

1 OPEN EXECUTIVE SESSION TO CONSIDER THE TAXPAYER
2 ASSISTANCE AND SERVICE ACT

3
4 THURSDAY, JULY 30, 2026

5 U.S. Senate,
6 Committee on Finance,
7 Washington, DC.

8
9 The meeting was convened, pursuant to notice, at
10 10:06 a.m., in Room SD-215, Dirksen Senate Office
11 Building, Hon. Mike Crapo (chairman of the committee)
12 presiding.

13 Present: Senators Grassley, Cornyn, Thune,
14 Lankford, Daines, Young, Barrasso, Tillis, Wyden,
15 Cantwell, Bennet, Warner, Cortez Masto, Warren, Smith,
16 Luján, Warnock, and Welch.

17
18 Also present: Republican staff: Becky Cole, Chief
19 Economist; Randy Herndon, Chief Tax Counsel; Eric Oman,
20 Senior Tax Policy Advisor; and Gregg Richard, Staff
21 Director. Democratic staff: Sarah Schaefer, Chief Tax
22 Advisor; Joshua Sheinkman, Staff Director; and Tiffany
23 Smith, Deputy Staff Director and Chief Counsel.

24

1 OPENING STATEMENT OF HON. MIKE CRAPO, A U.S. SENATOR
2 FROM IDAHO, CHAIRMAN, COMMITTEE ON FINANCE
3

4 The Chairman. The committee will come to order.
5 We are meeting today to consider the chairman's mark of
6 the Taxpayer Assistance and Service Act, or the TAS Act,
7 as modified.

8 To begin with, I will briefly explain how Ranking
9 Member Wyden and I plan to proceed through today's
10 markup. We will each deliver an opening statement.
11 Other members are then welcome to deliver opening
12 statements of up to 2 minutes each. Once opening
13 statements have been given, we will introduce the panel,
14 describe modifications to the chairman's mark, and allow
15 members to ask questions of the panel. After that, we
16 will consider amendments to the modified mark.

17 We will then vote on whether to report the
18 modified mark. If a quorum for a vote is not present,
19 we will vote when we have a quorum. We will let offices
20 know the time to vote to make sure that we do have a
21 quorum. And I believe we are hopeful that will be here
22 as soon as we wrap up the comments of others on the
23 amendments.

24 Senator Wyden. True.

25 The Chairman. With that, we will turn to opening

1 statements, and I now recognize myself for an opening
2 statement.

3 Every year, tens of millions of Americans do their
4 best to comply with our tax laws. They prepare their
5 returns, wait for refunds, and attempt to respond to
6 notices only to find that the system is more complex and
7 less responsive than it should be. Today, we begin to
8 address those issues through our consideration of the
9 Taxpayer Assistance and Service Act, or the TAS Act.
10 This bipartisan bill modernizes and streamlines IRS
11 operations, strengthens taxpayer rights, and delivers a
12 more taxpayer-first system. It reflects years of
13 bipartisan efforts to translate stories of casework
14 frustrations into tangible fixes designed to make the
15 IRS work more efficiently for the American people.

16 Thank you to Ranking Member Wyden for his
17 partnership with me in this legislation, and to the
18 members of this committee on both sides of the aisle who
19 shared their ideas and proposals, many of which are
20 incorporated in this bill before us.

21 The TAS Act incorporates more than 60 provisions
22 focused on improving taxpayer experience. Senators
23 Luján, Warnock, Cassidy, and Warner championed
24 provisions to improve IRS customer service by requiring
25 the IRS to expand scanning paper-filed tax returns,

1 online accounts, and communications tools, including
2 online dashboards and callback technology. These
3 reforms would slash wait times for Americans who often
4 otherwise wait weeks for mail or spend an afternoon on
5 hold.

6 Senators Blackburn and Cortez Masto spearheaded a
7 provision to protect taxpayers from penalties due to the
8 IRS delays in electronic filing by extending the
9 statutory mailbox rule to electronic submissions and
10 payments. This change would treat a return or a payment
11 electronically sent on the due date as timely just as it
12 is for paper sent through the mail.

13 Senators Scott and Hassan led provisions to
14 strengthen fair judicial review by clarifying the Tax
15 Court's limited authority to grant relief from final
16 decisions and allowing courts to consider all relevant
17 evidence in innocent spouse cases.

18 Senators Grassley and Wyden drafted provisions
19 that would strengthen the IRS Whistleblower Program.

20 Senator Barrasso is driving a provision that
21 protects taxpayers' rights by requiring the IRS to
22 notify taxpayers before the agency contacts third
23 parties to obtain information regarding the taxpayer.

24 Senator Marshall is heading a provision that
25 unlocks low-income taxpayer clinic funding, providing

1 key resources for low-income taxpayers.

2 And Senators Cornyn and Luján led a provision
3 expanding access to the Tax Court's small-case
4 procedure, which would give more taxpayers a streamlined
5 and an affordable form for resolving tax disputes with
6 the IRS.

7 In addition, Senators Thune, Lankford, and Daines
8 have led amendments that have been adopted in the
9 modified mark before us today. Senator Thune's
10 amendment extends key tax deadlines for farmers and
11 fishermen. Senator Lankford's amendment clarifies a
12 tax-exempt organization's right to appeal adverse
13 rulings of the status to the IRS Office of Appeals. And
14 lastly, Senator Daines championed an amendment that
15 enhances accountability by increasing criminal and civil
16 penalties for the unauthorized disclosure of taxpayer
17 information, while also ensuring IRS contractors who
18 willfully cause data breaches are appropriately
19 penalized.

20 These are just a sample of the many practical
21 taxpayer-focused reforms included in the TAS Act. The
22 bill has drawn support from our current and former
23 National Taxpayer Advocates -- and I note that our
24 current National Taxpayer Advocate is here with us today
25 -- as well as many practitioners who work within the

1 system every day. Such broad consensus signals that we
2 are on the right path to better tax administration.

