

United States Senate Committee on Finance
June 12, 2025
The President's Fiscal Year 2026 Budget for the Treasury Department and Tax Reform

Question for the Record submitted to The Honorable Scott Bessent from Senator Cassidy.

Question 1: As you know, there is a lot of attention these days being paid to the volatility in the bond markets. These market conditions have increased borrowing costs for state and local governments. The legislation I have worked on for the last couple Congresses would have a positive impact for localities and save taxpayer dollars.

My legislation, Senate Bill 1987, has to do with the tax treatment of bond insurance (also known as financial guaranty insurance), which is a specialized and important insurance product that operates exclusively to help reduce the cost of borrowing for issuers of state and local municipal bonds. Guaranty insurers are well-capitalized in order to pass on their credit-worthiness to borrowers. These savings are ultimately realized by taxpayers, and the financed projects represent billions of dollars of infrastructure improvements in my home State of Louisiana. Louisiana is not alone in experiencing these benefits. Currently, bond insurers enhance hundreds of billions in bonds that are currently outstanding across all 50 states, including the states of my fellow Committee members, including Idaho, Kansas, and Oregon. Infrastructure projects – including those for school districts and hospitals – across all our states benefit from bond insurance.

TCJA included a provision to close a loophole that allowed certain US investment funds to avoid taxation on income by moving assets to offshore entities. Unfortunately, in closing the loophole, we inadvertently harmed specialized insurance companies that insure and guarantee municipal bonds in order to lower state and local bond issuers' borrowing costs. Failure to address this issue in a timely way will unnecessarily limit the capacity of these insurers to meet the demand municipal issuers have for such a cost saving guarantee. My legislation with Senator Marshall to solve this problem is supported by the Government Finance Officers Association and the National League of Cities, as well as the Association of Financial Guaranty Insurers.

Can you work with me to make sure that bona fide guaranty insurers are not targeted and the costs passed on to state and local governments?

Answer: The Treasury Department is committed to working to implement any legislation enacted by Congress relating to passive foreign investment companies and insurance companies.

Questions for the Record submitted to The Honorable Scott Bessent from Senator Todd Young.

Question 1: The U.S.-Ukraine critical minerals agreement is a step in the right direction, but it's just a start. China continues to use coercive tactics like price dumping, export bans, and off-take monopolies to dominate global supply chains. That's why I introduced the STRATEGIC

Minerals Act—to build a coalition of trusted partners through targeted, sector-specific trade agreements.

Secretary Bessent, would you be willing to work with Congress—in whatever format it takes—to establish a formal framework for negotiating mineral-specific trade partnerships with high-potential countries—especially those outside existing FTAs, but rich in resources the U.S. lacks?

Answer: The United States faces unprecedented economic and national security challenges in securing reliable supplies of critical minerals independent of foreign adversary control. The President will continue to address these important issues through steps to promote critical mineral and rare-earth sourcing and processing domestically as well as negotiations with partner countries to develop strong and diversified supply chains. Treasury stands ready to provide technical assistance to Congress on potential legislation in this area.

Question 2: Rebuilding secure supply chains for truly strategic goods—like semiconductors, defense materials, and essential medicines—is vital to national security, and tariffs can serve as leverage in that effort. But if not applied precisely, tariffs risk becoming long-term defaults, blurring the line between strategic necessity and economic protection. That’s especially concerning for U.S. industries—like those in Indiana—that rely on globally sourced inputs that can’t be produced domestically and operate on tight margins.

As trade negotiations continue, how is the administration ensuring that tariff actions remain focused on genuine national security risks—rather than becoming long-term defaults that unintentionally burden U.S. industries dependent on non-sensitive, globally sourced inputs?

Answer: See response to Question 5.

Question 3: You have described the Administration’s trade approach as “strategic uncertainty,” using tariffs as leverage.

Is there an effort underway to move beyond short-term, performance-based decisions toward a more stable, long-term trade strategy—one that combines enforcement with clear rules, so businesses can plan with greater certainty?

Answer: See response to Question 5.

Question 4: *Are there discussions underway to offer tariff exemptions or reductions to allied countries or trading partners that commit to coordinated enforcement actions against China—such as shared monitoring of subsidy flows, forced tech transfers, or dumping practices in strategic supply chains?*

Answer: See response to Question 5.

Question 5: *Recognizing China’s strategy of delay and dilution, is Treasury exploring time-bound review mechanisms—so any tariff relief is tied to clear, measurable benchmarks rather than open-ended diplomatic interpretations?*

Answer for Questions 2-5: As you are aware, President Trump’s trade strategy prioritizes America’s economic strength by protecting both our national and economic security, driving investment and innovation, and delivering tangible benefits for working families, farmers, and small businesses. Enhancing U.S. competitiveness in the global economy and expanding opportunities for Americans remain central goals in our discussions with trading partners, who recognize the importance of these priorities.

For too long, prior administrations relied on flawed assumptions in their economic policies, choices that allowed foreign nations to advance their interests while undermining America’s role as a leading industrial and economic power. By contrast, President Trump’s America First trade agenda defends American producers, ensures fair and reciprocal access to overseas markets, and negotiates from a position of undeniable strength.

Combined with the President’s pro-growth tax reforms, reduced regulatory burdens, and leadership in energy development, this trade agenda is laying the foundation for a thriving economy that puts Americans at the forefront.

In November, President Trump signed a monumental deal with China on our economic and trade relationship. The agreement includes Chinese commitments to halt the flow of precursors used to make fentanyl, eliminate China’s export controls on rare earth elements and other critical minerals, and open the Chinese market to U.S. soybeans and other agricultural exports. We will continue our discussions with China to confirm the implementation of previous agreements and address the lack of trade reciprocity in our economic relationship and our resulting national and economic security concerns.

Question 6: *The Social Impact Partnerships to Pay for Results Act (SIPPRA) is a landmark law enacted in 2018 that focuses federal spending on what works. Unlike many federal programs that pay for specific benefits or services, this \$100 million in funding is connected to outcomes—state and local governments identify social problems they would like to address, an independent evaluator measures whether they achieve their goals, and payment is only made if the program delivers results. The U.S. Department of the Treasury has made two rounds of awards to date under this SIPPRA authority, and many projects are currently underway.*

Can you provide a brief update on how the program is working through the first two rounds of awards, including any challenges that have been identified that have prevented award recipients from achieving the outcomes they hoped to achieve?

Answer: The SIPBRA program has obligated \$73.5 million for awards to ten projects through two funding rounds. During the first funding round, Treasury awarded four projects, which have had some delays due to complications largely arising from the coronavirus pandemic—such as low participant enrollment, procurement setbacks, and changes to target populations. We anticipate receiving evaluation results from these projects annually from FY2026 to FY2028. In the second round of funding, Treasury awarded six projects, which will launch in FY2026. We expect evaluation results to start in FY2029. Treasury is drafting a third Notice of Funding Opportunity for roughly \$12 million in additional awards, with a focus on workforce development programs. This would be the final funding round as the SIPBRA statute prevents obligations from being made after 2028. Treasury will need to administer the projects until 2033 to ensure projects are completed, properly evaluated, and paid.

Questions for the Record submitted to Scott Bessent from Ranking Member Wyden.

Question 1: I understand you are leading—or co-leading—the negotiations surrounding the President’s tariffs. I am concerned about the lack of transparency surrounding these talks, particularly the lack of clarity on what the Administration will offer to our trading partners in order to secure deals. For example, public reporting indicates that the Administration agreed to modify U.S. export restrictions on certain sensitive items as an element of the most recent “deal” with China. This indicates the Administration may be willing to put national security issues on the table when seeking trade deals from our trading partners.

- a. Has the United States made any legally binding commitment in the trade negotiations since April 2, 2025? If so, please provide:
 - i. The counterparty;
 - ii. The date;
 - iii. A description of the binding obligation;
 - iv. The legal authority that, in Treasury’s view, provides the authority to undertake the obligation; and
 - v. Any written agreement memorializing the binding obligation.

- b. Has the United States tabled any proposal that includes binding non-tariff commitments to be undertaken by the United States in the trade negotiations since April 2, 2025? If so, please describe.

Answer: See response to Question 2.

Question 2: U.S. businesses need certainty and stability to make investment and sourcing decisions. In my view, the best way to achieve that is through durable, enforceable trade agreements. The Constitution gives Congress the sole authority to impose tariffs and to regulate commerce with foreign nations. And Congress has made it very clear—on a bipartisan basis—that binding trade agreements require approval by Congress.

Do you agree that binding trade agreements must be approved and implemented by Congress? If your answer is “it depends,” please explain what factors you consider to be relevant to this question.

Answer to Questions 1-2: Treasury defers to USTR on the details of the agreements.

Question 3: As Chairman of the Committee on Foreign Investment in the United States (CFIUS), you are responsible for evaluating the national security risks of specific foreign investments and recommending to the President whether to modify or reject them. CFIUS has a statutory mandate to focus solely on national security concerns raised by each transaction before CFIUS, and not on other factors.

