United States Senate Committee on Finance
April 10, 2025
Hearing to Consider the Nomination of Kenneth Kies, of Virginia, to be an Assistant Secretary of the Treasury.

<u>Question for the Record submitted to Kenneth Kies from Senator Grassley.</u>

<u>Question 1:</u>

The 2017 tax law provided tax relief across all incomes with a focus on the middle-class. Just as important, the law included pro-growth reforms to incentivize business investment, which boosts productivity and leads to higher wages. A study published by the National Bureau of Economic Research, found the 2017 law boosted investment 20 percent.

1. In your view, what were the most important pro-growth reforms enacted by the 2017 tax law?

   Answer: The 2017 tax law, commonly known as the Tax Cuts and Jobs Act (TCJA), combined several important investment incentives. Full and immediate expensing (bonus depreciation) combined with the lowered corporate rate led to a noted increase in corporate investment. Overall investment received a further boost due to the lower individual tax rates and the Qualified Business Income Deduction (Section 199A).

2. How important is extending the 2017 tax law for the nation's economy?

   Answer: There are numerous pro-growth provisions from the TCJA. The TCJA lowered rates across the board for families and businesses alike. Additionally, cost recovery provisions like full and immediate expensing significantly boosted economic growth. These reforms, among others, have been proven to demonstrate increases in wages, investment, and job creation. Extending the TCJA is essential for future economic growth.

<u>Question 2:</u>

While I oppose tax hikes on individuals, families, and small businesses, I've long championed sensible policies geared toward shutting down tax loopholes and providing tools to the IRS to detect tax cheats.

A prime example is the IRS Whistleblower law I authored in 2006, which has brought in over $6 billion to the Treasury. This program could raise billions more if used by the IRS to its full potential.

Should you be confirmed, can I count on you to be supportive of the whistleblower program and work to ensure it's used to its full potential?

Answer: If confirmed, I will work with the IRS to ensure that the whistleblower program is used to its full potential. I look forward to working with you and your staff on these matters.

Question 3: 45Z/Clean Fuels Credit

Under the previous administration, major changes were made to tax incentives for renewable fuels. However, the Biden Administration failed to finalize regulations implementing the clean fuels credit under 45Z of the tax code. The lack of clarity surrounding this credit has contributed to biodiesel plants in Iowa sitting idle for the past several months. Businesses need to know the rules of the road so they can confidently make business decisions.

Should you be confirmed, will you work with stakeholders in the renewable fuels industry to provide needed clarity with respect to the clean fuels credit?

Answer: If confirmed, I would look forward to engaging with stakeholders across affected industries, including the renewable fuels sector, to better understand the issues they face. If confirmed, I would commit to working with my colleagues at Treasury and the IRS to implement the law in a manner consistent with the statute and informed by public comment.

Question for the Record submitted to Kenneth Kies from Senator John Cornyn

Mr. Kies, I want to highlight 'midnight' regulations that the Biden Treasury Department issued just days before the Trump Administration took office. These regulations would increase taxes on U.S. businesses and advance the Organisation for Economic Cooperation and Development's (OECD) interests at the expense of American workers.

On January 14, 2025, just six days before President Trump took office, the Treasury Department issued final regulations relating to intercompany transactions and disregarded payments (T.D. 10026). The regulations not only dramatically depart from long-established federal tax principles, but they are also a backdoor attempt to carry out and expand the influence of OECD policies to the detriment of the United States. These final regulations, which take effect January 1, 2026, will likely create a complex regulatory regime that will result in increased taxes on American businesses and have a chilling effect on U.S. investments.

In addition, some argue that these regulations go beyond the Treasury Department's authority and withdrawing them would further the Trump Administration's objectives for implementing Executive Order 14219 and Executive Order 14192, which directs all agencies – including the Office Tax Policy, which you would be leading – to eliminate ten regulations for every new regulation enacted.

Do you commit to reviewing these regulations should you be confirmed?

Answer: Yes.