3 Americans are duty-bound to comply with our tax
4 laws. The Federal Government, in turn, should
5 administer a tax system that is transparent, efficient,
6 and fair.

7 Before I turn to Ranking Member Wyden, I want to
8 thank Tom Barthold, JCT's Chief of Staff, and the JCT
9 staff who supported the committee's work on the TAS Act
10 and helped members prepare for today's markup. Your
11 hard work has been indispensable, once again, in
12 bringing this bipartisan product before the committee
13 today.

14 With that, I now recognize Ranking Member Wyden
15 for his opening remarks.

1 OPENING STATEMENT OF HON. RON WYDEN, A U.S. SENATOR FROM
2 OREGON

3
4 Senator Wyden. Thank you very much, Mr. Chairman,
5 and you have laid it out well.

6 And I am going to be very brief and just reminisce
7 for a moment about how we got to this day. Because my
8 take is, we worked on this when I was chairman of the
9 committee. We have worked on it when you were chair of
10 the committee. And at all times, we said, "Look, sweat
11 equity is bipartisan when you are trying to wring out
12 inefficiency from the tax code." So this is an
13 important development. And today, we take big steps to
14 make some history in the area of tax policy and get us
15 on the road to wringing out some of the inefficiency in
16 the tax code.

17 These updates will help ensure that refunds get
18 out the door on time. They will improve customer
19 service. They are going to make it easier for taxpayers
20 to get help during filing season.

21 One of the most absurd aspects of the tax code is
22 that its complexity forces millions of Americans to turn
23 to paid tax return preparers every year, and this is
24 part of the concern that we have about two tax systems:
25 one for working people, one for the ultra-wealthy.

1 Unlike the ultra-wealthy, most people cannot afford to
2 hire armies of accountants and lawyers to navigate the
3 system. There is not a single law on the books to
4 ensure that these paid preparers actually know what they
5 are doing and following the law. And we are now making
6 a bipartisan effort to change that.

7 It results in many of these prep services not
8 being worth the paper they're written on. Oftentimes,
9 returns get filed late or incorrectly. And the worst
10 part is, taxpayers might not even realize they have been
11 ripped off until it is way too late. Then the next
12 thing you know, you are being hit by a costly and
13 time-consuming audit.

14 This bill takes important steps to crack down on
15 these shady tax-prep schemes that prey on families, that
16 are making a quick buck. Millions of Americans struggle
17 right now to afford the skyrocketing cost of rent, gas,
18 and groceries. The last thing they need is to be hit by
19 costless fees and penalties by the IRS.

20 The bill, in my view, is especially important
21 because it reduces the financial burden on low-income
22 families. It makes it easier for them to get filing
23 assistance and ensures that ultra-low-income taxpayers
24 get streamlined access so they can get the full Earned
25 Income Tax Credit. The bill is a good first step to

1 delivering relief to low-income folks. We know we have
2 a lot to do in the future to ensure fairness in a system
3 that those at the very top have spent years working to
4 rig in their favor and making it harder for everybody
5 else.

6 Now, I am going to shift gears and wrap up here in
7 a minute, but I see our friend Tom Barthold, who has
8 done yeoman work at the Joint Committee on Taxation and
9 the Senate Legislative Counsel in all the work they did
10 to help us translate that sweat equity into results this
11 morning.

12 The theme of today's meeting is streamlining the
13 tax-filing system for those who are hardworking, and
14 protecting them from predatory schemes and audits. As
15 of right now, everybody in America is subject to audit,
16 except one family -- that is the Trump family -- all
17 thanks to the tax-audit immunity deal that Donald Trump
18 got out of his own administration.

19 The immunity deal, in my view, is a brazen abuse
20 of the Nation's laws and a system that forces everybody
21 else to play by the rules. It amounts to the worst of
22 double standards. It is a crooked double standard that
23 benefits one person, the President, and his family. It
24 is clear that Donald Trump, his family, his business
25 associates will do virtually anything to use the Federal

1 Government and taxpayer dollars to enrich themselves and
2 operate under a separate set of rules.

3 Never has it been more clear with this example of
4 the fact that there are rules for people at the top and
5 there are rules for everybody else. The ultra-wealthy
6 can game the system with armies of accountants and
7 lawyers, and everybody else has to play by the rules and
8 pay their share. I take it as an admission of guilt
9 when it comes to tax cheating that the Trump family has
10 been stuffing every dollar they can and putting it in
11 their pockets, but they will not face accountability as
12 long as Donald Trump can bleed the IRS dry of staffing
13 and resources needed to go after tax cheats.

14 Later this morning, the committee is going to have
15 the opportunity to vote on an amendment that I will
16 offer with the support of every member on our side of
17 the aisle. Every single one who is here will join me in
18 making sure that, we end this amendment process that the
19 Trump people have used to engage in corruption, and
20 permanently. Instead, we would ban the IRS and Treasury
21 Department from entering into agreements like the one
22 that they did already, for the future.

23 Every member in this room is going to have a
24 choice. We are going to have a choice to be able to say
25 we disagree and we disagree strongly with this amendment

1 that benefits one person, the President of the United
2 States. We want a tax system -- Bill Bradley, who sat
3 on this committee, said it very well for years. He
4 said, "We want a tax system that gives everybody in
5 America the chance to get ahead." With this
6 legislation, we have that opportunity.

7 Mr. Chairman, I really appreciate working with
8 you. We have worked on lots of stuff. We work on
9 timber stuff. We work on tech stuff. This is one of
10 the highlights of our time in public service.

11 The Chairman. Thank you, Senator Wyden.

12 And I will now recognize any other members who may
13 wish to make an opening statement. I remind members to
14 please limit your remarks to 2 minutes. And of course,
15 we will gladly put any opening statements into the
16 record for you.