- a. Has any trading partner raised CFIUS, including but not limited to CFIUS’s review of any specific transaction or the proposed “fast track process” for investments, during the ongoing trade negotiations?
- b. Please describe the steps you have taken to ensure that ongoing trade negotiations do not influence CFIUS’s decisions on specific investments.

Answer: Treasury, the United States Trade Representative, and the Commerce Department are all involved in trade discussions on behalf of the Administration. To the extent Treasury’s Office of Investment Security has been involved, the focus has been a high-level exchange on issues related to economic security, including encouraging other countries to enhance their ability to screen foreign investment for national security purposes. The aim being to encourage our allies and partners to strengthen their investment screening mechanisms or explore establishing mechanisms consistent with international best practices. Any such discussions have not involved specific CFIUS covered transactions or CFIUS’s Known Investor pilot program.

Question 4: The Republican plan is going to decrease near-term, new electricity capacity by the equivalent of 60 Hoover dams or 133 Oklahoma cities—do you think the U.S. can beat China in the AI race if there isn’t abundant, reliable energy?

Have you figured out how to bypass the gas turbine backlog and build a power plant in 6 months? Have you figured out how to build a nuclear facility in one year, instead of 7-to-10? Businesses cancelled or downsized more than \$14 billion in investments and 10,000 new jobs in clean energy and clean vehicle factories since January because of tariff and tax uncertainty. How does a lack of business certainty deliver on Energy Dominance?

The Republican tax plan increases taxes on the lowest income Americans while simultaneously increasing energy bills. Do you think Americans paying up to \$400 more for electricity is a good thing?

Why are you so committed to ignoring the realities of innovation in energy, energy affordability, and the ongoing boom in Made in America energy?

Answer: President Trump is committed to lowering energy costs for families, providing certainty for businesses, and investing in abundant, reliable American energy that strengthens our competitiveness and fuels innovation.

Question 5: Secretary Bessent, you have said the government should be more like the private sector, but big banks spend \$10 to \$14 billion on technology each year, according to the National Taxpayer Advocate. That is more than this administration's entire \$10 billion budget for the IRS and four to six times more than the \$2.5 billion it proposes to spend on technology.

- (a) This budget doesn't include any plan to make the IRS more efficient. Do you have a detailed plan to make the IRS four times more efficient than a big bank by this year?

- (b) "AI" is an exciting technology for the future, which the last administration was already working to deploy at the IRS. But this administration and this budget is cutting real people doing real jobs today that AI cannot yet do. The "AI" of the future seems like more of an excuse for this administration to defund the tax police today. Will you commit to hiring enough people to do all of the IRS's functions until AI can actually be deployed effectively?

Answer: Funding provided by the Inflation Reduction Act to the IRS substantially increased IRS's personnel and infrastructure beyond mission need, resulting in unnecessary bureaucracy and an unsustainable path of spending. We are focused on funding the IRS at a level that right-sizes and reforms the agency through IT modernization, regulatory review, and process improvement efforts. This will allow the IRS to deliver efficient and cost-friendly results for the American people. Treasury is committed to maintaining the IRS staffing levels needed to efficiently carry out the agency's goals of collections, customer service, and privacy.

Question 6: The tax gap is nearly \$700 billion per year. That's \$7 trillion over ten years. Every dollar invested in the IRS brings in two dollars. Every dollar invested in tax enforcement against the wealthy brings in up to \$12, according to a recent study. CBO estimates that rescinding \$40 billion in IRS funding costs about \$100 billion.

The IRS cuts in this budget will explode the deficit and dismantle the IRS's ability to enforce the law, except for low-income taxpayers who can be audited by computers. Billionaires will continue to cheat on their taxes, while regular people continue to pay taxes with every paycheck. What is your plan to reduce the tax gap and go after billionaire tax cheats?

Answer: Treasury is committed to ensuring that the IRS efficiently carries out its mission of collecting tax revenue, providing customer service, and protecting taxpayer privacy. We are focused on rightsizing and reforming the IRS through IT modernization, regulatory review, and process improvement efforts. This will allow the IRS to deliver efficient and cost-friendly results for the American people. Treasury supports a leaner, more capable IRS that retains high-performing professionals to achieve its collections mission more efficiently.

Question 7: During the hearing, I asked you about trade-offs and the choice the reconciliation bill makes between kids getting enough to eat and tax breaks for the wealthiest Americans. This bill makes a lot of those choices, and I want you to clarify your position here.

What do you personally believe is more important? Giving a trillion dollars in new tax breaks to profitable corporations ... or protecting the lives of 51,000 people who will die prematurely every year if Republicans cut more than a trillion dollars out of our health care programs? Should typical families be forced to subsidize the private school educations of the rich ... or should Congress do more to help the 22 million kids from low-income families who are left behind by this Republican bill?

Answer: OBBB locks in permanent, pro-growth tax cuts for families, workers, and job creators. The bill also enacts No Tax on Tips, No Tax on Overtime, and new tax cuts for seniors. It will strengthen important programs for those who need them most and save taxpayer dollars by cutting waste, fraud, and abuse. This consequential legislation cements the blue-collar boom and improves the lives of Americans on every rung of the economic ladder.

Question 8: In response to a question from Senator Marshall at the hearing, you said that the \$2,500 child tax credit would be permanent under the Republican bill. In fact, the \$2,500 credit is set to expire at the end of 2028.

For the record, will you correct your false claim and acknowledge that the Republican bill allows the \$2,500 value of the child tax credit to fall below that level after 2028?

Answer: I will acknowledge that under OBBB the child tax credit will be permanently increased, and will also be indexed to inflation, ensuring that the credit retains its value for families in future tax years. This will provide much-needed relief and certainty to working families. This was a critical provision for Republicans to help working families and a major reason why it was so important to pass the OBBB. If the OBBB had not passed, the current CTC would have been cut in half.

Question 9: Outstanding request for a briefing on “tribal tax credits.”

Beginning in January, my staff at the Finance Committee requested a technical briefing from the IRS for guidance related to so-called “tribal tax credits” being sold by promoters (also referred to by promoters interchangeably as “tribal nation tax credits”, “Sovereign Tribal Tax Credits” or “Native American income tax credits”). The purpose of this briefing would be to better understand the legal mechanisms and the federal laws that allow promoters to buy or sell these credits or convert them to cash.

As you may be aware, the IRS issued a written statement to the Finance Committee on “tribal tax credits” stating that “We can confirm that these tax credits do not exist. Taxpayers who claim credits that don’t exist are subject to penalties and possible examination.” However, the IRS is still refusing to provide the requested briefing to the Finance Committee.

Between January and June, my staff have followed up with the IRS at least six times, yet the IRS continues to refuse to provide the briefing. No explanation to withhold the briefing has been provided. The refusal to provide this briefing is a significant departure from the practices of prior administrations, where the IRS has regularly made subject matter experts from the IRS available to committee staff to answer questions on tax laws and enforcement campaigns.

I am deeply concerned that Treasury is blocking this briefing to protect IRS Commissioner Billy Long and his business partners, who are directly implicated in the tribal tax credits scheme. Long in his financial disclosure and written responses to the Committee confirmed that he sold “tribal tax credits” and received more than \$65,000 in compensation for referrals related to these credits.

1. Has anyone from the Treasury Department directed the IRS not to provide my staff at the Finance Committee the “tribal tax credits” briefing it requested?
2. Who at the Treasury Department or the IRS makes the final decision on allowing the IRS to provide this briefing to the Finance Committee?
3. Will you commit to having subject matter experts from the IRS provided the Finance Committee a briefing on the legal mechanisms and authority under federal law that allows promoters to buy and sell “tribal tax credits”? If not, why not?

Answer: Treasury and the IRS commit to upholding the law and enforcing the Internal Revenue Code. The IRS takes very seriously the protection of taxpayers and the integrity of the Internal Revenue Code.

You, yourself, have indicated that there are ongoing criminal tax investigations, among others, related to these issues, therefore, it would be inappropriate to comment on any ongoing, or potential, investigation.

Questions for the Record submitted to The Honorable Scott Bessent from Senator Maria Cantwell.

China negotiations

You are leading the talks with China and seem to have a major role in trade negotiations with other countries. China is a challenge but is also an important market of 1.4 billion consumers. China buys wheat, apples, airplanes, semiconductors, and software. Yet, the President seems to act without warning, rational, or bounds – imposing more and more tariffs, raising them and then lowering or pausing them. It is not a rules-based approach. It’s a chaos-based approach. The result is high costs and pain for American consumers and market pressure on businesses of all sizes – especially on small businesses. They are collateral damage.

Secretary Bessent:

Question 1: What are the Administration’s objectives for these deals?

Question 2: When will this committee be briefed and consulted?

Question 3: Will U.S. companies get long-term market access or just potential commitments for limited/fixed purchases of U.S. goods and services?

Question 4: How will you keep traditional U.S. allies onboard and working with us to deal with China given their own concerns and anger about U.S. tariffs?

Question 5: Can we expect high tariffs to remain on China and other countries even after any deals?

