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**HATCH STATEMENT AT SENATE FINANCE COMMITTEE
HEARING CONSIDERING JOHN KOSKINEN FOR IRS COMMISSIONER**

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, today delivered the following remarks during a Senate Finance Committee hearing considering the nomination of John Koskinen to serve as Commissioner of the Internal Revenue Service (IRS):

Today we are here to discuss the future of the Internal Revenue Service and to hear testimony from President Obama's nominee to head that agency, John Koskinen.

Mr. Koskinen, I don't think that I have to tell you that, if you are confirmed, you will have a difficult job ahead of you.

The IRS is one of the most powerful agencies in our government. Consequently, it is both feared and loathed by millions of Americans.

That being the case, it is vital that the IRS maintain its credibility. The American people should be able to trust that the IRS will enforce our nation's tax laws without bias or prejudice. Any hint of impropriety on the part of the IRS or its leadership damages its credibility and that of our entire government.

Unfortunately, over the last few years, the credibility of the IRS has been eroded through actions taken by the IRS itself and the agency has, in large part, lost the trust of the American people.

As proof, one needs to look no further than the IRS political targeting scandal currently under investigation by this committee.

When this scandal was revealed, President Obama said, "I have got no patience with it, I will not tolerate it, and we will make sure that we find out exactly what happened on this."

Senate Majority Leader Harry Reid expressed similar views on the Senate floor, stating: "I have full confidence in the ability of Senator Baucus and the Finance Committee to get to the bottom of this matter and recommend appropriate action."

I share both President Obama's desire to find out exactly what happened and Leader Reid's view of the Finance Committees investigative abilities. Indeed, if there is one thing we should all be able to agree on, it is that that IRS should enforce the tax laws as they are written by Congress without consideration of political views.

That being the case, I had hoped to hold off on proceeding with this nomination until the Finance Committee's bipartisan investigation had concluded.

The confirmation of an IRS Commissioner should not, and must not, be a partisan issue. Like I said, with an agency this powerful, the leadership should have the confidence of members of both parties. I had hoped that the next commissioner would begin his time with the benefit of the findings of our investigation so that he would be in a better position to fix the problems we've uncovered and to move the agency forward with strong bipartisan support.

Chairman Baucus has chosen to go a different direction, which is, of course, his right.

My hope is that this will not impede our efforts.

Mr. Koskinen, I hope that today you will commit to continuing the cooperation the committee has enjoyed thus far in its investigation and that you'll encourage others to do the same.

As far as I'm concerned, the top priority for the next IRS Commissioner should be to restore the agency's damaged credibility with the American people and their trust that the actions taken by the IRS are fair and impartial. Toward that end, it is essential that we continue to receive full and open cooperation in our investigation.

There are many other issues the next leader of the IRS will have to address.

For example, there is the IRS's significant role in the implementation of Obamacare. If what we've seen thus far is any indication, this is going to be a difficult proposition, both in terms of operation and enforcement.

Just last week the Treasury Inspector General for Tax Administration issued a report that found that the IRS has an inadequate system in place for preventing fraudulent Affordable Care Act premium subsidy payments from occurring and that people's personal information would be at risk.

Insurers and others have raised questions about the income verification for the premium subsidies. I have also raised this concern on a number of occasions. Similar tax subsidy

programs – including, for example, the Earned Income Tax Credit – have improper payment rates as high as 25 percent. Can we expect the same for the Obamacare premium subsidies?

These are just a few of the many potential issues IRS will be facing as implementation continues.

On top of that, there are the proposed regulations addressing the political activities of tax-exempt organizations. These proposals have been controversial for a number of reasons, not the least of which is the widespread doubt as to whether the IRS is able to perform its duties in an independent, non-partisan fashion.

Mr. Koskinen, I hope to get a sense of your views on these and other issues during the course of today's hearing.

Like I said, the IRS is an agency rife with problems, most of which are self-inflicted. If you are confirmed, I hope that you will work jointly with Congress – and with members of both parties – to fix these problems. Thank you, once again, Mr. Chairman.

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