17 Senator Warner?

1 OPENING STATEMENT OF HON. MARK WARNER, A U.S. SENATOR
2 FROM VIRGINIA

3
4 Senator Warner. Thank you, Mr. Chairman. And I
5 will speak quickly.

6 Every year, millions of Virginians file their
7 taxes, and too many face the same reality. Sometimes it
8 is hours spent on hold just to get a simple answer about
9 a refund. Sometimes a missing notice means the refund
10 is delayed literally for months. Today, I want to talk
11 about some of the common-sense reforms in this bill that
12 will help change that.

13 The bill requires IRS to build a real-time public
14 dashboard showing call volumes, backlogs, and wait
15 times. When the IRS falls behind processing returns or
16 letters, they will have to say so publicly within a
17 week, illuminating guessing games for taxpayers
18 wondering why their refunds have not arrived. The bill
19 modernizes the tools like, Where's My Refund? and the
20 IRS online account so the taxpayers can see exactly what
21 is holding up the return and what they need to do to fix
22 it.

23 The bill pushes the IRS towards universal callback
24 technology so Virginians and Americans will not have to
25 sit on hold for an hour just to reach a real person.

1 And it expands online accounts so taxpayers and their
2 accountants can pull notices, letters, and past returns
3 directly when they need them.

4 Finally, it requires the IRS to tell taxpayers
5 facing economic hardships about better options to tackle
6 their tax liabilities, like reduced payment plans or
7 having their debt marked as currently uncollectable
8 instead of steering them into installment agreements
9 they cannot afford.

10 This is an example of bipartisanship with all the
11 bickering back and forth. This is actually going to
12 make life a little bit easier for Americans. And I am
13 proud to support it and proud to yield back 10 seconds.

14 The Chairman. Thank you, Senator Warner.

15 Senator Lankford?

1 OPENING STATEMENT OF HON. JAMES LANKFORD, A U.S. SENATOR
2 FROM OKLAHOMA

3
4 Senator Lankford. Mr. Chairman, thank you.
5 Thanks for pulling this hearing together to be able to
6 work on these issues. There is an amendment that has
7 been included in the bill that I just want to be able to
8 highlight, and that deals with nonprofits.

9 There are so many people that consider nonprofits
10 exactly like other small businesses, and I always smile
11 and say, "Most of them want to operate like another
12 small business." But they are dominantly run by
13 volunteers who struggle with their own life and their
14 own work, and they set aside time to be able to also be
15 involved in nonprofits. Nonprofits are the
16 third-largest employer in our country, but they have
17 unique dynamics just in operation.

18 Nonprofits -- right now, it is not guaranteed that
19 if they lose their nonprofit status, they have the
20 opportunity to be able to appeal that and to be able to
21 challenge that and just get information about why and
22 what did I do wrong? And what did I miss? And what
23 paperwork did I not get in on time?

24 Now, it is practice now that it is commonly done,
25 but it does not have to be done. This actually makes

1 sure that it continues to be done. It was just 14 years
2 ago that this committee and the Ways and Means Committee
3 in the House and other committees were dealing with an
4 IRS that was denying access to nonprofits getting a
5 decision at all when Lois Lerner was leading that area.

6 This just says we are going to have an IRS that
7 permanently says they are going to be fair, neutral to
8 all nonprofits, and that if there is an issue with a
9 nonprofit in their status, they have the opportunity to
10 be able to appeal that and make sure that they get their
11 day to be able to also get an answer as well.

12 So I am grateful that we are recognizing
13 nonprofits and their unique relationship with their
14 volunteers and leadership and how difficult it is day to
15 day and how they want to just get answers in a timely
16 basis.

17 Thank you, Mr. Chairman.

18 The Chairman. Thank you.

19 Any other Senators?

20 Senator Smith is next.

1 OPENING STATEMENT OF HON. TINA SMITH, A U.S. SENATOR
2 FROM MINNESOTA
3

4 Senator Smith. Thank you. Thank you so much,
5 Chair Crapo and Ranking Member Wyden.

6 I want to just thank you and also your staffs for
7 doing the nitty-gritty detailed work that is required to
8 figure out how to make the IRS work better for regular
9 people. And I am also very grateful that two amendments
10 that I worked on were included in the bill. Thank you
11 for that.

12 The first I will just highlight briefly is
13 Thune-Smith Amendment Number 1 I worked on with Senator
14 Thune. And this just very simply lines up the deadlines
15 for farmers filing their taxes with everyone else filing
16 their taxes, which is going to be a big boost to farmers
17 and producers around the country, help them save time
18 and give them some certainty. I would like to ask
19 unanimous consent to add Senators Welch and Bennet as
20 cosponsors of this amendment.

21 The Chairman. Without objection.

22 Senator Smith. Thank you, Mr. Chair.

23 The second amendment that I want to highlight
24 briefly is my amendment that would require the IRS to
25 report on how they are tracking the physical documents

1 that taxpayers submit to them. And this comes directly
2 from feedback that I have gotten from my constituents in
3 Minnesota. I am sure many of your casework staff have
4 heard the same thing.

5 Basically, people submit hard copies of their
6 material to the IRS, and then they are in the situation
7 of having to submit them over and over again because the
8 IRS cannot keep track of these hard-paper documents. It
9 is a huge waste of time and incredibly frustrating for
10 people. So I want to thank my very talented casework
11 team and especially Miranda Morgan Lilla and Katie Van
12 Haren for raising this issue and helping us work to get
13 a resolution in this bill. It will make a big
14 difference to people once we get this done.

15 So, thank you so much to both the chair and
16 ranking member. And I look forward to supporting this
17 bill.

18 The Chairman. Thank you.

19 Senator Cantwell?

1 OPENING STATEMENT OF HON. MARIA CANTWELL, A U.S. SENATOR
2 FROM WASHINGTON

3

4 Senator Cantwell. Thank you, Mr. Chairman. Thank
5 you for working in a bipartisan fashion to pull together
6 some comments and exchanges. But I want to just point
7 out that this is only half the story of what we need to
8 be talking about.

