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The United States Senate
COMMITTEE on FINANCE
U.S. SENATOR RON WYDEN (D-OREGON), RANKING MEMBER



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Wyden Statement at Finance Committee Hearing on David Kautter, Nominee to be Assistant Treasury Secretary for Tax Policy

As Prepared for Delivery

Mr. David Kautter is nominated to serve as Assistant Treasury Secretary for Tax Policy. It is a tough job, and it's never tougher than when the Congress is gearing up to work on major tax legislation.

In my view, the big challenge at the heart of tax reform is guaranteeing that everybody has a chance to get ahead -- not just the fortunate few. If tax reform becomes a partisan exercise in slashing rates for the wealthy and the biggest corporations, the American people will see right through it. That's because it will leave in place the root causes of the appalling unfairness in the tax code today. It's the tale of two systems; one strict, compulsory system for the hard-working people who punch in and out of work every day, and another system for the lucky few that says you can pay what you want and when you want.

It goes without saying that nominees for top jobs in tax policy ought to have the knowledge and experience to fix that root unfairness. In my view, it's also vital to find nominees who haven't contributed to the problems in the first place, or made a career of allowing others to benefit from them.

I have real concerns about work Mr. Kautter did during his time as director of national tax at Ernst and Young. The firm did big business setting up tax shelters for wealthy clients, and employees were convicted of fraud and obstruction for covering it up. E&Y also paid more than one hundred million dollars in settlements with the Justice Department and IRS over its tax shelter marketing.

In the vetting process for this nomination, it became clear that Mr. Kautter was regularly informed of decisions that allowed E&Y to profit off tax gaming. Even if he had no direct role in the marketing of those tax shelters or in misrepresenting them to federal auditors, it remains troubling that he was at the top of a department that engaged in these practices at all. I'm sure this issue will come up today, and I look forward to hearing that discussion.

Finally, assistant secretary for tax policy is a job that requires close communication with both sides of this committee. Over the last few months, the administration has taken brickbats from Republicans and Democrats alike for its stated policy of ignoring questions that come from Democrats. Chairman Hatch has spoken out against this policy, as has Chairman Grassley.

And I want to be clear that it is completely unacceptable for an administration to stonewall inquiries from members of Congress. We don't do it for sport -- we ask questions on behalf of the millions of Americans we represent. So I expect a commitment today to respond to questions from members of this committee regardless of whether they've got a D or an R next to their name.

Thank you for being here today, Mr. Kautter, and I look forward to your testimony.

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