Answer to Questions 1-5: As you are aware, President Trump's trade strategy prioritizes America's economic strength by protecting both our national and economic security, driving investment and innovation, and delivering tangible benefits for working families, farmers, and small businesses. Enhancing U.S. competitiveness in the global economy and expanding opportunities for Americans remain central goals in our discussions with trading partners, who recognize the importance of these priorities.

For too long, prior administrations relied on flawed assumptions in their economic policies, choices that allowed foreign nations to advance their interests while undermining America's role as a leading industrial and economic power. By contrast, President Trump's America First trade agenda defends American producers, ensures fair and reciprocal access to overseas markets, and negotiates from a position of undeniable strength.

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In November, President Trump signed a monumental deal with China on our economic and trade relationship. The agreement includes Chinese commitments to halt the flow of precursors used to make fentanyl, eliminate China's export controls on rare earth elements and other critical minerals, and open the Chinese market to U.S. soybeans and other agricultural exports. We will continue our discussions with China to confirm the implementation of previous agreements and address the lack of trade reciprocity in our economic relationship and our resulting national and economic security concerns.

Tariff Revenues

Mr. Secretary, you, USTR Greer, and Secretary Lutnick all have said that the goals of the President's tariff policies include raising revenue, protecting domestic industries, and serving as leverage for trade and foreign policy negotiations. You have asserted that the President's tariffs could raise anywhere from \$300 billion to \$600 billion per year in revenue. And you have raised the possibility of using tariffs to offset the cost of tax cuts. Yet, the President's on-again, off-again approach to tariffs has created a lot of uncertainty that has made it very difficult or

impossible for companies, especially small businesses, to make decisions about sourcing products.

Secretary Bessent:

Question 1: Do you think Congress should use the revenues from your tariff policies as a credible offset for this tax bill?

Answer: Tariff revenues are one tool to strengthen America’s economic position, but our priority is ensuring that any tax policy is fiscally responsible, supports workers and small businesses, and promotes long-term growth.

Question 2: If tariffs are really going to make a dent in the deficit don’t they need to be in place over the long term?

Answer: Deficit reduction—whether it is a one-time savings or spread over a decade—helps the federal balance sheet. Every dollar saved by the federal government is one less dollar that needs to be borrowed from the private sector, and every dollar that remains in the private sector is one more dollar that can be used for private-sector investment that improves productivity, drives economic growth, and improves the well-being of Americans.

Question 3: The President acts without warning, rational, or bounds. Do you believe the President will continue to change his mind about tariffs levels at any time – either raising or lowering tariffs?

Answer: See response to Question 5.

Question 4: Will the Trump Administration continue to exempt categories of products from tariffs?

Answer: See response to Question 5.

Question 5: When will these decisions be made, how will they impact total tariff revenue, and will these decisions be deficit neutral?

Answer to Questions 3-5: As you are aware, President Trump’s trade strategy prioritizes America’s economic strength by protecting both our national and economic security, driving investment and innovation, and delivering tangible benefits for working families, famers, and small businesses. Enhancing U.S. competitiveness in the global economy and expanding opportunities for Americans remain central goals in our discussions with trading partners, who recognize the importance of these priorities.

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Question 6: If tariffs are long term fiscal policy how can they also be a response to an “emergency?” Does your budget treat the revenue differently if the purpose for the tariff is different?

Answer: Revenue obtained from reciprocal tariffs go into the Treasury General Fund, just as they did before April 2 and as does revenue collected from many other sources. It is not earmarked for a specific purpose.

Question 7: Many of the tariffs are still being challenged in court. How can the Administration account for the tariffs if courts could order them to be removed?

Answer: I refer you to the Department of Justice for updates on ongoing litigation.

Question 8: If there is no certainty about what tariffs will be in place, how long they will remain in place, or how high or low the tariffs will be, how can the U.S. Congress or the U.S. Government rely on tariffs revenues to offset any spending?

Answer: See response to Question 6.

Question 9: Mr. Secretary, under Article 1 Section 8, the Congress has the power to “lay and collect Taxes, Duties, Imposts and Excises.” If you believe that tariffs are a source of revenue contributing to long-term deficit reduction, should tariff revenues be accounted for in the budget as a reliable revenue offset only if they have been affirmatively acted upon by the Congress?

Answer: See response to Question 6.

Economic Analysis

Traditionally, the Administration sends up the economic assumptions that inform its budget that assumes implementation of all of the Administration’s policy proposals.

Secretary Bessent:

Question 1: Did this Administration present the full economic analysis of your full budget proposal? If not, why not?

Answer: The President’s FY 2026 Budget, in tandem with OBBB and other tools this Administration has at its disposal, will end the era of unchecked Federal spending, stop the weaponization of government, and turbocharge economic growth. If enacted by Congress, the FY 2026 Budget’s proposed funding levels and policies for Treasury will allow our agency to better combat threats to the U.S. financial system, manage the U.S. government’s finances more effectively, improve the efficiency of Treasury operations, and promote conditions that enable economic growth.

In May, the Council of Economic Advisers released a very optimistic projection of 4.2 percent to 5.2 percent higher GDP over the next four years from what they called “Preserving and Expanding Low Tax Rates to Create American Economic Prosperity.”

Question 1: Did that analysis, or any subsequent analysis, study the full House-passed bill?

Question 2: Did that analysis, or any subsequent analysis, model the effects on growth from the President’s tariffs?

Answer to Questions 1-2: The President’s trade policy will secure fair, balanced, and reciprocal trade relationships. When currently outsourced manufacturing sectors are reshored to the United States, payroll jobs will increase, as will productivity and wages. However, CEA is independent of the Treasury and would be best able to answer questions about their analyses.

Question 3: Has the Administration done any analysis of what will happen to the health care and health insurance sector, and state economies when federal Medicaid dollars disappear and more people are uninsured or forced to spend more for insurance?

Answer: OBBB protects and strengthens Medicaid for those who rely on it—pregnant women, children, seniors, people with disabilities, and low-income families—while eliminating waste, fraud, and abuse.

Question 4: Every dollar we spend on SNAP produces \$1.50 in economic activity, so clearly spending less will get us less economic activity. Has the Administration done any analysis of what impact the proposals to cut SNAP benefits will have on grocery stores, farms, and other food-related businesses?

Answer: OBBB promotes work, responsibility, and restores SNAP to serve the truly needy.

CHIPS Tax Credit

If we really want to grow the economy we need to invest and innovate. In order for tax policy to be effective it must be in place for a reasonable duration and it must be robust enough to make a difference for decision makers.

The 48D Advanced Manufacturing Investment Credit was enacted as part of the bipartisan CHIPS and Science Act to help bolster the domestic semiconductor ecosystem. According to the Semiconductor Industry Association (SIA) and Boston Consulting Group, the 48D tax credit, which expires next year, is a proven driver of investment. Before the CHIPS Act the U.S. would have captured just 9% of global capital expenditures. Now, the U.S. is projected to secure more than 28% of global capital expenditures between 2024-2032 – an estimated \$646 billion.

Secretary Bessent, to follow up on the issue I raised during the hearing:

Question 1: The 48D credit expires for new investments after 2026. Does this Administration support the extension of the 48D tax credit?

Answer: The Administration supports policies that strengthen America’s domestic semiconductor manufacturing, secure our supply chains, and create good-paying jobs, and we look forward to working with Congress on the best way to sustain those investments.

Question 2: Does the Administration support making changes, like increasing the rate to 35 percent and expanding the credit to cover chip R&D and design processes, that will help to ensure the United States continues to increase its manufacturing capacity and retains its first-mover advantage in chip design?

Answer: The Administration strongly supports strengthening America’s semiconductor leadership by investing in domestic manufacturing, research, and design to secure our supply chains and maintain our global competitive edge.

Clean Energy Tax Credits

Under the House reconciliation bill hydrogen and vehicle tax credits disappear by the end of this year and most clean electricity tax credits face de facto repeal for facilities coming online in 2026 or 2027.

New advanced nuclear facilities were given a longer lead time in the House bill and need to commence construction by the end of 2028, but even that timeframe is exceedingly ambitious given the scale and complexity of many of these projects. This bill will stifle energy technology innovation, increase pollution, and could put a significant amount of the \$500 billion of new investments across the country at risk. And it will raise energy costs for American households by as much as 7% in 2035.

Secretary Bessent:

Question 1: There has long been a bipartisan aversion to retroactive tax policy changes. What is the position of this Administration with respect to retroactively changing tax law, with the exception of shutting down abusive transactions?

Answer: The Treasury Department is committed to working to implement any legislation enacted by Congress.

Question 2: What is the Administration's position with regard to the need for any appropriate transition relief when a policy change impacts taxpayers who have made financial commitments based on reliance of current law?

Answer: The Treasury Department is committed to working to implement any legislation enacted by Congress and to provide transition relief where permitted by law and appropriate.

Question 3: The Biden Administration issued proposed regulations that still need to be finalized, including the clean fuels production tax credit that is essential to the domestic production of SAF (sustainable aviation fuel). The law says the credit applies to fuels produced beginning January 1, 2025, so taxpayers need clarity from Treasury to ensure they are in compliance with the law. What is your plan to finalize these and other regulations required by the Inflation Reduction Act?