9 Making sure that the IRS is funded and staffed is
10 essential to having a fair system. And we look at the
11 cuts that came through earlier this year. It means we
12 are eliminating trained and experienced revenue agents
13 who can audit and do complex returns, obviously address
14 the concerns of the public, who are responsible for
15 bringing in 96 percent of the country's total revenues.

16 Those cuts will not produce savings. They just
17 actually cost money. The Yale Budget Lab estimated last
18 year's cuts resulted in \$861 billion in less revenue,
19 the staffing cuts. So, if we are going to get our
20 fiscal house in order, the least we can do is fund our
21 own tax accounts receivable function. And I hope we can
22 work together on this in the future and make sure that
23 our constituents get timely information.

24 I also want to speak briefly about the Wyden
25 Amendment. We do need to close loopholes, Mr. Chairman.

1 We cannot have anybody who has a loophole just because
2 they have been given permission by someone to ignore the
3 tax laws without consequence.

4 My constituents were outraged by the \$1.8-billion
5 slush fund, but the offer of blanket immunity from any
6 tax enforcement claims was especially appalling. Our
7 offices received more than 7,000 messages from
8 constituents expressing their opposition and anger.

9 Over 165 million individual tax returns were filed
10 in 2025, approximately 4 million from the State of
11 Washington. We need to make clear to those law-abiding
12 citizens that the well-connected are not above the law,
13 and they do not get a free pass when it comes to
14 compliance with our tax laws.

15 Thank you.

16 The Chairman. Thank you.

17 Senator Grassley?

1 OPENING STATEMENT OF HON. CHUCK GRASSLEY, A U.S. SENATOR
2 FROM IOWA

3

4 Senator Grassley. Well, thank you, Chairman Crapo
5 and Ranking Member Wyden. Thank you for your and your
6 staff's hard work on the IRS Taxpayer Assistance and
7 Service Act.

8 The Taxpayer Assistance and Service Act continues
9 a long tradition of this committee working on a
10 bipartisan basis to improve tax administration and
11 strengthen taxpayers' rights. The bill includes
12 improvements to the IRS Whistleblower Program that I
13 authored along with Ranking Member Wyden. These
14 provisions will ensure that those that risk their career
15 to blow the whistle on corporate tax cheats can be
16 confident that their identity will be protected and will
17 receive a fair award in a timely manner.

18 And why do their identities need to be protected?
19 Because they are really patriotic people when they are
20 telling us about wrongdoing in government or laws being
21 violated. But instead, they are treated like skunks at
22 a picnic by the bureaucracy under either a Republican or
23 a Democrat administration.

24 So, this program, the Whistleblower IRS Program,
25 really works. And it has brought in \$8 billion to the

1 U.S. Treasury. I am confident that these reforms will
2 lead to even greater collections moving forward.

3 The bill also includes an amendment that I worked
4 on with Senator Hassan that will improve tax compliance
5 and help the IRS combat tax refund fraud. The Joint
6 Committee on Taxation estimates that this provision will
7 save the taxpayers \$385 million. I am also pleased to
8 see the chairman's mark incorporated an amendment that I
9 cosponsored with Senator Thune to align certain
10 tax-filing rules for farmers and fishermen with a
11 regular April 15th tax-filing deadline. This change
12 will eliminate a lot of headaches the current rule
13 creates for farmers and their tax preparers.

14 Again, thank you both for holding this bipartisan
15 markup.

16 The Chairman. Thank you very much.

17 Next, I have on the list Senator Welch. I do not
18 have anybody else on the Republican side that I am aware
19 of who wants to make an opening statement at this point.

20 So, we will go to Senator Welch, and then we will
21 proceed with the markup.

1 OPENING STATEMENT OF HON. PETER WELCH, A U.S. SENATOR
2 FROM VERMONT

3
4 Senator Welch. Thank you very much. And I want
5 to thank you, Mr. Chairman, and you, Ranking Member
6 Wyden, to have this important legislation that we are
7 going to act on today. And it is going to make
8 significant improvements. I have two bipartisan
9 provisions in here that I worked on with Senator
10 Marshall, and it is really a pleasure to be able to work
11 together, both sides of the aisle.

12 I do want to say something though that is of
13 enormous concern and disappointment to me, and I say
14 this as the most junior member of this committee. We
15 have not had any discussion about the \$39-trillion
16 national debt. The clock is ticking. We have not had
17 any serious progress on dealing with the threat to
18 entitlements, which are so profoundly important to the
19 well-being of the American people: Social Security and
20 Medicare. We have not really done anything about the
21 incredible tax gap and the loss of 31,000 IRS employees.

22 You know, I sought to get on this committee
23 because it is considered to be a big deal. But how can
24 it be a big deal if we know what are the existential
25 threats to the well-being of this country -- the debt,

1 entitlements, fair taxes with a well-staffed and
2 respected IRS - and we do not do anything. So, I think
3 both parties can take equal credit for our failure to do
4 our job. But I have to tell you, it is one Senator on
5 this committee -- it astonishes me that on major issues
6 that everybody knows are out there, we do not do
7 anything.

8 So, my hope is that the spirit of bipartisanship
9 that we have on this bill -- and thank you, Mr.
10 Chairman, and thank you, Ranking Member -- we start
11 applying to things that are of existential concern to
12 the people of this country. Thank you.

13 The Chairman. Thank you, Senator Welch.

14 And now, we will proceed to the walkthrough on the
15 modifications of the mark and answer any questions. As
16 is the case when the committee considers tax
17 legislation, we have with us the Chief of Staff of the
18 Joint Committee on Taxation, Tom Barthold. And he will
19 walk through the modifications.

20 Tom, I note to you that we have a quorum present,
21 and so I would ask you to go through your summary
22 quickly so we can get to the actual business.