<u>Question for the Record submitted to Kenneth Kies from Senator Todd Young</u>

Question 1

Charitable organizations across the country provide social services to communities in need, oftentimes offering services that cannot be fulfilled by the government. We have seen several instances of late where tax documents of 501(c)(3) and 501(c)(4) organizations have been leaked, disclosing the names and other personal information of donors for those organizations. Regrettably, the independent Treasury Inspector General for Tax Administration recently issued a report finding that the IRS is failing to implement the necessary controls to ensure the security and privacy of taxpayer data that would prevent these leaks in the future. I have a bill, the Protecting Charitable Giving Act, that would strengthen and reinforce the penalties for leaking tax documents of 501(c)(3) and 501(c)(4) organizations and their donors. I believe that donor privacy is essential to philanthropic freedom and allows donors the right to remain anonymous should they wish.

If confirmed, do you commit to working with me to ensure that the IRS prioritizes the confidentiality of taxpayer data and protecting philanthropic freedom?

Answer: If confirmed, I will take taxpayer data and confidentiality seriously, just as I did when I was Chief of Staff of the Joint Committee on Taxation. If confirmed, I would commit to working with my colleagues at Treasury and the IRS to implement tax laws in a manner that ensures that the confidentiality of taxpayer data is prioritized.

<u>Question for the Record submitted to Kenneth Kies from Senator Wyden</u>

Question 1: When the 2017 tax law was being considered, Republicans claimed the corporate tax cuts would boost workers' wages by at least $4,000, and even up to $9,000. In fact, a study by the Joint Committee on Taxation and the Federal Reserve Board found that workers in the bottom 90% percent of earning saw "no change in earnings".

Isn't it the case that the vast majority of US corporations didn't use the savings from their tax cuts to boost workers' wages but instead used the money to finance stock buybacks and raise pay for their executives?

Answer: I am not familiar with the specific study you are referring to. However, I have seen data that shows significant real wage growth, especially for those on the bottom end of the earnings spectrum. Real median wage growth in the years following the 2017 tax law hit multi-decade highs and grew faster than over the previous 8-years combined under the Obama administration.

Question 2: During the time you were the Chief of Staff for the Joint Committee on Taxation or since, has the Joint Committee ever scored an individual income tax cut as fully paying for itself through increased economic growth?

Answer: Generally, the Joint Committee on Taxation's scoring conventions assume a fixed level of gross domestic product (GDP) and do not incorporate macroeconomic feedback. While dynamic analyses have shown that pro-growth tax relief can increase economic output and partially offset revenue costs, conventional scoring does not reflect these broader economic effects. If confirmed, I would support tax policies that promote growth, investment, and job creation – even when their full economic benefits may not be captured by official scorekeeping conventions.

Question 3: At your confirmation hearing, you testified that if the 2017 Trump tax cuts are not extended it would result in a $4 trillion tax increase for American taxpayers at the end of 2025. Wasn't that increase built into the 2017 law by having most of the individual tax cuts expire then? In other words, wasn't this potential tax increase a problem the Republicans in Congress and President Trump created when they enacted the law?

Answer: I cannot comment on the intent of Congress in 2017.

Question 4: Earlier this year, Treasury finalized the transaction of interest regulations on basis shifting. Last summer, Treasury also announced upcoming regulations that would require partnerships to treat basis adjustments arising from covered transactions in a way that would restrict them from deriving inappropriate tax benefits.

These regulations came under attack by practitioners, despite the fact that the regs were targeting transactions in related party partnerships that allowed those partnerships to re-depreciate the same asset over and over again. What is your view of the basis shifting regulations and Treasury's authority to issue them? Can you commit to (i) leaving the final regulations issued in January intact and (ii) allowing Treasury to move forward on other regulation projects in regard to basis shifting and other abusive partnership transactions?

Answer: I am aware of the guidance Treasury issued in June 2024, January 2025 and April 2025 regarding related-party basis adjustments in the partnership context. I have not had any conversations with anyone at Treasury or the IRS about this matter. If confirmed, I would work with the dedicated staff at Treasury and the IRS to evaluate any future guidance proposals in a manner consistent with the law and the Administration's pro-growth tax priorities.

Question 5: In your Tax Notes article "The Ryder Cup and Section 199A — Really!", you talk about the importance of keeping 199A in its entirety. Your analysis compares the rates paid by C corporations and passthrough entities. However, passthrough entities have other tax advantages that aren't afforded to C corporations - for example, the passthrough of losses that may be used to offset other ordinary income and debt basis. This deduction was sold as a tax break for small businesses but approximately 50% of this benefit accrues to people who make $1 million or more. Is there any income level for which you would support cutting this deduction off?