Answer: The Treasury Department is committed to issuing timely guidance for taxpayers with respect to SAF.

Question 4: With regard to the Section 48C allocated tax credits, taxpayers with projects that received allocations from the IRS have embarked on those projects with the expectation those tax credits will be able to be claimed when the projects are completed under the terms of the allocation agreements. Can you confirm that taxpayers will be able to rely fully on the terms of those allocation agreements?

Answer: The Treasury Department is committed to continuing to implement section 48C in accordance with the law.

Regulatory Relief for Public Utilities

With the AI revolution, electric utilities are being called on to meet enormous new demand from data centers and advanced manufacturers. Public power utilities, in particular, are being asked to shoulder a disproportionate share of this new electricity demand.

Treasury regulations related to private use have not been updated in over two decades but now the need is urgent given this large new demand. These outdated regulations limit the ability to enter into contracts with these new data centers and manufacturers that are longer than three years, which is too short when making billions of dollars of investments.

Secretary Bessent:

Question 1: Mr. Secretary, will you commit that Treasury will act this year to provide needed regulatory relief to these public power utilities so that they can build the energy supplies our country and their local communities need for AI and manufacturing?

Answer: The Treasury Department is committed to maintaining the position of the United States as the global leader in AI.

Apprenticeships and Workforce Support

The President has talked about revitalizing domestic manufacturing and I believe what is needed for the U.S. to regain ground on manufacturing are more investments in infrastructure, innovation and in a skilled workforce.

The Inflation Reduction Act included several tax credits to incentivize advanced manufacturing and to encourage investments in new forms of domestic energy, like hydrogen or carbon capture and sequestration. As part of these IRA tax credits, we made them more generous if the project used a higher amount of registered apprentices as part of overall labor hours.

Secretary Bessent:

Question 1: Given that President Trump has a unique connection to apprenticeships, does the Trump Administration agree that tax incentives should be more generous in order to specifically encourage the use of apprentices?

Answer: The Administration supports strengthening America’s workforce, and we believe Registered Apprenticeships are an important tool to expand opportunity, build skills, and ensure that investments in manufacturing and energy benefit workers and communities.

Question 2: Does this Administration have as part of its tax plan any proposals specifically aimed at workforce training or reskilling?

Answer: OBBB locks in permanent, pro-growth tax cuts for workers and job creators. As we saw after the passage of the 2017 Trump Tax Cuts, American businesses will hire, invest, and raise wages now that this Administration and the Republican Congress have delivered certainty and stability for the economy.

Question 3: Is this Administration considering additional incentives for employers to invest in partnering with apprenticeship training programs to ensure the smooth transition between training and full-time jobs?

Answer: See response to Question 2.

Questions for the Record submitted to The Honorable Scott Bessent from Senator Warner.

Question 1: I understand Treasury is playing a leading role in the negotiations with many of our largest trading partners, including South Korea. As you are aware, there are complex issues regarding our trade relationship with South Korea that need to be addressed– including South Korea’s proposed digital regulations.

Secretary Bessent, what is the Administration's plan to address tariff and non-tariff barriers with South Korea?

Please provide details on how the Administration plans to ensure free and open trade, including preserving fair market access and opening new opportunities for American service providers?

Answer: As you are aware, President Trump's trade strategy prioritizes America's economic strength by protecting both our national and economic security, driving investment and innovation, and delivering tangible benefits for working families, farmers, and small businesses. Enhancing U.S. competitiveness in the global economy and expanding opportunities for Americans remain central goals in our discussions with trading partners, who recognize the importance of these priorities.

For too long, prior administrations relied on flawed assumptions in their economic policies, choices that allowed foreign nations to advance their interests while undermining America's role as a leading industrial and economic power. By contrast, President Trump's America First trade agenda defends American producers, ensures fair and reciprocal access to overseas markets, and negotiates from a position of undeniable strength.

Combined with the President's pro-growth tax reforms, reduced regulatory burdens, and leadership in energy development, this trade agenda is laying the foundation for a thriving economy that puts Americans at the forefront.

Question 2: The FY2026 Budget is causing some confusion among financial institutions as it seems to indicate that the bulk of CDFI Fund awards which were appropriated for FY25 will go undistributed.

Will you commit to obligating all discretionary funding awards before funds expire?

Answer: Treasury intends to obligate all discretionary funds, once apportioned by OMB, before expiration. We are committed to deploying these taxpayer resources responsibly and ensuring they deliver measurable impact in the communities they are meant to serve.

Questions for the Record submitted to The Honorable Scott Bessent from Senator Whitehouse.

Question 1: According to IRS data, in 2024, those making over \$500,000 were more than twice as likely to be audited than during previous years, while the audit rate for taxpayers making under \$500,000 declined.¹

¹ Ben Blatt, "IRS Upheld a Biden Pledge: More Audits, but Only on the Wealthy," New York Times, June 5, 2025, <https://www.nytimes.com/2025/06/05/upshot/tax-audits-wealthy-biden-trump.html>.

- a) *Will you ensure that the share of all audits accounted for by those making under \$500,000 does not increase on your watch?*

Answer: As part of the effort to ensure fairness in tax compliance, the IRS has previously announced that it will ensure that audit rates do not increase for those earning less than \$400,000 a year.

Question 2: In response to an inquiry from my colleagues and me,² Treasury wrote that IRS compliance efforts will “prioritize return on investment” and focus “on areas with demonstrated noncompliance, substantial dollars at stake, and measurable benefits.”³

According to a nonpartisan analysis using IRS data, the top one percent of households account for 36 percent of unpaid taxes and fail to report 21 percent of their income, compared to seven percent for the bottom 50 percent. Another nonpartisan analysis of IRS data found that every dollar spent auditing the wealthiest taxpayers brings in \$12 in additional revenue compared to \$5 for the bottom 50 percent.⁴

- a) *Do you agree that focusing enforcement resources on the wealthy is a way to prioritize return on investment?*
b) *What data will Treasury use to measure “return on investment” for IRS enforcement?*

Answer: Treasury is committed to ensuring that the IRS efficiently carries out its mission of collecting tax revenue, providing customer service, and protecting taxpayer privacy. We are focused on funding the IRS at a level that right-sizes and reforms the agency through IT modernization, regulatory review, and process improvement efforts. This will allow the IRS to deliver efficient and cost-friendly results for the American people. Treasury supports a leaner, more capable IRS that retains high-performing professionals to achieve its collections mission more efficiently.

Question 3: By categorically exempting all domestic reporting companies and U.S. owners of foreign reporting companies, the interim final rule for the Corporate Transparency Act (CTA) issued by Treasury in late March will reduce the universe of anonymous companies required to report their beneficial owners by more than 99 percent, according to Treasury’s estimates.

- a) *Given Treasury’s reporting on the role of anonymous U.S. companies in facilitating fentanyl trafficking and laundering drug proceeds, and the Administration’s purported policy “to ensure the total elimination of [transnational criminal organizations’] presence in the United States,” how does Treasury anticipate these exemptions will affect enforcement efforts to disrupt cartel financing and money laundering within the United States?*

² Sens. Whitehouse et. al to Secretary Bessent, May 28, 2025, <https://www.whitehouse.senate.gov/wp-content/uploads/2025/05/5.28.2025-Senators-to-Bessent-on-IRS-Auditors.pdf>.

³ Secretary Bessent to Sen. Whitehouse et. al, June 12, 2025.

⁴ William C. Boning et al., “A Welfare Analysis of Tax Audits across the Income Distribution,” NBER, June 2023, <https://www.nber.org/papers/w31376>.

- b) *Does Treasury intend to revisit the exemptions created by the IFR and issue a final rule that aligns more closely with the law's intent and the enforcement needs of law enforcement and national security agencies?*

Answer: As set out in the IFR, Treasury is focused on countering higher-risk threats posed by foreign companies, and we will ensure that the rule is appropriately tailored to address illicit finance risks while balancing the costs imposed by a rulemaking and advancing the public interest. We are carefully reviewing the comments submitted in response to the IFR and intend to issue a final rule in the coming months.

Question 4: The CTA was designed to help U.S. law enforcement and national security authorities trace illicit financial flows—including those tied to sanctioned entities and adversarial regimes such as China, Russia, and Iran. However, the exemptions created by the interim final rule would permit continued opacity for any anonymous company—even one that is owned in part or in whole by foreign persons—that is formed in the United States.

- a) *How does Treasury assess the national security risks posed by Chinese, Russian, or Iranian nationals who may use these exemptions to evade tariffs, sanctions, or export controls?*

What changes, if any, are being made to ensure the CTA database meaningfully addresses these threats?

Answer: The United States remains the global leader in combatting illicit finance and Treasury works with law enforcement and interagency partners to investigate money laundering and complex financial crimes. Treasury is carefully reviewing the comments submitted in response to the IFR and intends to issue a final rule in the coming months. We are committed to ensuring beneficial ownership reporting requirements appropriately balance supporting American taxpayers and small businesses with addressing illicit finance risks and advancing the public interest.

Questions for the Record submitted to The Honorable Scott Bessent from Senator Cortez Masto.