23 Mr. Barthold. Thank you, Mr. Chairman. And I
24 will try a quite abridged version.

25 The members have before them Joint Committee

1 Document JCX-43, which describes the underlying mark;
2 and on green sheets, JCX-45, and 46, which describe the
3 chairman's modification and the estimated budget effects
4 of the bill as modified.

5 The chairman's modification offers two
6 modifications to provisions in the underlying mark and
7 six additions. The modifications -- the first
8 modification clarifies and expands the definition of
9 electronic filing identification numbers. The second
10 modification clarifies the right of the appeal that is
11 established in the underlying mark, so that it is also
12 generally available with respect to determinations to
13 deny or revoke tax-exempt status.

14 The additions to the mark as made by the
15 modification: the first is, under present law, there are
16 special rules, filing dates for farmers and fishermen.
17 It extends those dates from March 1st under present law
18 and would establish an April 15th date. The second
19 addition is, it requires the secretary to report the
20 IRS's practices for taxpayer document tracking so that
21 the committee can learn and hopefully make improvements
22 in that area.

23 The third addition is, it accelerates the filing
24 dates for information returns that the IRS receives, of
25 returns that the taxpayer already has received. These

1 information returns are with respect to dividends,
2 interest, retirement plan distributions, IRA
3 distributions, certain miscellaneous payments, Social
4 Security and railroad retirement fund distributions, and
5 payments made under third-party network payments.

6 The fourth addition increases the criminal and
7 civil penalties for unauthorized disclosure, extending
8 it to contractors.

9 The fifth addition relates to individuals who file
10 abroad, clarifying IRS authority with respect to
11 assessment of penalties, and establishes new procedures
12 to ensure preassessment review.

13 And the final addition made by the chairman's
14 modification is to establish within the IRS a business
15 child-care liaison, the general purpose of which is to
16 foster increased employer-provided child-care
17 facilities, recognizing the benefits provided under the
18 code.

19 That concludes my brief description. I am happy
20 to answer any questions that the members might have.

21 The Chairman. Thank you, Mr. Barthold.

22 In addition to Mr. Barthold, we have Mike Gould
23 from the majority staff and Eric LoPresti from the
24 minority staff also here to answer questions. We have
25 also been joined by Don Snyder and Ms. Schritz. And we

1 appreciate all of you being here to respond to any
2 questions if the Senators have them.

3 Do any of the Senators have questions of the
4 panel?

5 Seeing that there are no questions for the panel,
6 we will now proceed to amendments to the modified mark.
7 A quorum for the purpose of conducting business being
8 present under the committee rule, that being the case,
9 the modification is hereby incorporated into the
10 chairman's mark. And the chairman's mark, as modified,
11 is now open for debate and amendment.

12 Does any senator wish to offer an amendment?

13 Senator Cortez Masto?

14 Senator Cortez Masto. Thank you.

15 First of all, let me thank you again -- like my
16 colleagues, thank the chairman and the ranking member.
17 This is a great piece of bipartisan work, and I am proud
18 to be a part of it. I thank you for also incorporating
19 the Daines-Cortez Amendment Number 1 that increases the
20 criminal and civil penalties for an unauthorized
21 disclosure of taxpayer information as well as the
22 Cortez-Masto-Blackburn Amendment Number 1, which
23 addresses the need for electronic filing identification
24 number validation to prevent against fraud.

25 I ask that we call up Cortez Masto Amendment

1 Number 2. So, let me talk a little bit about this. And
2 again, I thank you for allowing me to bring this
3 forward. This amendment is very simple. It restores
4 the taxation of gambling losses to the standard set by
5 the 2017 Tax Cuts and Jobs Act.

6 Historically, Americans who lose money while
7 gambling have been able to deduct 100 percent of their
8 losses from their annual taxes, so as long as they do
9 not deduct more than their winnings. That has been the
10 tradition. This ensures the tax code accurately
11 reflects their income and their ability to pay.
12 Unfortunately, under the One Big Beautiful Bill, it
13 contained a provision that limited that deduction to 90
14 percent. This creates an arbitrary cliff that can
15 result in an effective tax rate of more than 100 percent
16 for some players.

17 Needless to say, this deduction limit has a major
18 impact not only on our industry and workers and
19 individuals in Nevada, but across the country as well.
20 If we do not fix this issue, we will see lost jobs and
21 economic growth, and many Americans will owe a tax bill
22 on income that they do not have. That is why the
23 solution is this amendment, which offers garnered
24 support from both Chairman Smith of House Ways and Means
25 as well as many bipartisan members of both chambers,

1 including Senator Cassidy. And I thank him for joining
2 me on this.

3 I will, however -- as I am offering this
4 amendment, I recognize that due to the germane standard
5 that it is not applicable for today. So, I am going to
6 withdraw it. But I look forward to us addressing this
7 issue in the future.

8 I thank you, Mr. Chairman and Ranking Member.

9 The Chairman. Thank you, Senator Cortez Masto. I
10 appreciate your withdrawing the amendment, and we will
11 work with you on addressing this as we move forward.

12 All right. Next, we have Senator Bennet.

13 Senator Bennet. Thank you, Mr. Chairman. I
14 appreciate your holding this hearing. I am offering
15 Bennet Amendment Number 1.

16 Today, we are about to pass one of the largest IRS
17 reform packages in decades. It will go a long way
18 towards modernizing our tax-collection process and
19 setting out new safeguards for taxpayers. But Americans
20 are still denied a tax-filing experience that is
21 available to citizens in almost every other country in
22 the industrialized world.

23 Almost three-quarters of the OECD countries,
24 places like Australia, Belgium, and France, have
25 instituted some form of pre-population for their tax

1 returns. In these places, it can take as little as 10
2 minutes to file your return with only a few clicks of a
3 button. In Estonia, it can take as little as 3 minutes
4 to file your taxes.

5 This is an idea that has a long bipartisan
6 history. President Reagan championed it back in 1985,
7 describing a world where you "would automatically
8 receive your refund or a letter explaining any
9 additional tax you owe" without even having to fill out
10 a return, in his vision. In some ways, his vision was
11 even more ambitious than what any of us would imagine
12 today.

