

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

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Opening Statement

Chairwoman Carolyn B. Maloney

House Committee on Oversight and Reform, Subcommittee on Government Operations

Hearing on “IRS in the Pandemic”

Wednesday, October 7, 2020

Thank you to my good friend, Chairman Connolly, for holding this important and timely hearing on the IRS in the Pandemic.

First, I want to congratulate you on already convincing the IRS to move back the deadline for low-income individuals to register for an Economic Impact Payment (EIP). Until Monday, the deadline to register for the EIP was next Wednesday, October 15th. And now these individuals, who earn so little they don't qualify to pay taxes, have until November 21st to claim this vital resource. Without this hearing and the Chairman's work, that extension was unlikely. Congratulations on improving the lives of those who need this money the most. This is a huge victory for this Subcommittee and for those struggling on the brink of poverty across this nation.

For the past decade, there has been a concerted effort to gut the IRS, and to starve it of the funding it needs to do its job on behalf of every taxpayer in this nation. Sadly, after years of partisan attacks and neglect, it was no surprise that the IRS was not prepared to handle the unique circumstances that the coronavirus crisis presents. After all, this agency is operating on information technology systems that date back to the Kennedy Administration.

We can now see the very real consequences of the past decade. We cannot simply decimate essential federal agencies, and then expect them to miraculously meet their missions in times of crisis. For example, in June, just a few months into the pandemic, we discovered that the IRS sent roughly \$1.4 billion in EIPs to dead people. Some of my constituents told me that they received EIPs for their dead relatives and were still waiting for their own checks. While the IRS had access to the Social Security Administration's Death File, the Treasury Department's Bureau of Fiscal Service, which distributes the payments, did not. This fix seems simple. Let's share the file and reduce improper payments in the next round of stimulus checks. If it needs to be a legislative fix, let's make it happen.

Today, we are going to hear from witnesses who will claim that the IRS did the best it could with what it had. But that's not the real question. **We need to be asking what the IRS could have done to help our country if it had been properly funded and adequately staffed, instead of being subjected to years of bitter Republican abuses.**

In another example, my constituents told me they threw away IRS issued debit cards because they looked like a scam and the IRS failed to inform them the cards were coming. Others said the online “Get My Payment” tool was confusing and made them think they were ineligible for an EIP when they were, in fact, eligible. Today, we will hear that individuals across our nation, including my constituents, are still waiting to receive money that their government owes them—money they need to buy medicines, pay rent, or put food on their tables.

Past Republican Congresses prevented the IRS from investing in staff and technologies that would have allowed for a smooth transition, and a continuity of service, to all taxpayers throughout the pandemic. Because of decades of partisan attacks, however, many individuals and small businesses might not see their tax returns anytime soon. They might not see their Economic Impact Payments, or EIPs, until September 2021. They need this money now—not in 11 months, but now. That’s how Congress designed these stimulus payments. And it seems clear that the IRS is not equipped to meet this moment.

The systematic, decade-long gutting of the IRS forced the agency to shut down taxpayer services and assistance just when the rules were most confusing, and taxpayer needs were greatest. The long-term starvation of the IRS means that victims of domestic abuse can have their stimulus payments seized by their abusers because the IRS doesn’t have the resources and staff it needs to help address the problem. For many women who are domestic abuse victims, this lack of IRS resources means they can’t achieve economic independence and escape abusive relationships. This is a complicated problem, but the IRS shouldn’t simply shrug its shoulders at these individuals and point them to the court system. Let’s find a solution here today and help these women.

The lack of resources at the IRS means that the wealthiest residents of our nation—those reporting more than \$10 million a year—can avoid paying proper taxes because there are so few capable enforcement staff available to audit them. There’s little chance they’ll be audited, caught, and prosecuted. Instead, the IRS has been auditing the poor and vulnerable. Because it’s easier. Our government is leaving on the table trillions of dollars owed by the wealthy.

Finally, I want to express my support for the legislation I know the Chairman is working on — legislation that would require agencies to think about how technology will improve service delivery and agency performance across the enterprise of federal government. I support these types of critical measures that often take place under the legislative radar. Mr. Chairman, you have my full support.

Clearly, we have a lot to unpack at this hearing. Again, I’m thankful to Chairman Connolly for his continued, long-term leadership on IRS oversight. It has been important for more than a decade, but has reached a point of reckoning at this moment.

Thank you, Mr. Chairman, and I yield back.

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