Question 1: In recent days, you have said that the United States has “18 important trading partners” that the administration is prioritizing for trade deals. Please share the list of these 18 countries. What metric or reasoning did the administration use to determine that these trading partners are the most important for trade negotiations?

Answer: We have reached deals with important trading partners like Japan, the United Kingdom, and South Korea and continue to discuss with other important partners. I would defer to USTR on the status of all active negotiations.

Question 2: Neither the Administration or Congress has pushed for inclusion of the extension of the ACA's Enhanced Premium Tax Credit, which expires at the end of the year, in the budget reconciliation bill. Does the Administration oppose extending this credit?

Answer: As you noted, the temporary expanded premium tax credit, enacted under the 2021 American Rescue Plan Act and extended under the 2022 Inflation Reduction Act, is set to expire at the end of 2025. The Administration is committed to making health insurance markets more affordable and sustainable for hardworking American families and has undertaken a number of policies to do so. We will work with Congress on any health tax policies they are considering.

Question 3: In your testimony you cited a study from the White House's Council of Economic Advisors regarding the House-passed reconciliation bill that claims it will be good for the economy and workers. However, the study modeled several provisions which were not included in the House-passed bill, such a lower tax rate on manufacturing income. It also failed to model the effect of some policies in the bill that offset rate reduction. Was this an error by the CEA?

Answer: That is not accurate. CEA published an updated analysis in June focused on the provisions in the Senate text at the time. See <https://www.whitehouse.gov/wp-content/uploads/2025/03/The-One-Big-Beautiful-Bill-Legislation-for-Historic-Prosperity-and-Deficit-Reduction-1.pdf><https://www.whitehouse.gov/wp-content/uploads/2025/03/The-One-Big-Beautiful-Bill-Legislation-for-Historic-Prosperity-and-Deficit-Reduction-1.pdf>

Question 4: With regard to the Administration's negotiations with China on trade, White House National Economic Council Director Kevin Hassett recently said on TV that the Trump administration may be open to loosening export controls on some microchips to China. Can you commit that the Administration won't trade away restrictions on outbound investment in critical sectors?

Answer: Treasury continues to administer the Outbound Investment Security Program, which went into effect at the beginning of this year. Consistent with the President's America First Investment Policy and America First Trade Policy, Treasury is working to enhance the program and ensure it is appropriately scoped to be responsive to developments in technology and the strategies of countries of concern. Treasury is considering the feedback we have received over the first 11 months of the program's operation and is collaborating with interagency partners to assess whether adjustments should be made.

In November, President Trump signed a monumental deal with China on our economic and trade relationship. The agreement includes Chinese commitments to halt the flow of precursors used to make fentanyl, eliminate China's export controls on rare earth elements and other critical minerals, and open the Chinese market to U.S. soybeans and other agricultural exports. We will continue our discussions with China to confirm the implementation of previous agreements and address the lack of trade reciprocity in our economic relationship and our resulting national and economic security concerns.

Question 5: Ranking Member Wyden and I recently called for an IRS investigation of individuals and businesses promoting and selling fake “Tribal Tax Credits” to investors. Has IRS or Treasury began any investigations into this matter?

Answer: Treasury and the IRS commit to upholding the law and enforcing the Internal Revenue Code. The IRS takes very seriously the protection of taxpayers and the integrity of the Internal Revenue Code.

You, yourself, have indicated that there are ongoing criminal tax investigations, among others, related to these issues, therefore, it would be inappropriate to comment on any ongoing, or potential, investigation.

Questions for the Record submitted to The Honorable Scott Bessent from Senator Elizabeth Warren.

Tariffs

I have sent you numerous letters containing questions regarding the Administration’s approach to trade policy. You have not thoroughly or substantively answered my questions, so please find below a compilation of the questions I have posed to your office this year.

April 16 letter regarding potential for corruption in trade exemption:

1. Please describe the official process for reviewing requests for exemptions from U.S. imposed tariffs, including criteria that an entity must meet to receive an exemption.

Which administration officials will run this process?

What role will USTR play in reviewing tariff exclusion requests?

What, if any, role will Commerce play in reviewing tariff exclusion requests?

Question 1: Is this official process the only way for entities to request exemptions from the Trump Administration’s tariffs? If not, please list the additional ways that entities may seek exemptions (apart from submitting an official exemption request to USTR or Commerce).

Question 2: How and where will exemptions be reported?

Question 3: Do you commit to publish public information on all tariff exemptions that have been awarded — including to whom and on what basis they were awarded — on at least a weekly basis?

Question 4: Will there be an appeals process for denials of exemption requests?

Question 5: What will you do if it comes to your attention that an administration official is pushing through an exemption request due to improper influence by the entity seeking the exemption?

Question 6: How will the Trump Administration respond to evidence of an executive branch official accepting a bribe in return for official action on tariffs?

Question 7: How will you ensure that entities with political or financial ties to President Trump do not receive special treatment in the form of tariff exemptions?

Answer to Questions 1-7: This Administration believes in reciprocity and fairness in our trade policies to address the significant imbalances in the system. Treasury's Ethics Office reviews the financial interests of all current and incoming political appointees and senior career officials for potential conflicts of interests. Where conflicts are identified, the Ethics Office advises on the guardrails to be followed until the interest is divested and the conflict removed. Our agency will follow all applicable ethical guidelines.

April 25 letter regarding your early leaks of tariff policy decisions to Wall Street:

Question 8: Which individuals attended the JP Morgan event at which you provided remarks on April 22, 2025?

Question 9: Were your remarks prepared in advance? If so, please provide a copy of any written remarks or notes.

Question 10: What time did you make your remarks at this conference? How long was the gap between your private comments and the public reports from Bloomberg about their content?

Question 11: Why was this event closed to the public and the press?

Question 12: Did the Treasury Department take any actions or make any agreements to prevent individuals in attendance from making trades or other investment decisions based on these private remarks?

Question 13: When you made your remarks at this conference, were you aware that the President would, later that day, announce that tariffs would “come down substantially”?

Question 14: Did Treasury or White House officials provide non-public information to Wall Street executives on a potential trade deal with India?

Answer: See response to Questions 1-7.

May 12 letter regarding transparency in bilateral trade negotiations:

Question 15: The April 2 tariff announcement and subsequent escalations and de-escalations are resulting in corruption, chaos, layoffs, and untold economic damage. The Administration must provide additional information on the goals and status of these negotiations. Please list each

country with which the administration is negotiating, when the country's representatives contacted you, the goals of these negotiations, and where the current negotiations stand.

Question 16: Please disclose each meeting you have had with international counterparts relating to the April 2, 2025, tariff announcements, who participated in each meeting, and the outcome of the meeting.

Question 17: Please explain the substance of these discussions with international counterparts and your plans for entering into trade deals with them. In particular:

Will you seek congressional approval for each negotiated trade deal?

What authorities are you relying on to negotiate those deals?

Are you advocating for policies that prioritize American workers and consumers rather than corporate profits, including enforceable environmental and labor standards?

Question 18: How will the on-again-off-again tariff policy give businesses clarity on how to adapt to these tariffs and onshore manufacturing?

Question 19: How will the administration prevent corruption by sovereign nations and corporate insiders seeking to influence these trade deals?

Will the administration provide clarity on any concessions made by sovereign nations that may affect entities in which President Trump or other administration officials, or their families, have a financial stake?

Will administration officials recuse themselves from trade talks regarding matters in which they have a financial stake?

Will administration officials impose strict controls and disclosure requirements on individuals with access to key information in order to prevent insider trading?

Answer to Questions 15-19: As you are aware, President Trump's trade strategy prioritizes America's economic strength by protecting both our national and economic security, driving investment and innovation, and delivering tangible benefits for working families, farmers, and small businesses. Enhancing U.S. competitiveness in the global economy and expanding opportunities for Americans remain central goals in our discussions with trading partners, who recognize the importance of these priorities.

For too long, prior administrations relied on flawed assumptions in their economic policies, choices that allowed foreign nations to advance their interests while undermining America's role as a leading industrial and economic power. By contrast, President Trump's America First trade agenda defends American producers, ensures fair and reciprocal access to overseas markets, and negotiates from a position of undeniable strength.

Combined with the President's pro-growth tax reforms, reduced regulatory burdens, and leadership in energy development, this trade agenda is laying the foundation for a thriving economy that puts Americans at the forefront.

May 28 Letter regarding Big Tech influence on trade negotiations:

Question 20: What technology companies or industry representatives have you or other Trump Administration officials met with to discuss trade negotiations? What topics were discussed during those meetings? Please provide a list of all companies and individuals you have met with regarding these matters.

Question 21: What safeguards are in place to ensure that any private negotiations between Administration officials and industry leaders will result in action in the public interest, not just the interest of politically connected firms?

Question 22: Will you disclose to Congress and the public a list of the countries with which you are conducting negotiations and the demands you are making of each country, including digital policies?

Question 23: Does the Administration believe that any foreign law or regulation that reduces corporate profits for Big Tech companies considered de facto unfair?

Question 24: What steps, if any, have been taken by the Administration to ensure that the voices of everyday Americans who use digital products are factored into trade negotiations, not only those of politically connected, billionaire executives of Big Tech companies?