13 My amendment would bring us one step closer to
14 that reality. It would require the IRS to determine how
15 to implement pre-populated returns for certain income
16 and then to launch a pilot program doing so. I think
17 every American would agree that we need to make our tax
18 system easier, faster, and more comprehensible. I think
19 every American would take the option, if they had the
20 choice, of spending just a few minutes on their taxes.

21 Today's markup addresses a number of important
22 concerns, and I am glad to see it put forward with
23 several of my bills, including eliminating installment
24 fees for low-income individuals trying to pay what they
25 owe and more protections for taxpayers as they navigate

1 the process. And I think going forward, Mr. Chairman,
2 this committee should be focused on ideas like
3 pre-population that makes our tax system just a little
4 bit more like the rest of the industrialized world and a
5 little bit less miserable for the American people.

6 I look forward to working with my colleagues to
7 create the kind of tax system that Coloradans and people
8 all over the country deserve. Thank you, Mr. Chairman.
9 And I withdraw my amendment.

10 The Chairman. Thank you, Senator Bennet, for
11 withdrawing the amendment. And again, I commit to work
12 with you as we try to achieve this objective as well.

13 Next, we have Senator Warren.

14 Senator Warren. Thank you, Mr. Chairman. And I
15 want to thank both the chairman and the ranking member
16 for your leadership on the Taxpayer Assistance and
17 Service Act.

18 This is a bill that is full of common-sense
19 changes to improve the taxpayer experience. It cracks
20 down on paid tax preparers who scam Americans. It
21 strengthens the independent National Taxpayer Advocate.
22 And it helps taxpayers get faster refunds.

23 I am also proud to have introduced the IRS Math
24 Act along with Senator Cassidy, which was originally
25 part of this bill before we got it signed into law last

1 year. So, it has already made it on through. But if we
2 truly want to make tax filing accessible and convenient,
3 we have to do more.

4 So today, I am offering an amendment to bring back
5 the Direct File program and to make it permanent.
6 During the Biden administration, the IRS ran a pilot
7 program for Direct File, which allowed taxpayers to file
8 their taxes online for free and directly with the
9 government, and people loved it. Ninety-four percent of
10 taxpayers who used the program described their
11 experience as excellent or above average. But giant
12 tax-prep companies, like Intuit, lobbied to kill Direct
13 File because it threatened their profits.

14 After Intuit donated \$1 million to Trump's
15 inauguration fund, Trump canceled the program. It is
16 corruption, plain and simple. And my amendment would
17 reverse that shameful decision and make Direct File law
18 of the land.

19 We also cannot stand by when the Trump
20 administration just cut a deal giving Donald Trump a
21 get-out-of-jail-free card for potentially cheating on
22 his taxes. No other taxpayer ever has gotten this kind
23 of a deal, and a Federal judge has already called it
24 illegal. Any serious effort to make the IRS work better
25 for American taxpayers must ensure that everyone is

1 treated fairly and equally under the law. And I am
2 proud to cosponsor Ranking Member Wyden's amendment to
3 bar the Treasury Department and the IRS from enforcing
4 this corrupt deal.

5 This committee should not consider our work done
6 here until we adopt it. And while I support this
7 committee's work to make the IRS work better for
8 taxpayers, I cannot support a bill that rubberstamps
9 Donald Trump's corruption. Under Donald Trump, the IRS
10 keeps working better and better for Donald Trump and for
11 his billionaire buddies and worse and worse for everyone
12 else. Congress needs to stand up and put a stop to it.

13 After speaking with Ranking Member Wyden, I will
14 not ask for a vote on my Direct File amendment. I yield
15 back to the chair.

16 Senator Wyden. Mr. Chairman?

17 The Chairman. Senator Wyden?

18 Senator Wyden. Just very briefly, I share Senator
19 Warren's views on Direct File and just would point out
20 for a quick minute that there is history in this
21 committee of doing this on a bipartisan basis for
22 several years. I see my friend, Senator Tillis. There
23 were Senators who sat in those two seats at the end who
24 worked with myself and others to do this in a bipartisan
25 way. My only statement before we go to Senator Smith,

1 who I think is next, is I hope that this committee, next
2 year, will work in a bipartisan way to get Direct File.

3 It is the right thing to do. Most of the western
4 industrialized nations are doing it. And let's figure
5 out a way to get it done next year.

6 Thank you, Mr. Chairman.

7 The Chairman. Thank you, Senator Wyden. And
8 thank you, Senator Warren.

9 We will next move to Senator Smith.

10 Senator Smith. Thank you so much, Mr. Chair and
11 Ranking Member. I would like to offer and then withdraw
12 my amendment, Smith Number 2, which deals with coerced
13 debt.

14 So, coerced debt occurs when an abuser uses fraud
15 or duress or manipulation to take out debt in the name
16 of a person that they are abusing, their survivor.
17 Basically, what they do is they force another person to
18 borrow money they cannot afford, or the abuser takes out
19 a loan or opens a new credit card in the survivor's name
20 without even telling them. And this, of course, happens
21 in situations where there is domestic abuse or human
22 trafficking or even identity theft.

23 And so, I have heard from Minnesotans who have
24 survived domestic violence, and then they have had their
25 financial stability shattered because they have to start

1 all over again fighting off debt from debt collectors as
2 they are trying to rebuild their credit. And so
3 Minnesota, along with several other States, has actually
4 passed laws to protect survivors and give them help with
5 coerced debt forgiveness, but then come to find out that
6 when this fraudulently incurred debt is forgiven by the
7 courts or canceled by a creditor, a new problem is
8 created, which is that in some cases, survivors are then
9 required to pay taxes on the forgiven debt because the
10 IRS recognizes it as income.