Answer: Section 199A was enacted to help ensure greater parity between passthrough businesses and C corporations following the reduction in the corporate tax rate. It plays an important role in supporting small and medium-sized businesses, many of which are family-owned and operate in capital-intensive sectors. While it's true that passthrough taxation has structural differences from corporate taxation, Section 199A remains a vital component of a competitive, pro-growth tax code. If confirmed, I would approach any evaluation of the provision with a focus on preserving incentives for investment, job creation, and economic dynamism across all income levels, while remaining mindful of fiscal and distributional considerations.

Question 6: Last year I released a report that found that private placement life insurance (PPLI) is a tax dodge used by the ultra wealthy to avoid taxes. This report found that PPLI is costing the federal government over $40 billion dollars. I released a discussion draft of legislation that would end this abuse. Do you support a legislative approach to solving this abuse? You have previously stated that your concern about the PPLII discussion draft I released is that it would apply retroactively and that it would modify the tax definition of life insurance. Do you have suggestions for how to close this abusive shelter? Would you commit to working with me to shut down abusive PPLI?

Answer: If confirmed, I would remain focused on implementing President Trump's pro-growth tax agenda and would approach any proposals with a commitment to preserving taxpayer certainty, supporting investment, and resisting efforts to penalize success through the tax code.

Question 7: You have previously expressed opposition to the tax exempt status of credit unions. I understand that your opposition is that credit unions, especially those available to members of the military, have grown so large that they are in direct competition with banks. Credit unions provide a cost effective way to help people in underserved communities obtain access to the banking sector. Do you continue to believe that credit unions should not be tax exempt? If credit unions do lose their tax exempt status, what ways should the tax code be used to ensure that those living in communities where banking services are not available or not affordable are able to obtain some reasonable and affordable banking alternatives?

Answer: If confirmed, I would focus on promoting a strong financial services sector and a level playing field, while ensuring our tax policy supports access to affordable banking without distorting competition.

Question 8: An unprecedented Memorandum of Understanding between Treasury and DHS was disclosed last week. Reports indicate the Immigration and Customs Enforcement Department wants the IRS to turn over the addresses and other return information on up to **seven million** people -- and I think the reality is they want return information on everybody. There are civil and criminal penalties for violating taxpayer privacy rules under section 6103. Anyone remotely involved in this at the IRS resigned, including two Acting IRS Commissioners. This raises important questions that you may be asked about if you're confirmed. So this is a good opportunity to demonstrate whether you're qualified.

A. You advised Congress on 6103 and had to comply with section 6103 during your time at JCT, correct?
B. Even assuming this MOU is lawful, if the IRS provides information about the wrong taxpayer, wouldn't that be a violation of 6103?
C. If ICE doesn't even have the addresses of these taxpayers, it seems to me there's a high risk of the IRS giving out tax information about the wrong person. Setting aside the risk of sending more Americans to foreign torture prisons by mistake, can you honestly say there's no risk of personal liability for Treasury officials involved in setting up a system that they should know is likely to result in a large number of violations of 6103?
D. If nobody at ICE or DOJ is investigating a particular taxpayer for a particular non-tax crime, do you think section 6103(i)(2) permits the IRS to disclose their taxpayer return information to ICE? Why or why not?
E. Do you think the IRS is legally permitted to disclose return information about millions of taxpayers to ICE or another agency without a court order so that ICE or the other agency can engage in a fishing expedition? Why or why not?
F. What penalties could apply to government employees who violate the tax privacy rules under section 6103?
G. If confirmed, what will you do to ensure no Treasury or IRS employee violates the tax privacy rules under 6103?
H. I and several other Senators sent the IRS a letter raising questions about its compliance with 6103, but it has not responded. If confirmed, will you make sure we get timely answers to our questions?

Answer: If confirmed, I will take taxpayer data and confidentiality seriously, just as I did when I was Chief of Staff of the Joint Committee on Taxation. If confirmed, I will commit to working with my colleagues at Treasury and the IRS to implement tax laws in a manner that

ensures that the confidentiality of taxpayer data is prioritized consistent with statutory guidance.