Answer (Questions 20-24): At the President's direction, I am working with Secretary Lutnick and Ambassador Greer to address the economic imbalances that have harmed American workers, families, and businesses, and threatened national security. There are several measures undertaken by other countries that harm our technology sector. One of the key issues at the intersection of trade and technology policy is digital services taxes (DSTs). The United States has consistently opposed DSTs as extraterritorial and discriminatory against U.S. companies. This opposition has spanned multiple Administrations and has been reflected in the tax, trade, and other international economic negotiation positions put forward by the Treasury Department.

June 6 letter regarding the effect of chaotic tariff policy on seniors and retirement plans:

Question 25: Has the Trump Administration conducted analyses of how the Administration's chaotic tariff policies will impact retirees?

Question 26: Has the Administration conducted any analyses of the impact of tariffs on seniors' 401(k) and other retirement fund balances?

Question 27: Has the Administration conducted any analyses of the impact of tariffs on inflation?

Answer (25-27): See response to Questions 15-19.

Question 28: How will DOGE cuts affect seniors' ability to access retirement benefits?

Answer: The Administration is looking to eliminate waste, fraud, and abuse of public funds and to make government services more efficient. To the extent that they make the Social Security Administration more efficient, seniors' access to their retirement benefits could improve.

Question 29: Do you have any plans to support seniors living on fixed incomes and their retirement savings in the event of continued market decline and volatility?

Answer: The passage of the OBBB helped calm market volatility as current and future tax policy became firmer, and markets are up relative to the end of 2024.

Other questions:

Question 30: Please list the 18 countries that you have repeatedly referenced as the priority for tariff relief, trade negotiations.

Question 31: Please list the countries with which active negotiations are currently underway

Answer to Questions 30-31: I would defer to USTR on the status of all active negotiations.

Question 32: In the context of ongoing negotiations with scores of countries related to the administration's imposition of tariffs, why is the administration prioritizing the rollback of other countries' competition, data privacy, security, right to repair, and AI oversight policies on behalf of big tech instead of fighting to strengthen American manufacturing and balanced trade to deliver the benefits President Trump promised American workers?

Answer: See response to Questions 15-19.

Taxes

Question 33: During your testimony before the Senate Finance Committee on June 13th, 2025, you asserted without evidence that Republicans' "Big, Beautiful Bill" will lower the deficit. What specific analysis or data, if any, is this assertion based on, given that all credible expert analyses of the bill project that it will increase the deficit even after accounting for macroeconomic effects?

Answer: As I have indicated, many widely cited expert analyses fail to account for the expected growth from the administration's policies as well as sizeable tariff

revenues. In Fiscal Year 2025, the deficit actually decreased, including as a share of GDP. This administration is committed to making life more affordable for all Americans, which the OBBB is a crucial component of.

Question 34: What analyses did the Treasury Department conduct, if any, on the impact of IRS workforce cuts on revenue? Please share any estimates of revenue changes due to those cuts.

Answer: Treasury is focused on ensuring the IRS has the resources it needs to deliver on its mission, including collecting revenue, providing customer service to taxpayers, and protecting taxpayer privacy.

Question 35: Given the proven return on investment from increasing staffing levels at the IRS, how did the Administration determine that a 40 percent across-the-board cut in the IRS workforce was prudent?

Answer: Funding provided by the Inflation Reduction Act to the IRS substantially increased IRS's personnel and infrastructure beyond mission need, resulting in unnecessary bureaucracy and an unsustainable path of spending. We are focused on funding the IRS at a level that right-sizes and reforms the agency through IT modernization, regulatory review, and process improvement efforts. This will allow the IRS to deliver efficient and cost-friendly results for the American people. Treasury is committed to maintaining the IRS staffing levels needed to efficiently carry out the agency's goals of collections, customer service, and privacy.

Question 36: In anticipation of the 2026 tax filing season, what metrics are the IRS using to ensure that revenue collections are maintained at equal or greater levels and do not decrease?

Answer: See response to Question 35.

Question 37: The Administration has instituted a prolonged hiring freeze for the IRS. The National Taxpayer Advocate noted that IRS customer service positions have an attrition rate of 19 percent. With additional workforce reductions, how does the IRS intend to sustain adequate levels of customer service? Please share relevant documentation, including performance metrics for casework, phone service, and in-person assistance centers.

Answer: See response to Question 35.

Question 38: Given Elon Musk's departure from his role as Special Government Employee, what is the current role of the Department of Government Efficiency (DOGE) in making policy and staffing decisions at Treasury?

Answer: Treasury policy and staffing decisions have been made by Treasury employees.

Question 39: Are President Trump’s efforts to revoke Harvard’s tax-exempt status still ongoing? If so, what is the most recent step that Treasury has taken to further the President’s plan?

Answer: Treasury administers the tax code as written by Congress, and any decisions regarding tax-exempt status are guided strictly by law and established IRS procedures.

Question 40: Compared to tax year 2024, how have audit rates changed in tax year 2025? Please quantify the change in audit rate for the following groups:

Taxpayers with income <\$100,000

Taxpayers with income between \$100,000 and \$1 million

Taxpayers with income between \$1 million and \$1 billion

Taxpayers with income over \$1 billion

Answer: The IRS cannot determine final audit rates for a particular tax year until the statute of limitations has expired. Since the statute of limitations for both the 2024 and 2025 tax years have not expired (individual income tax returns for tax year 2025 have not even been filed), the final audit rates are not available.

Question 41: Please list all corporate executives that you have met with to discuss tax provisions in the “Big, Beautiful Bill.”

Answer: Treasury was committed to hearing from stakeholders on the legislation and received a wide range of views to deliver on President Trump’s pro-growth, pro-family, and pro-workers agenda through the OBBB.

Housing Finance

Question 42: The Trump Administration has issued communications regarding possible plans to reprivatize or otherwise alter the status of Fannie Mae and Freddie Mac. What analyses, if any, has the Treasury conducted regarding the sale of Treasury’s senior preferred stocks, or otherwise making changes to the Treasury’s Senior Preferred Stock Purchase Agreements, including how proceeds may be used? Please provide copies of any analyses.

Answer: Treasury is committed to ensuring that any decision regarding the conservatorships of Fannie Mae and Freddie Mac will be approached in a careful and thoughtful manner in order to ensure mortgage market stability and protect taxpayers.

Financial Regulation

Question 43: At a March 20, 2025, meeting of the Financial Stability Oversight Council, a senior Treasury Department official stated that “a compilation of metrics of market liquidity indicated that [Treasury market] liquidity had improved substantially relative to periods of volatility in early 2020 and early 2023” and that “the [Treasury] market had continued to

function well.” Based on current data and your updated analysis, has Treasury market liquidity deteriorated since that meeting?

Answer: The Treasury market is the deepest, most liquid market in the world and continues to function well. Secondary market liquidity, as measured by a variety of metrics, has remained robust and commensurate with the level of volatility observed in the Treasury market.

Question 44: Treasury securities carry interest rate risk. The failure of Silicon Valley Bank is the most recent example of how interest rate risk on longer duration fixed income assets, like Treasury bonds, can cause mark-to-market losses that spark depositor runs. What part of the bank capital framework protects banks from losses on Treasuries?

Answer: Interest rate and market risks are core financial risks that all banks are expected to manage to operate in a safe and sound manner. Investments in Treasury securities can pose interest rate and other risks but also provide banks with safe and liquid assets. Bank regulatory capital requirements provide a layer of protection against losses and consider a range of risks, including credit and market risk.

Question 45: How would you evaluate the effectiveness of the stress testing framework that the Office of Federal Housing Enterprise Oversight applied to Fannie Mae and Freddie Mac in the early 2000s?

Answer: Fannie Mae and Freddie Mac ultimately drew approximately \$191 billion from Treasury under the Senior Preferred Stock Purchase Agreements (PSPAs). The pre-2008 regulatory capital framework did not ensure that the GSEs were adequately capitalized for their risk. Treasury remains committed to protecting broad and affordable access to mortgage credit.

Question 46: Do you believe it is appropriate for the FDIC to provide special favors to BlackRock, behind closed doors, with respect to its bank investments under the Change in Bank Control Act?

Answer: The FDIC, along with the other banking agencies, plays an important role in reviewing certain investments in banks under the Change in Bank Control Act (CIBCA). I understand that the FDIC has publicly and carefully taken steps to better understand the role of multiple large asset managers in bank investments.⁵ I look forward to working further with my colleagues at the FDIC and the other banking agencies on this important issue.

Question 47: Do you believe it is appropriate for regulators to allow lightly regulated branches and agencies of foreign banks to borrow dollars from U.S. money markets and then lend most of

⁵ See, e.g., <https://www.fdic.gov/news/speeches/2024/monitoring-passivity-index-fund-complexes-vanguards-new-passivity-agreement>; <https://www.fdic.gov/media/27136>.

that money abroad? Should foreign banks that are granted access to dollars have any obligations to meet the convenience and needs of U.S. businesses and households?

