Crapo Statement at Hearing on The President's Fiscal Year 2023 Budget
June 7, 2022

Washington, D.C.--U.S. Senator Mike Crapo (R-Idaho), Ranking Member of the U.S. Senate Finance Committee, delivered the following remarks at a hearing on the President's fiscal year 2023 budget with the U.S. Department of Treasury Secretary Janet Yellen.

The text of Ranking Member Crapo's remarks, as prepared, is below.

"Secretary Yellen, welcome to today's hearing.

"Inflation is hurting American families and eroding wages.

"People are adjusting spending, even on basic necessities, to make ends meet.

"They are being hammered at the gas pump and in the grocery aisles and across the economy. As wages rise to keep up with inflation, odds of an inflationary wage-price spiral rise.

"Inflation became broad-based and accelerated last year following the untargeted American Rescue Plan Act. That Act poured $1.9 trillion of inflation fuel into an economy with growing supply-chain disruptions and households with elevated disposable incomes and liquid savings.

"Following that, Democrats pushed for trillions more in reckless spending. The result, which many predicted, has been inflation at highs not seen in 40 years.

"As prospects of recession and stagflation rise, this is no time to consider raising taxes or resurrecting reckless spending proposals from the House-passed Build Back Better bill.

"The Congressional Budget Office's 10-year outlook is another warning sign that our national debt, currently at $30.5 trillion, is on an unsustainable track, headed to new record highs.

"Inflation and accompanying higher interest rates mean higher net interest costs to service the national debt, crowding out other fiscal priorities. As the economy has been in recovery from COVID-related shutdowns, revenue has been up sharply under the tax system put in place before the pandemic.

"CBO expects revenue this year to rise to 20 percent of GDP, the highest in more than two decades, and then average well above the 50-year historical average.

"Nonetheless, Democrats appear to want to raise taxes more in the face of rising odds of recession.

“One harmful policy is a minimum tax on financial statement, or ‘book,’ income, something so fundamentally flawed that both parties abandoned a previously enacted version more than 30 years ago. This harmful policy would overwhelmingly hit American manufacturers, as well as undercut investments in U.S. innovation and emerging technologies.

“This is not the only proposal from Democrats that would harm the competitiveness of American companies. Another prominent example is the international tax agreement Treasury has negotiated at the OECD. Under both Pillars of the agreement, Treasury has agreed to give foreign countries sweeping new rights to tax U.S. companies.

“In an apparent attempt to bind Congress, Treasury agreed to terms without engaging in meaningful consultation with Congress. For more than a year, my Republican colleagues and I have repeatedly requested information on the agreement and its potential effects.

“Treasury has, however, repeatedly declined to provide any analysis of the effect of the agreement on U.S. businesses or U.S. revenue or the U.S. economy overall. From what we can see, that impact will be significant on U.S. companies, making them less competitive globally. We now know Treasury’s failure to share substantive detail foreshadowed underlying flaws and a lack of coherent principles in the agreement.

“It is increasingly clear that terms agreed to by Treasury will harm U.S. businesses and undermine tax provisions enacted by Congress to encourage certain activities. The flaw with this approach is that the agreement cannot be fully implemented without Congressional action.

“In many cases, the terms can only be properly carried out with a multilateral treaty, requiring a two-thirds vote by the Senate. By agreeing to sweeping changes of this nature without bipartisan support, Treasury has put at risk tax certainty and the prospect of a durable or long-lasting agreement.

“Beyond lack of information about the international tax agreement, nothing more is known about a possible leak of private taxpayer data from the IRS to the left-leaning group ProPublica than we knew one year ago when it was first reported.

“More work is also necessary to establish independent oversight and financial controls over the $350 billion funding to states and localities in the American Rescue Plan, where no meaningful oversight was established.

“Treasury must also be willing to consult Congress on debt management, which it has thus far only been comfortable doing with Wall Street and the Federal Reserve.

“This Committee, which is Treasury’s authorizing Committee, deserves more transparency and accountability from Treasury than we have been receiving.

Madame Secretary, I do appreciate your service, and look forward to hearing your testimony."