionaires and billionaires who skirt around paying their fair share, the larger the burden that falls on hardworking Americans who pay their fair share on time, every year.**

The IRS reports that even small declines in taxpayer compliance can cost the nation billions of dollars in lost revenue, underscoring the need for simplicity and efficiency during the tax filing season. That is why I co-led with Congresswoman Porter and Congressman Connolly the *Trust in Government Act*, which directs the Department of Treasury to expand electronic tax filing and offer customer support via email. We also led the *Streamlining IRS Operations Act*, which requires that tax returns filed on paper can be readily digitized. IRS heeded this ask, expanding its digital scanning efforts this tax season.

Congress must continue to ensure the IRS has the funding and resources necessary to maintain its remarkable progress since the IRA became law. Make no mistake, further cuts will hamper the IRS' ability to execute transformative change. I urge my colleagues on both sides of the aisle to preserve IRS funding as we move forward from our current stalemate and get back to the business of funding the government's operations.

I want to thank our witnesses, Commissioner Werfel and Director Lucas-Judy for your participation in today's hearing. I'm particularly looking forward to hearing from Commissioner Werfel about the status of the IRS's upcoming tax filing program, known as Direct File.

We have the esteemed duty and obligation, particularly in the Subcommittee, to ensure the government operates at a top tier level for all Americans. I'm looking forward to discussing how we, as members, can work to support a more equitable, efficient, and effective tax administration.

Thank you, Mr. Chair. I yield back.

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