Answer: The U.S. dollar's role as a global currency brings benefits to the United States. Enabling foreign entities to transact and borrow in U.S. dollars is supportive of this global role. The Treasury Department, in coordination with the federal banking regulators, is currently reviewing financial sector regulation to strike the appropriate balance between fostering growth and mitigating risks to financial stability.

Question 48: Do you have any concerns with foreign banks issuing dollars outside of the jurisdiction of the U.S. government (e.g., Eurodollars)? Should issuing dollars be treated as a privilege that can only be granted by the U.S. government?

Answer: See response to Question 47.

Question 49: Do you believe that the Treasury Department should play a statutory role in the establishment of dollar-swap lines with foreign countries?

Answer: By statute, Treasury can establish swap lines with foreign countries under certain conditions.

Questions for the Record submitted to The Honorable Scott Bessent from Senator Warnock.

Question 1: The clean energy economy has flourished in Georgia following the Inflation Reduction Act's clean energy tax credits.⁶ These credits are transforming Georgia's towns, lowering energy costs and strengthening America's energy independence, but manufacturing companies need tax policy certainty.⁷ If clean energy tax credits were rolled back, as has been proposed in the *One Big Beautiful Bill Act*,⁸ thousands of Georgia jobs are at risk.⁹ Do you agree that repealing or rolling back manufacturing incentives could hurt Georgia jobs and workers?

Answer: Treasury is focused on implementing the energy provisions of OBBB as enacted by Congress, providing clarity and certainty to businesses and workers.

⁶ 26 U.S.C. § 45X.

⁷ Zachary Hansen, *How the Climate Bill Will Affect Georgia's EV Industry, Car Buyers*, Atlanta Journal-Constitution (Aug. 13, 2022), <https://www.ajc.com/news/how-the-climate-bill-will-affect-georgias-ev-industry-car-buyers/F4CMKK4VEJH7RIBOLUZV6HYAKE>; Drew Kann, *Climate Bill Could Be a Game Changer for Georgia Solar. Here's Why.*, Atlanta Journal-Constitution (Aug. 13, 2022), <https://www.ajc.com/news/climate-bill-could-be-a-game-changer-for-georgia-solar-heres-why/CWQEBM6YTFCYBEVI5IF3SOH4G4>.

⁸ One Big Beautiful Bill Act, H.R. 1, 119th Cong. (2025).

⁹ See, e.g., *Supercharged: Georgia's Clean Energy Boom After the Inflation Reduction Act*, Office of Senator Warnock (May 6, 2025), <https://www.warnock.senate.gov/newsroom/press-releases/senator-reverend-warnock-releases-new-report-on-42000-ga-jobs-at-risk-under-gop-tax-bill>.

Question 2: Natural disasters like Hurricane Michael and Helene have caused devastation for family forest landowners in Georgia.¹⁰ These multi-generational landowners that play a critical role in our forest products industry are often unable to deduct the true value of their destroyed timber, leaving them without a reliable path to recovery. Will you commit to working with Congress to help advance common-sense, bipartisan legislation like the *Disaster Reforestation Act*¹¹ to support family forest owners in Georgia and across the country?

Answer: The Treasury Department is committed to working closely with Congress to provide technical assistance on proposed tax legislation. The bipartisan legislation you reference is no exception.

Question 3: During your hearing before the Senate Finance Committee,¹² you cited the Congressional Budget Office's estimates that President Trump's tariffs would raise \$2.8 trillion in federal revenue,¹³ which would offset costs associated with the *One Big Beautiful Bill Act*.¹⁴ You have also described the tariffs as a "negotiating strategy" and that tariffs could potentially be lowered as a result of negotiations with other countries.¹⁵ Is it the Administration's position that President Trump's tariff policy will sufficiently cover the cost of the *One Big Beautiful Bill Act*?

Answer: In FY 2025, the overall deficit has decreased, including as a share of GDP. This administration is committed to making life more affordable for all Americans, which OBBB is a crucial component of.

Question 4: Is it the Administration's position that tariffs on imports from China and Hong Kong will remain at 30 percent¹⁶ during President Trump's term or is this subject to negotiation?

Answer: In November, President Trump signed a monumental deal with China on our economic and trade relationship. The agreement includes Chinese

¹⁰ Hunter King, *'We Lost Over \$100,000' 6 Months After Hurricane Helene, Timber Farmers Still Face Devastating Losses*, 13WMAZ CBS (March 25, 2025), <https://www.13wmaz.com/article/news/local/6-months-after-hurricane-helene-timber-farmers-still-face-devastating-losses/93-0d3d5c9e-933f-41dd-82ee-bf92b2c278b9>.

¹¹ Disaster Reforestation Act, S. 1141, 119th Cong. (2025).

¹² *The President's Fiscal Year 2026 Budget for the Department of Treasury and Tax Reform*, U.S. Senate Finance Committee, 119th Cong. (June 12, 2025), <https://www.finance.senate.gov/hearings/the-presidents-fiscal-year-2026-budget-for-the-department-of-treasury-and-tax-reform>.

¹³ Scott Horsley, *Trump's Tariffs Could Cut Deficit by \$2.8 Trillion Over Next Decade — with Caveats*, NPR (June 4, 2025), <https://www.npr.org/2025/06/04/nx-s1-5423652/trump-tariffs-cbo-deficits-house-budget-bill>.

¹⁴ One Big Beautiful Bill Act, H.R. 1, 119th Cong. (2025).

¹⁵ Sarah Lynch Baldwin and Aimee Picchi, *Trump Tariffs Are "Negotiating Strategy," Treasury Chief Scott Bessent Suggests as Pause Announced*, CBS News (Apr. 9, 2025), <https://www.cbsnews.com/news/trump-tariffs-negotiating-strategy-treasury-secretary-scott-bessent-pause>.

¹⁶ This increase stems from multiple executive actions. On February 4, 2025, the Administration increased existing tariffs on goods from China and Hong Kong by 10 percent of the value of the goods. On March 3, the Administration increased those tariffs by an additional 10 percent. Imports from China and Hong Kong were also subject to the 10 percent increase for imports from most countries beginning April 5. Policies in place from April 9 to May 13 temporarily increased tariff rates on goods from China and Hong Kong by an additional 145 percent of the value of the goods. Most of that increase was paused on May 12. See White House, "Joint Statement on U.S.–China Economic and Trade Meeting in Geneva" (May 12, 2025), <https://www.whitehouse.gov/briefings-statements/2025/05/joint-statement-on-u-s-china-economic-and-trade-meeting-in-geneva/>.

commitments to halt the flow of precursors used to make fentanyl, eliminate China’s export controls on rare earth elements and other critical minerals, and open the Chinese market to U.S. soybeans and other agricultural exports. We will continue our discussions with China to confirm the implementation of previous agreements and address the lack of trade reciprocity in our economic relationship and our resulting national and economic security concerns.

Question 5: Is it the Administration’s position that tariffs on automobiles and automobile parts will remain at 25 percent¹⁷ during President Trump’s term or is this subject to negotiation?

Answer: See response to Question 6.

Question 6: Is it the Administration’s position that there will continue to be a 10 percent tariff on imports¹⁸ from most countries throughout President Trump’s term or is this subject to negotiation?

Answer to Questions 5-6: As you are aware, President Trump’s trade strategy prioritizes America’s economic strength by protecting both our national and economic security, driving investment and innovation, and delivering tangible benefits for working families, famers, and small businesses. Enhancing U.S. competitiveness in the global economy and expanding opportunities for Americans remain central goals in our discussions with trading partners, who recognize the importance of these priorities.

For too long, prior administrations relied on flawed assumptions in their economic policies, choices that allowed foreign nations to advance their interests while undermining America’s role as a leading industrial and economic power. By contrast, President Trump’s America First trade agenda defends American producers, ensures fair and reciprocal access to overseas markets, and negotiates from a position of undeniable strength.

Combined with the President’s pro-growth tax reforms, reduced regulatory burdens, and leadership in energy development, this trade agenda is laying the foundation for a thriving economy that puts Americans at the forefront.

Question 7: If the Administration uses tariffs as a negotiating tactic and some of the projected tariff revenues do not materialize, will you subsequently reduce the cost associated with the *One Big Beautiful Bill Act*?

¹⁷ *Adjusting Imports of Automobiles and Automobile Parts into the United States*, The White House (Mar. 26, 2025), <https://www.whitehouse.gov/presidential-actions/2025/03/adjusting-imports-of-automobiles-and-automobile-parts-into-the-united-states/>.

¹⁸ *Regulating Imports with a Reciprocal Tariff to Rectify Trade Practices That Contribute to Large and Persistent Annual United States Goods Trade Deficits*, The White House (April 2, 2025), <https://www.whitehouse.gov/presidential-actions/2025/04/regulating-imports-with-a-reciprocal-tariff-to-rectify-trade-practices-that-contribute-to-large-and-persistent-annual-united-states-goods-trade-deficits/>.

Answer: Any changes to the OBBB would require Congressional action.

Question 8: More than four million small business owners have health coverage through the Affordable Care Act, and they are facing massive premium increases this fall due to Republican inaction on extending premium tax credits.¹⁹ Do you support extending premium tax credits for small business owners to purchase health insurance on the marketplace for themselves and their employees?

