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### Opening Statement Rep. Edolphus Towns, Ranking Member

#### Subcommittee on Government Organization, Efficiency and Financial Management Hearing on "Identity Theft and Tax Fraud: Growing Problems for the Internal Revenue Service"

November 4, 2011

Today's hearing is the second part of this committee's examination of how the IRS handles the growing problem of identity theft and tax fraud. In 2011 alone, the IRS has already identified over 582,000 taxpayers that were the subject of identity theft and this is more than double the incidents from only 3 years ago. Clearly we have got to do a better job protecting the taxpayer and the treasury from criminals. Our witnesses today will help us understand how this can be done.

Thank you Inspector General, George, Mr. Miller, and Mr. Cimino for your appearances and testimony today. The three of you have front seats to the arena of identity theft crimes as it affects tax administration. You are uniquely positioned to evaluate the system and suggest meaningful changes that can help the government win the war against this crime.

One of the first priorities we must address is the quality of assistance given to taxpayers victimized by employment or tax refund fraud. The testimony does not paint a pretty picture of how the IRS is handling this aspect of its responsibilities. It is unacceptable to have innocent taxpayers waiting 12 to 18 months to verify their identity before a replacement refund check is issued. We can and should do better.

Another obvious problem is what is being done to prevent criminals from filing fraudulent tax returns using stolen identification. I fully understand that identities are stolen, traded, and misused in places far away from the IRS. It is also clear that neither the IRS nor law enforcement nor anyone else can predict when criminal behavior will occur or stop a criminal bent on breaking the law. However, if there are resources, both human and technological, to prevent criminals from filing fraudulent returns, every effort should be made to do so.

If the IRS, the Inspector General or the Department of Justice does not enforce the law against those who defraud the treasury and victimize taxpayers through identity theft, there will be no deterrent or punishment for criminals. I hear of budgetary limitations, staffing limitations, and legal limitations that prevent more investigations and prosecutions of these crimes. We

cannot sit back and do nothing because of limitations. The criminals are becoming more sophisticated in defrauding the government. We have to become more creative in our solutions.

I look forward to the testimony today. I hope our witnesses will guide us through the present limitations to working solutions against the problem of identity theft and tax fraud.

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