11 So, my amendment would have required the IRS to
12 issue guidance to resolve this confusion, and I think it
13 would be a really good thing. I understand that we will
14 not be including it. I know that there are questions
15 raised about how we could implement this. So, I hope
16 that we can continue to work on this with my colleagues
17 and fix this issue for people in the future.

18 Thank you, Mr. Chair.

19 The Chairman. Thank you, Senator Smith. And
20 again, thank you for withdrawing the amendment. We will
21 continue to work with you on this.

22 And next is Senator Wyden.

23 Senator Wyden. Thank you very much, Mr. Chairman.
24 I call up Wyden Amendment Number 1.

25 The Chairman. Without objection.

1 Senator Wyden. Okay. Colleagues, nobody, nobody
2 -- and especially the President -- should get special
3 treatment under America's tax laws. This amendment
4 tears up Donald Trump's illegal sweetheart deal and
5 permanently bans the IRS and the Treasury Department
6 from ever inking a deal like this again in America. It
7 would also empower a future administration to take
8 action against anyone who benefits from this
9 fundamentally corrupt scheme.

10 This amendment gives this morning both sides of
11 the aisle a chance to rein in this lawlessness. A vote
12 against this amendment, in my view, is an endorsement of
13 an obscene and illegal self-dealing by the President of
14 the United States. I strongly urge my colleagues to
15 support this amendment.

16 Senator Tillis. Mr. Chair?

17 The Chairman. Senator Tillis?

18 Senator Tillis. I rise in opposition to the
19 amendment. I hope my colleagues will vote against it.

20 Mr. Blanche made it very clear without a moment of
21 hesitation that he would work with us to end the 1776
22 Fund and revise the language on the audit. I believe he
23 is working in good faith, and I think that we will get
24 there. I think it is clear there is another member on
25 this committee who has made it clear that we need that

1 outcome to support his confirmation. I hope that the
2 integrity of this bill remains intact and that we just
3 continue to move forward with the Taxpayer Assistance
4 and Services Act, and we work to bring this to the
5 conclusion that the administration has indicated that
6 they are willing to do.

7 I am -- I had been wanting to work with Blanche to
8 try and get language that we can put through UC on the
9 floor if we needed to. But now, I am convinced that the
10 best way to do this is to end it by renegotiating the
11 agreement and settling it for good. So, I would urge
12 opposition to the amendment.

13 The Chairman. Thank you, Senator Tillis. And I
14 will respond. Then we can move to the vote that you had
15 requested, Senator Wyden.

16 Now, I agree with Senator Tillis. There is a
17 strong diversity of opinion and views among the members
18 of this committee on this issue. And if this bill were
19 to become the vehicle where this issue is resolved, it
20 would achieve basically making this bill a partisan bill
21 rather than a completely bipartisan bill, which you have
22 seen it is we presented it today.

23 What I am saying is basically what Senator Tillis
24 said. This is not the place. It is being resolved in
25 another situation in another committee. And I would ask

1 my colleagues to reject this amendment because it would
2 turn this bill into a bill that has a much dimmer future
3 for becoming law by making it a partisan bill rather
4 than a bipartisan bill. Because of that, I would
5 encourage my colleagues to vote against this amendment.

6 Senator Wyden has --

7 Senator Wyden. I request a vote.

8 The Chairman [continuing]. Has requested a vote.

9 And therefore, the clerk will call the roll.

10 The Clerk. Mr. Grassley?

11 Senator Grassley. No.

12 The Clerk. Mr. Grassley, no. Mr. Cornyn?

13 Senator Cornyn. No.

14 The Clerk. Mr. Cornyn, no. Mr. Thune?

15 Senator Thune. No.

16 The Clerk. Mr. Thune, no. Mr. Scott?

17 The Chairman. No by proxy.

18 The Clerk. Mr. Scott, no by proxy. Mr. Cassidy?

19 The Chairman. No by proxy.

20 The Clerk. Mr. Cassidy, no by proxy. Mr.

21 Lankford?

22 Senator Lankford. No.

23 The Clerk. Mr. Lankford, no. Mr. Daines?

24 Senator Daines. No.

25 The Clerk. Mr. Daines, no. Mr. Young?

1 Senator Young. No.

2 The Clerk. Mr. Young, no. Mr. Barrasso?

3 Senator Barrasso. No.

4 The Clerk. Mr. Barrasso, no. Mr. Johnson?

5 The Chairman. No by proxy.

6 The Clerk. Mr. Johnson, no by proxy. Mr. Tillis?

7 Senator Tillis. No.

8 The Clerk. Mr. Tillis, no. Mrs. Blackburn?

9 The Chairman. No by proxy.

10 The Clerk. Mrs. Blackburn, no by proxy. Mr.

11 Marshall?

12 The Chairman. No by proxy.

13 The Clerk. Mr. Marshall, no by proxy. Mr. Wyden?

14 Senator Wyden. Aye.

15 The Clerk. Mr. Wyden, aye. Ms. Cantwell?

16 Senator Cantwell. Aye.

17 The Clerk. Ms. Cantwell, aye. Mr. Bennet?

18 Senator Bennet. Aye.

19 The Clerk. Mr. Bennet, aye. Mr. Warner?

20 Senator Wyden. Aye by proxy.

21 The Clerk. Mr. Warner, aye by proxy. Mr.

22 Whitehouse?

23 Senator Wyden. Aye by proxy.

24 The Clerk. Mr. Whitehouse, aye by proxy. Ms.

25 Hassan?

1 Senator Wyden. Aye by proxy.

2 The Clerk. Ms. Hassan, aye by proxy. Ms. Cortez
3 Masto?

4 Ms. Cortez Masto. Aye.

5 The Clerk. Ms. Cortez Masto, aye. Ms. Warren?

6 Senator Warren. Aye.

7 The Clerk. Ms. Warren, aye. Mr. Sanders?

8 Senator Wyden. Aye by proxy.

9 The Clerk. Mr. Sanders, aye by proxy. Ms. Smith?

10 Senator Smith. Aye.

11 The Clerk. Ms. Smith, aye. Mr. Luján?

12 Senator Luján. Aye.

13 The Clerk. Mr. Luján, aye. Mr. Warnock?

14 Senator Warnock. Aye.

15 The Clerk. Mr. Warnock, aye. Mr. Welch?

16 Senator Welch. Aye.

17 The Clerk. Mr. Welch, aye. Mr. Chairman?

18 The Chairman. No.

19 The Clerk. The chairman votes "no."

20 The Chairman. The clerk will report.

21 The Clerk. Mr. Chairman, the final tally is 13
22 ayes, 14 nays.

23 The Chairman. With that, the amendment has been
24 defeated. I am not aware of any other amendments that
25 anyone seeks to make.