Answer: See response to Question 10.

Question 9: In your hearing, you said, “one of the reasons Main Street has not flourished is because the lack of certainty [due to the expiring 2017 tax cuts]” and that most small business owners earn more than \$400,000.²⁰ How would you address the lack of certainty for many small business owners or self-employed workers, 329,000 of which live in Georgia, who are facing skyrocketing health premiums due to Republican inaction on extending enhanced premium tax credits?

Answer: See response to Question 10.

Question 10: Will paying \$18,000 more in premiums per year, as well be the case for some families if the enhanced premium tax credits expire,²¹ in 2026 help small businesses flourish?

Answer to Questions 8–10: OBBB delivered on President Trump’s promises to small business owners by avoiding what would have been the largest tax hike in history and by delivering certainty and stability for the economy. Because of this consequential legislation, American businesses will hire, invest, and raise wages. The Administration is committed to protecting taxpayer dollars from waste, fraud, and abuse and is focused on making health insurance markets more affordable and sustainable for hardworking American families, including small business owners.

Question 11: In a recent letter dated June 12, 2025, you affirmed that “there is no policy, plan, or analysis that supports increasing audit pressure on lower-income taxpayers” and that the IRS aims to “direct limited resources towards areas with the highest . . . recoverable revenue.”²² I agree with both of these principles. However, I am concerned that the reductions in IRS staffing may hinder the agency in these goals. Data shows that despite being more complicated and

¹⁹ Gideon Lukens, *Research Note: 5 Million Small Business Owners and Self-Employed Workers Likely Enrolled in ACA Marketplace in 2025*, Center on Budget and Policy Priorities (Jun. 12, 2025), <https://www.cbpp.org/research/health/5-million-small-business-owners-and-self-employed-workers-likely-enrolled-in-aca>

²⁰ *The President’s Fiscal Year 2026 Budget for the Department of Treasury and Tax Reform*, U.S. Senate Finance Committee, 119th Cong. (June 12, 2025), <https://www.finance.senate.gov/hearings/the-presidents-fiscal-year-2026-budget-for-the-department-of-treasury-and-tax-reform>.

²¹ *Georgia State Impact*, Keep Americans Covered (Apr. 2025), https://americanscovered.org/wp-content/uploads/2025/05/202504_KAC_1P_Enhanced_Tax_Credit_State_Georgia.pdf.

²² Letter from the Department of the Treasury to U.S. Senator Raphael Warnock (June 12, 2025).

requiring increased efforts, audits of high-income individuals return more money.²³ Increased audits also makes taxpayers less likely to underpay their taxes.²⁴ However, as of May, over 30% of IRS auditors have been fired or took the deferred resignation plan.²⁵ Do you agree, as shown in multiple studies,²⁶ that auditing high-income individuals returns many times the revenue as it does in cost?

Answer: Treasury is committed to ensuring that the IRS efficiently carries out its mission of collecting tax revenue, providing customer service, and protecting taxpayer privacy. This includes right-sizing IRS staffing in combination with successful IT modernization, regulatory review, and process improvement efforts which permit the agency to effectively collect revenue, just as it did throughout the entirety of President Trump’s first term in office. Treasury supports a leaner, more capable IRS that retains high-performing professionals to achieve its collections mission more efficiently.

Question 12: How will you ensure that high-income taxpayers with complex accounts pay their fair share in taxes, given the massive cuts to the IRS auditing staff?

Answer: See response to Question 11.

Question 13: The IRS does not use geographical data or race and ethnicity data in its audit selection process. Nevertheless, some Americans are audited at a higher rate depending on their race, or where they live. Residents of certain counties are nearly twice as likely to be audited by the IRS than others.²⁷ These counties are overwhelmingly in Southern states such as Mississippi, Alabama, and Georgia.²⁸ Studies have also shown that Black taxpayers are 3 to 5 times more likely to be audited than taxpayers of other races.²⁹ Much, but not all of this difference comes from disproportionate auditing of EITC (Earned Income Tax Credit) claimers.³⁰ Crucially, audits can freeze legitimate tax refunds that Americans rely on to buy groceries and pay rent.³¹ Do you agree that no American should be audited at a higher rate due to their race or where they live?

Answer: Treasury is committed to rightsizing and reforming the IRS to efficiently carry out its mission of collecting tax revenue, providing customer service, and

²³ Ben Blatt, *I.R.S. Upheld a Biden Pledge: More Audits, but Only on the Wealthy*, New York Times (June 5, 2025), <https://www.nytimes.com/2025/06/05/upshot/tax-audits-wealthy-biden-trump.html>.

²⁴ *Id.*

²⁵ Aimee Picchi, *The IRS Has Lost Almost One-Third of its Tax Auditors After 2 Months of DOGE Cuts, Report Says*, CBS News (May 7, 2025), <https://www.cbsnews.com/news/irs-doge-cuts-layoffs-31-percent-auditors-tax-revenue-impact>.

²⁶ *The Revenue and Distributional Effects of IRS Funding*, The Budget Lab (Mar. 13, 2025), <https://budgetlab.yale.edu/research/revenue-and-distributional-effects-irs-funding>; *Comparative Returns on IRS Audits by Income Groups*, National Bureau of Economic Research (Aug. 1, 2023), <https://www.nber.org/digest/20238/comparative-returns-irs-audits-income-groups>.

²⁷ Kim Bloomquist, *Regional Bias in IRS Audit Selection*, Tax Notes (Mar. 4, 2019), <https://www.taxnotes.com/special-reports/audits/regional-bias-irs-audit-selection/2019/03/01/2957w>.

²⁸ *Id.*

²⁹ Krysten Crawford, *IRS confirms Stanford study of racial bias in audits*, Stanford University, (May 15, 2023), <https://siepr.stanford.edu/news/irs-confirms-stanford-study-racial-bias-audits>.

³⁰ *Id.*

³¹ *Can the IRS Take or Hold My Refund? Yes*. H&R Block, <https://www.hrblock.com/tax-center/irs/audits-and-tax-notice/can-the-irs-take-or-hold-my-refund>.

protecting taxpayer privacy. With new leadership at the IRS, the agency is focused on ensuring that facts and objectivity are the basis of its important work and improving transparency and accountability.

Question 14: Do you believe that measures like disclosing audit rates by zip code could improve transparency and accountability? Would you work with Congress to enact such transparency-enhancing measures?

Answer: See response to Question 13.

Question 15: Under current law, families in Georgia making minimum wage must work over 100 hours a week to qualify for the full Child Tax Credit.³² Under the Republican tax plan, they would need to work more than 120 hours.³³ Because of this policy design, the parents of more than 20 million children, many of whom are working full-time, will not benefit from the full credit under the tax plan.³⁴ At the same time, people making up to \$400,000, many of whom make their living from investment income and do not work full-time or need to hire childcare, get the full credit amount.³⁵ Do you think it is fair that well-off families who do not need to pay for childcare receive the full Child Tax Credit while families who are working more than full-time do not?

Answer: Under the OBBB, the amount of the child tax credit was increased, made permanent and indexed for inflation, ensuring that the credit retains its value for families in future tax years. No amendments were made to the earned income threshold.

Question 16: Has President Trump, directly or through an intermediary, requested that you direct the IRS to investigate a particular taxpayer or review an ongoing audit?

Answer: I would refer you to Section 7217 of the Internal Revenue Code.

Question 17: The Department of Government Efficiency (DOGE) is reportedly creating a platform through which “anyone with access could view and possibly manipulate all IRS data in one place.”³⁶ What steps and processes will Treasury and IRS take to fulfill the IRS’s responsibility for ensuring that tax data remains protected and is used only for purposes authorized under the statute when it is shared with a different agency?

³² Andrew Lautz and Rachel Snyderman, *Breaking Down the Child Tax Credit: Refundability and Earnings Requirements*, Bipartisan Policy Center (Dec. 18, 2023), <https://bipartisanpolicy.org/blog/breaking-down-the-child-tax-credit-refundability-and-earnings-requirements/>

³³ Sophie Collyer, Christopher Yera, Megan Curran, David Harris, and Christopher Wimer, *Children Left Behind by the H.R. 1 Child Tax Credit*, Poverty and Social Policy Brief (June 5, 2025), <https://povertycenter.columbia.edu/sites/povertycenter.columbia.edu/files/content/Publications/Children-Left-Behind-HR1-Child-Tax-Credit-CPSP-2025.pdf>

³⁴ *Id.*

³⁵ Lautz and Snyderman, *supra* note 16

³⁶ Makena Kelly, *DOGE Is Planning a Hackathon at the IRS. It Wants Easier Access to Taxpayer Data*, Wired (Apr. 5, 2025), <https://www.wired.com/story/doge-hackathon-irs-data-palantir>.

Answer: Treasury is committed to rightsizing and reforming the IRS to efficiently carry out its mission of collecting tax revenue, providing customer service, and protecting taxpayer privacy. With new leadership at the IRS, the agency is focused on ensuring that facts and objectivity are the basis of its important work and improving transparency and accountability.