Question 9: Last year the IRS piloted its Direct File program, which allowed taxpayers in 12 states with simple returns file directly with the federal and state government without putting their tax data into the hands of predatory tax software companies who use bait and switch pricing and who have been caught handing confidential tax data over to the big tech firms. This year Direct File was rolled out to 25 states, and expanded to allow users to download into their returns IRS data from their taxpayer accounts, including W2s, 1099-INTs, and 1095As—a top priority for taxpayers and a revolutionary and common-sense change to the tax filing process.

The feedback from users has been clear: this simple, secure tool saved them time and money, with 90% rating their experience as excellent or above average in last year's pilot. Though the IRS has yet to publish survey data this year, data from Code for America shows it remains wildly popular with those lucky enough to use it -- 98% of users were "satisfied" or "very satisfied" with their filing experience with 84% saying they were "very satisfied."

By one estimate, Direct File delivers $106 in benefits to American taxpayers for every dollar invested in the program, between savings on tax preparation fees and access to untapped tax credits. Few programs deliver this kind of bargain.

Elon Musk initially echoed Ronald Regan when he made the common-sense observation that this is exactly the kind of thing the IRS should be doing, and would be a big win for the administration. But DOGE has been firing everyone who works on the program, the administration did not promote the program this year, and has been downplaying its success. Some Republicans who have been bought and paid for by the tax software industry are trying to kill this program so their donors can keep ripping off the American people. If confirmed, will you stick up for Direct File and the American people or will you sell them out by allowing this wildly popular and successful program to be shut down?

Answer: If confirmed, I look forward to reviewing this matter.

Question 10: President Trump has said that his cabinet members are in charge of their agencies, but we keep hearing that DOGE is overruling them. If confirmed, do you commit to doing the job of Assistant Secretary for Tax Policy without interference from DOGE?

Answer: If confirmed, I will carry out the responsibilities of Assistant Secretary for Tax Policy consistent with President Trump's direction and priorities. I believe strongly in the Secretary of the Treasury's leadership, and I would be fully committed to leading the Office of Tax Policy with integrity and focusing on implementing the President's pro-growth agenda.

Question 11: One of the main functions of the Assistant Secretary for Tax Policy is to work with the IRS to put out regulations and guidance to help taxpayers comply with the law, but the Trump Administration is requiring agencies to repeal ten pieces of guidance for every new one. If the IRS can't issue guidance, taxpayers will only find out what the rules are during audits and litigation, but the administration is also gutting IRS enforcement. If confirmed, how are you going to make sure taxpayers know what the rules are?

Answer: If confirmed, I will commit to successful implementation of the tax laws, through regulations, guidance, and other forms of broadly available, public communications to taxpayers.

Question for the Record submitted to Kenneth Kies from Senator Maria Cantwell.

Apprenticeships and Workforce Support

Let me ask you about revitalizing domestic manufacturing.

The President is under some misguided impression that jacking up tariffs is going to flip a switch and bring manufacturing activity back to the U.S. It will not.

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.

Mr. Kies:

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

Question 3: Does this Administration have as part of its tax plan incentives for employers to invest in partnering with apprenticeship training programs to ensure the smooth transition between training and full-time jobs?

Answer: Specific incentives in the tax law to encourage apprenticeship are the purview of Congress. If confirmed, I can commit to implementing tax laws that incentivize apprenticeship and workforce training in a fair and effective manner.

IRA Tax Credit Regulations and disruption

The Inflation Reduction Act contained more than $369 billion in clean energy incentives, as well as a transferability mechanism that unlocked new financing options for corporations and developers.

Twenty one (21) House Republicans told their leadership in a letter "Countless American companies are utilizing sector-wide energy tax credits — many of which have enjoyed broad support in Congress — to make major investments in domestic energy production and infrastructure for traditional and renewable energy sources alike."

The letter also said constituents and the energy industry remain concerned about "disruptive changes to our nation's energy tax structure."

Four Senate Republicans also have urged that any changes considered to existing tax credits "ensure certainty for businesses that have already made meaningful U.S. investments base on the current credit structure."

The President's day one executive order called "Terminating the Green New Deal," caused a lot of confusion for investors and developers even though the tax credits were not mentioned specifically in the EO.

