



FOR IMMEDIATE RELEASE
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Floor Statement of Senator Max Baucus (D-Mont.)
Regarding the IRS Targeting Conservative Groups for Greater Scrutiny
As prepared for delivery

Mr. President, over the past five days, information that I can describe only as very troubling has emerged about a systematic practice by the IRS to target conservative groups seeking tax-exempt status.

According to a report released last night by the Treasury Inspector General for Tax Administration, the IRS developed and used inappropriate criteria to identify applications from organizations applying for tax-exempt status based “upon their names or policy positions instead of indications of potential political campaign intervention.”

In addition, the 48-page report finds that “ineffective management” at the IRS allowed for this inappropriate practice to stay in place for more than 18 months, resulted in substantial delays in processing certain applications and allowed unnecessary information requests to be issued.

While the inspector general report does not say the IRS was intentionally partisan, it did find that the agency’s narrow focus of the criteria “gives the appearance that the IRS is not impartial in conducting its mission.”

These actions by the IRS, if true, are a clear breach of the public’s trust. Targeting groups based on their political views is not only inappropriate, it is intolerable, unacceptable and cannot be allowed.

I intend to get to the bottom of what happened here. The inspector general’s report is just the beginning. There are still many unanswered questions, and the Senate Finance Committee, which has congressional oversight over the IRS, has begun what will be a thorough investigation.

Mr. President, some are now using this issue to try and score political points. Some of my colleagues across the aisle are claiming the IRS was just doing what Democrats wanted in examining these conservative groups.

That is completely false. Let me clear up this misperception — I, for one, never advocated for targeting conservative groups.

This is important, so let me be clear: What I called for in 2010 — and continue to call for today — is closer examination of any and all groups already granted or applying for tax exempt status. Let me say that again — any and all groups.

Since the Citizens United case, there has been a dramatic increase in political organizations masquerading as “social welfare” groups. We need to make sure these groups are complying with IRS political activity rules.

Any group claiming tax-exempt status under Section 501(c)(4) of the Internal Revenue Code needs to prove that it is following the letter of the law. As the New York Times noted yesterday, “No one has an automatic right to this tax exemption; those seeking one should expect close scrutiny from the government to ensure it is not evading taxes.”

While I expect the scrutiny from IRS to be thorough, I also expect it to be administered equally across the board — on Democratic, Republican, conservative or liberal organizations.

Americans expect the IRS to do its job without passion or prejudice. The IRS can't just pick one group for closer examination and give the other a free pass. But that is apparently what they did here. That was the agency's big mistake, and now they have to answer for it.

The Senate Finance Committee has congressional oversight over the IRS, and we just launched a formal, bipartisan investigation. A team of investigators from my staff and Senator Hatch's staff has begun compiling questions and is seeking additional documents from the IRS. There seem to be some inconsistencies in the timeline regarding who knew what when, and we will get to the bottom of it.

As part of the investigation, I went straight to the top and met with Acting Commissioner Steve Miller yesterday. It was a tough talk. I told Mr. Miller the actions of the IRS were inexcusable and warned that he is in for serious questioning from the committee. I told Mr. Miller that the committee demands nothing less than his complete cooperation and transparency.

The Senate Finance Committee will hold a hearing on Tuesday to examine this issue. There needs to be a full accounting of what happened at the IRS, who knew what, when, and how long did this practice go on for? And what other groups were flagged for additional scrutiny?

There is another important question that needs to be asked: Is there a fault in the tax code that may have contributed to the IRS taking such unacceptable steps? Do we need a better definition of what organizations qualify for tax exemptions? Do we need to revisit the role tax-exempt organizations play in our political system? What part of the tax code has to change for us to guarantee this overreach never happens again? There are many more questions.

This will be an issue we delve into in tax reform. Clearly something is amiss for the IRS to behave the way it did.

The actions of the IRS are unacceptable and people will be held accountable.

Mr. President, let me take a moment to turn briefly to related topic. As some may know, the Senate Finance Committee has been working on comprehensive tax reform for the past two years.

We've held more than 30 hearings and heard from hundreds of experts about how tax reform can simplify the system for families, spark economic growth, create jobs and make U.S. businesses more competitive.

Last Thursday, I teamed up with House Ways and Means Committee Chairman Dave Camp to launch a website to get even more input and hear directly from the American people.

We launched TaxReform.gov to give folks in Montana, Michigan and all across America an opportunity to weigh in on tax reform.

Since the launch of the site less than a week ago, we've received thousands of ideas directly from the American people on how to improve the tax code.

I want to thank all those who shared their ideas and opinions, and I encourage more people to log on to TaxReform.gov to let us know what you think the nation's tax system should look like.

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