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Hatch Statement at Finance Committee Hearing on Protecting Taxpayer Information from Cybercriminals

WASHINGTON – Senate Finance Committee Chairman Orrin Hatch (R-Utah) today delivered the following opening statement at a hearing examining how the Internal Revenue Service (IRS) is safeguarding private taxpayer information this filing season and to determine what improvements may be necessary for the agency to fully protect taxpayers from cybercriminals:

Good morning. It's a pleasure to welcome everyone to today's hearing, which we've titled "Cybersecurity and Protecting Taxpayer Information."

These are important issues that the Finance Committee has been working on for some time. In June of last year, for example, we held a hearing on the theft of Internal Revenue Service data affecting taxpayer information. Much has happened since that time.

At the urging of the Finance Committee, the IRS, state revenue commissioners, and leaders in the tax return preparation industry came together last year to convene a Security Summit, which resulted in new information-sharing agreements to help identify suspicious activity in the tax filing and refund process. We look forward to hearing more about that effort today.

But in the face of this progress, we have also seen unprecedented growth in the scope and scale of cyber-attacks aimed at stealing personal information and billions of dollars from taxpayers.

Last year alone, cyber-criminals obtained access to sensitive personal information from several large health insurers, exposing tens of millions of Americans to potential identity theft. Foreign governments gained access to poorly protected federal government databases, including a treasure trove of information at the Office of Personnel Management.

Today we will focus on three separate aspects of this problem.

First, we will consider the ways the IRS authenticates taxpayer identities to prevent data thieves from using authentication information to gain access to even more information about taxpayers or to file false returns and obtain refunds under stolen identities.

Second, we will examine how the IRS uses its resources to improve cybersecurity. This will include some discussion about the IRS Future State plan, which the agency has developed in order to adapt to the realities of the 21st Century.

Third and finally, we will consider the ongoing joint efforts of the IRS, state revenue collectors, and private tax preparers to see what can be accomplished to better secure taxpayer information and protect taxpayers from fraud.

Taking a look at our witness table, it is clear that this is not a typical lineup of witnesses. Challenges to cyber-security require not only smart and persistent leadership up at the top, but also technological expertise and up-to-date skills down on the ground. So today, we not only have with us the heads of the IRS, the Government Accountability Office, and the Treasury Inspector General for Tax Administration, we've invited subject matter experts on the relevant issues from each of those agencies to testify as well.

That's a total of six witnesses. And, I suspect each of them will bring unique and important insights to this discussion.

In closing, I'll just say that, while we are clearly making real progress in this area, the challenges are continuing to grow and criminals behind this kind of data theft are getting more sophisticated and aggressive, seemingly by the day. And, American taxpayers – and their livelihoods – are their targets.

In other words, we have a lot of work to do. My hope is that we'll continue to be able to work on these issues on a bipartisan basis in order to do right by the American people.

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