Since President Trump has not released the so-called "Green Book" explanation of the details of his tax plan, we have to read tea leaves. We do not know which tax credits he wants to repeal, which he wants to change, and which he even may want to extend.

Mr. Kies:

Question 1: I understand Congress can change the law, but I am very concerned about potential economic disruptions if those changes are made retroactively. What is your view about making changes to tax credits that might apply retroactively?

Question 2: Since you will be advising on the administrability of any tax law changes, what is your view about the need for any appropriate transition relief if there is a policy change?

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 regulations?

Question 4: Will you commit to finishing these and other regulations required by the Inflation Reduction Act in a timely manner?

Question 5: With regard to the Section 48C 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 commit that taxpayers will be able to fully rely on those allocation agreements?

Answer: If confirmed, I would look forward to engaging with stakeholders across affected industries to better understand the issues they face. I am committed to working with my colleagues at Treasury and the IRS to implement the law in a manner consistent with the statute and informed by public comment.

Question for the Record submitted to Kenneth Kies from Senator Whitehouse.

Question 1:

According to your lobbying disclosure reports, you represented Caterpillar for most years between 2002 and 2017. The Internal Revenue Service (IRS) and Department of Justice (DOJ) conducted an investigation into the company's scheme to avoid taxes by routing profits through a Swiss subsidiary between 2007 and 2016. The case was eventually settled in 2022 for $740 million.

Did you have knowledge of the offshore tax structure employed by Caterpillar that was investigated?

Answer: Only what I have read in published reports.

Did you contact any Treasury, IRS, or DOJ officials or any Inspector General's office in relation to this case?

Answer: No.

Did your work for Caterpillar at all involve these investigations? If so, what was the nature of that work?

Answer: No.

Have you ever testified, been deposed, or given internal statements related to this investigation or the underlying tax scheme? If so, please supply the relevant documents.

Answer: No.

What specific bills and/or regulatory matters did you lobby on for Caterpillar?

Answer: Over my many years representing Caterpillar, I have worked on a number of matters related to corporate taxation.

Did you lobby for changes in the law or regulations that would have made Caterpillar's tax scheme compliant with the law, and/or that would have further reduced the tax owed on its foreign income?

Answer: No, my representation was not related to this issue. Over my many years representing Caterpillar, I have worked on a number of matters related to corporate taxation, some of which included the taxation of foreign income.

Questions for the Record submitted to Kenneth Kies from Senator Elizabeth Warren.

Question 1: Though he prioritized financial deregulation and tax cuts, then-President Trump did not succeed in achieving the three percent annual economic growth he promised during his first administration. In your view, what explains the failure of the first Trump Administration's tax and deregulatory policies to spur three percent growth?

Answer: It is widely recognized that economic growth is influenced by a complex set of factors, including global conditions, global events, demographic trends, monetary policy, and technological change, in addition to fiscal and regulatory policy. If confirmed, I would focus on advancing tax policy that supports long-term economic growth, job creation, and fiscal sustainability.

Question 2: The Congressional Budget Office (CBO) has estimated that the Tax Cut and Jobs Act (TCJA) cost approximately $2 trillion. Setting aside an anomalous period during COVID with significant government stimulus, actual revenues have largely matched CBO's projections of the TCJA's cost when adjusted for inflation. Do you agree that extending tax cuts reduces federal tax revenues?

a. Do you believe that the CBO and Joint Committee on Taxation (JCT) should use dynamic scoring? If so, what growth assumptions do you think are realistic in dynamic scoring and why?
b. Do you support CBO and JCT scoring extensions of expiring tax cuts on a current law baseline, especially if their original passage was scored on a current law baseline?
    i. If a law costs $1 billion per year, and the law applies for 10 years, how much does it cost in total over those 10 years?
    ii. Does the answer change if Congress achieves this result by passing two bills instead of one?
c. CBO recently found that letting the TCJA tax cuts expire would actually grow the economy. Could you explain what, if anything, you think CBO is getting wrong?

Answer: I support making the TCJA permanent because it helped spur investment, job creation, and higher take-home pay for American workers. Whether tax relief reduces federal revenues depends on how it affects economic growth and taxpayer behavior – factors that conventional scoring does not fully capture. I support the use of dynamic scoring by CBO and JCT, and believe growth assumptions should be grounded in sound economics, informed by peer-reviewed literature and historical experience.