1 With that, if there is no further debate on the
2 bill, I would entertain a motion that the committee
3 order the Taxpayer Assistance and Service Act reported
4 as modified and amended.

5 Senator Wyden. I would so move, Mr. Chairman.

6 The Chairman. Thank you. A second is heard. The
7 question before us is on ordering the Taxpayer
8 Assistance and Service Act reported as modified. The
9 clerk will call the roll.

10 The Clerk. Mr. Grassley?

11 Senator Grassley. Aye.

12 The Clerk. Mr. Grassley, aye. Mr. Cornyn?

13 Senator Cornyn. Aye.

14 The Clerk. Mr. Cornyn, aye. Mr. Thune?

15 Senator Thune. Aye.

16 The Clerk. Mr. Thune, aye. Mr. Scott?

17 The Chairman. Aye by proxy.

18 The Clerk. Mr. Scott, aye by proxy. Mr. Cassidy?

19 The Chairman. Aye by proxy.

20 The Clerk. Mr. Cassidy, aye by proxy. Mr.

21 Lankford?

22 Senator Lankford. Aye.

23 The Clerk. Mr. Lankford, aye. Mr. Daines?

24 Senator Daines. Aye.

25 The Clerk. Mr. Daines, aye. Mr. Young?

1 Senator Young. Aye.

2 The Clerk. Mr. Young, aye. Mr. Barrasso?

3 Senator Barrasso. Aye.

4 The Clerk. Mr. Barrasso, aye. Mr. Johnson?

5 The Chairman. Aye by proxy.

6 The Clerk. Mr. Johnson, aye by proxy. Mr.

7 Tillis?

8 Senator Tillis. Aye.

9 The Clerk. Mr. Tillis, aye. Mrs. Blackburn?

10 The Chairman. Aye by proxy.

11 The Clerk. Mrs. Blackburn, aye by proxy. Mr.

12 Marshall?

13 The Chairman. Aye by proxy.

14 The Clerk. Mr. Marshall, aye by proxy. Mr.

15 Wyden?

16 Senator Wyden. Aye.

17 The Clerk. Mr. Wyden, aye. Ms. Cantwell?

18 Senator Cantwell. Aye.

19 The Clerk. Ms. Cantwell, aye. Mr. Bennet?

20 Senator Bennet. Aye.

21 The Clerk. Mr. Bennet, aye. Mr. Warner?

22 Senator Wyden. Aye by proxy.

23 The Clerk. Mr. Warner, aye by proxy. Mr.

24 Whitehouse?

25 Senator Wyden. Aye by proxy.

1 The Clerk. Mr. Whitehouse, aye by proxy. Ms.
2 Hassan?

3 Senator Wyden. Aye by proxy.

4 The Clerk. Ms. Hassan, aye by proxy. Ms. Cortez
5 Masto?

6 Senator Cortez Masto. Aye.

7 The Clerk. Ms. Cortez Masto, aye. Ms. Warren?

8 Senator Warren. No.

9 The Clerk. Ms. Warren, no. Mr. Sanders?

10 Senator Wyden. Aye by proxy.

11 The Clerk. Mr. Sanders, aye by proxy. Ms. Smith?

12 Senator Smith. Aye.

13 The Clerk. Ms. Smith, aye. Mr. Luján?

14 Senator Luján. Aye.

15 The Clerk. Mr. Luján, aye. Mr. Warnock?

16 Senator Warnock. Aye.

17 The Clerk. Mr. Warnock, aye. Mr. Welch?

18 Senator Welch. Aye.

19 The Clerk. Mr. Welch, aye. Mr. Chairman?

20 The Chairman. Aye.

21 The Clerk. The chairman votes "aye."

22 The Chairman. The clerk will report.

23 The Clerk. Mr. Chairman, our final tally is 26
24 ayes, 1 nay.

25 The Chairman. The "ayes" have it, and the

1 Taxpayer Assistance and Service Act is ordered reported
2 as modified. I ask unanimous consent that the staff be
3 granted customary authority to make technical and
4 conforming and budgetary changes.

5 Without objection, it is so ordered.

6 I want to thank all my colleagues and your staff
7 for their efforts here today in reporting an important
8 piece of bipartisan legislation. With that, the
9 committee stands adjourned.

10 [Whereupon, at 10:54 a.m., the meeting was
11 concluded.]

1	STATEMENT OF:	PAGE
2	Hon. Mike Crapo,	2
3	a U.S. Senator from Idaho,	
4	chairman, Committee on Finance	
5		
6	Hon. Ron Wyden,	7
7	a U.S. Senator from Oregon	
8		
9	Hon. Mark Warner,	12
10	a U.S. Senator from Virginia	
11		
12	Hon. James Lankford,	14
13	a U.S. Senator from Oklahoma	
14		
15	Hon. Tina Smith,	16
16	a U.S. Senator from Minnesota	
17		
18	Hon. Maria Cantwell,	18
19	a U.S. Senator from Washington	
20		
21	Hon. Chuck Grassley,	20
22	a U.S. Senator from Iowa	
23		
24	Hon. Peter Welch,	22
25	a U.S. Senator from Vermont	