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Opening Statement Congressman Matt Cartwright

Subcommittee on Economic Growth, Job Creation, and Regulatory Affairs

Hearing on "The IRS Targeting Scandal: Changing Stories of the Missing E-mails" September 17, 2014

Thank you, Mr. Chairman.

First off, thank you, Mr. Koskinen, for testifying before this Committee once again today.

Your appearance before this Committee is becoming quite the recurring event now, Mr. Koskinen.

I am becoming increasingly concerned, at this point, that Committee Republicans are no longer using these hearings for the purpose of investigating what happened to the groups that were the subject of the Inspector General's May 14, 2013 report. This seems to be something different.

Instead, they are desperately searching for information about the IRS's response to the Committee's investigation. Mr. Chairman, counting today, Mr. Koskinen has testified four times before this committee in the past several months, and at least seven times before House Committees this year.

We all have to agree that the purpose of this Committee is not to publicly harass federal agency heads. It is to conduct responsible oversight on a host of legitimate critical issues within our jurisdiction. I believe that these repeated hearings, continuing again today, are both an abuse of authority and a dereliction of this Committee's duty.

I think it is abundantly clear that Chairman Issa and Chairman Camp are in some form of taxpayer-funded footrace to see who can make the first headlines about Lois Lerner's lost emails.

I also want to once again address Republican claims that the alleged targeting of conservative groups is a government-wide conspiracy initiated after the Supreme Court's 2010 decision in *Citizens United* involving the President, the IRS, the Department of Justice, and other federal agencies.

This Committee has obtained no evidence linking these accusations to what we all know now were inappropriate criteria used by IRS employees in Cincinnati to screen applications for tax-exempt status.

The IRS has fully cooperated and provided Congressional investigations of the alleged targeting with over 800,000 pages of documents. Congressional investigations have cost the IRS at least \$18 million so far, and none of the evidence has shown any political motivation or White House involvement.

Some of my colleagues on the other side of the dais have chosen to overlook the funneling of dark money into the political system of the United States. Republicans have demanded accountability from the IRS but have not demanded the same from corporations who influence our national elections.

In January 2010, the U.S. Supreme Court, in a 5-4 decision on Citizens United, ruled that political spending is a form of protected speech under the First Amendment, and that the government may not prohibit artificial entities from spending money to support or oppose a specific candidate in an election.

Citizens United allowed for-profit corporations, unions, and non-profit groups to raise unlimited funds and register for tax-exempt status under the 501(c)4 designation, and the IRS became flooded with applications for this status.

The 501(c)4 designation is exclusively meant for organizations whose primary activity is social welfare, defined in the tax code as making charitable, educational, and recreational contributions to a community. While 501(c)4's are not barred from participating in political campaigns, it is stated plainly and clearly that political participation must be an "insubstantial" amount of the group's overall activity, accounting for less than 50 percent of expenditures.

The IRS's job was to make sure that these groups were following the rules, so that they weren't taking tax breaks meant only for groups contributing to the community, not hiding the influence that a select few individuals have on our nation's electoral politics.

I am also concerned by the recent report from the Senate Permanent Subcommittee on Investigations regarding the management failures of the IRS and TIGTA in investigating alleged targeting of 504(c)4s. While the Subcommittee's investigation found no evidence of IRS political bias, the exclusion of any analysis of how liberal groups were treated distorted the audit's findings, and significantly damaged public confidence in the impartiality of the IRS.

I ask unanimous consent to enter the September 5, 2014 PSI report into the record. We must shift our focus toward establishing a more objective and transparent set of standards for evaluating 501(c)4 applicants involved in political activities.

As I have stated in previous hearings, this is about groups doing everything they can do to hide where they get their money, obscure their true intentions, and have undue influence on the political system tax-free. Anonymous money in politics is something we don't need in this country, and something I've repeatedly said disrupts the democratic process, and must be changed.

I commend Chairman Leahy and Senator Udall of the Senate Judiciary Committee for advancing S.J. Res. 19, a joint resolution proposing an amendment to the U.S. Constitution which would negate the damaging effects of Citizens United. I have cosponsored the House companion to that bill, introduced by my dear friend Rep. Ted Deutch of Florida.

I am deeply disappointed that the Senate was unable to move forward on the measure, with Republicans refusing to break their filibuster, effectively blocking any move towards an up-or-down vote on this critical issue.

Thank you Mr. Chairman, and with that I will conclude my comments and yield back.