Decisions about using a current law or current policy baseline are ultimately for Congress. However, how that cost is reflected in official scoring depends on baseline conventions and how the legislation is structured. Whether enacted in one bill or two, the total budgetary impact depends on the substance and duration of each provision, as well as how CBO interprets Congressional intent under its scorekeeping rules. Those are ultimately questions for Congress and its scorekeepers to determine.

Question 3: Will you oppose any tax cut plan that, according to official scoring by CBO or JCT, increases the deficit over a ten-year period?

Answer: Decisions about whether to move forward with tax legislation ultimately rests with Congress. If confirmed, my role would be to provide analysis and advice to support the development of pro-growth tax policies that reflect the priorities of President Trump and the will of Congress.

Question 4: Secretary Bessent has stated that he plans to cut the deficit by three percent of GDP. If the TCJA tax cuts are extended, how much would the federal government have to cut spending in order to achieve his deficit goal? What programs would you recommend cutting and by how much?

Answer: I understand that Secretary Bessent's deficit target is based on a full range of policies – legislative and regulatory – intended to provide faster economic growth. Faster economic growth can contribute to deficit reduction while making American families better off, with more jobs and higher incomes. Extension of TCJA is an important part of those pro-growth policies. Legislative decisions about spending levels and program priorities are the responsibility of Congress. If confirmed, I would work to support fiscally responsible, pro-growth policies that advance President Trump's agenda and provide lawmakers with the analysis they need to make informed decisions.

Question 5: Would you support efforts to raise revenue or cut spending to offset the cost of Republicans' planned tax cuts for the wealthy by:

a. Reducing Medicare, Medicaid, or Social Security benefits? If so, by how much?
b. Repealing investments in clean energy previously enacted under the Biden Administration?
c. Closing the carried interest loophole to ensure that wealthy private equity and hedge fund managers pay their fair share, potentially raising $63.1 billion in revenue over ten years according to the JCT?
d. Raising tariffs? If so, please explain your plan.
e. Implementing the global minimum tax agreement and ending tax breaks for multinational corporations when they offshore jobs and profits?

Answer: I do not accept the premise that pro-growth tax relief is a giveaway to the wealthy. President Trump's tax policies are aimed at growing the economy, creating jobs, and supporting American families and small businesses. As for how Congress chooses to offset any changes to the tax code, that is ultimately a matter for lawmakers to decide. If confirmed, my role would be to provide rigorous, clear analysis to support those decisions, always with a focus on advancing the President's pro-growth economic agenda.

Question 6: In September 2024, the Treasury Department released its proposed rules for the Corporate Alternative Minimum Tax (CAMT). The tax is estimated to generate more than $250 billion from about 100 of the most profitable companies over 10 years. Will you commit to finalizing, implementing, and enforcing the CAMT regulations quickly, without providing new tax breaks for corporations?

Answer: If confirmed, I would commit to working with my colleagues at Treasury and the IRS to implement the law in a manner consistent with the statute and informed by public comment and President Trump's pro-growth economic policies.

Question 7: In June 2024, the Treasury Department issued guidance targeting how partnerships attain inappropriate tax benefits by artificially inflating the basis of their underlying assets through basis-shifting transactions. Do you commit to following through on the Treasury partnership-basis-shifting rulemaking project?

Answer: I am aware of the guidance Treasury issued in June 2024, January 2025 and April 2025 regarding related-party basis adjustments in the partnership context. I have not had any conversations with Treasury or the IRS about this matter. If confirmed, I would work with the dedicated staff at Treasury and the IRS to evaluate any future guidance proposals in a manner consistent with the law and the Administration's pro-growth tax priorities.

Question 8: Following a lobbying blitz led by big corporations after the enactment of the TCJA, the Treasury Department used its regulatory power to carve out exceptions and giveaways for the rich. What is your plan to ensure that the previous regulatory giveaway is not repeated? Will you work to reverse previous rulemaking that led to exceptions and giveaways for the rich?

Answer: If confirmed, I would commit to working with the dedicated staff at Treasury and the IRS to implement the Tax Cuts and Jobs Act in a manner consistent with the statute and informed by public comment and President Trump's pro-growth economic policies.

Question 9: The Standard Industry Fare Level (SIFL) valuation method allows executives who report the personal use of corporate jets to significantly downplay the value of the flights on their tax returns, resulting in a reduction of their tax bill. If confirmed, would you exercise Treasury's authority to revisit these income inclusion regulations to more accurately reflect the benefit that executives receive?

Answer: Ensuring that income is accurately reflected for tax purposes is an important principle, and the taxation of personal use of corporate aircraft is governed by longstanding regulations and methodologies. If confirmed, I would remain focused on advancing policies that are clear, administrable, and consistent with President Trump's pro-growth economic agenda.

Question 10: As of October 3, 2024, more than 140,000 taxpayers across 12 states successfully filed their taxes using Direct File, and this tax filing season, more than 30 million taxpayers across 25 states are eligible to use Direct File.

a. Do you believe that low- and middle-income Americans with relatively simple finances should have access to simple, free, tax preparation options?

b. Do you agree with the Government Accountability Office's (GAO) report finding that the Direct File pilot was successful and should be expanded?

Answer: The Secretary and Deputy Secretary of the Treasury previously have committed to undertaking a full review of Direct File at the end of this filing season. I have not had any conversations with anyone at Treasury or the IRS about this matter, but I understand from media reports that Treasury will evaluate whether the program is working to serve the IRS's three goals of collections, customer service, and privacy. If confirmed, I look forward to engaging with that review.

Question 11: Do you support clawing back tax expenditures and loopholes for the wealthy, as outlined in my January 23, 2025 letter to Mr. Elon Musk about areas in the federal tax code where DOGE can cut waste and abuse?

Answer: If confirmed, I look forward to studying such issues where Treasury has authority and administrative discretion.

Question 12: Do you support ending tax breaks and loopholes for offshore jobs, as outlined in my January 23, 2025 letter to Mr. Elon Musk about areas in the federal tax code where DOGE can cut waste and abuse?

Answer: If confirmed, I look forward to studying such issues where Treasury has authority and administrative discretion.

Question 13: Will you commit to divest your holdings in companies that currently lobby or otherwise engage with the Treasury's tax officials?

Answer: If confirmed, I would fully comply with all applicable ethics laws and regulations, and specifically with the Ethics Letter I have signed, which was prepared by career ethics experts. As I have my entire career, I am committed to upholding the highest standards of integrity and professional responsibility.

Question 14: Will you commit to recuse yourself from all specific-party matters involving your former clients and employers, and all particular matters that are likely to directly and predictably affect their financial interests, for at least four years while in government?

Answer: If confirmed, I would fully comply with all applicable ethics laws and regulations, and specifically with the Ethics Letter I have signed, which was prepared by career ethics experts. As I have my entire career, I am committed to upholding the highest standards of integrity and professional responsibility.

Question 15: Will you commit to not seek employment or board membership with, or another form of compensation from, a company that you regulated or otherwise interacted with while in government, for at least four years after leaving office?

Answer: If confirmed, I would fully comply with all applicable ethics laws and regulations, and specifically with the Ethics Letter I have signed, which was prepared by career ethics experts. As I have my entire career, I am committed to upholding the highest standards of integrity and professional responsibility.

Question 16: Will you commit not to seek employment as a lobbyist — including through work as an informal "shadow lobbyist" — for at least four years after leaving office?

Answer: If confirmed, I would fully comply with all applicable ethics laws and regulations, and specifically with the Ethics Letter I have signed, which was prepared by career ethics experts. As I have my entire career, I am committed to upholding the highest standards of integrity and professional responsibility.

Question 17: The IRS estimates that the tax gap — the difference between what taxpayers owe and what they actually pay — is nearly $700 billion dollars. How do you plan to close this gap? How will slashing the IRS workforce help achieve this goal?

Answer: If confirmed, I intend to use all administrative tools available to seek to address the tax gap. IRS modernization and updated technology is critical to this effort.

Question 18: Earlier this month, JCT estimated that extending the TCJA would cost $5.5 trillion dollars over the next 10 years. As a former Chief of Staff of JCT, do you agree with JCT's assessment?

Answer: I have great respect for the professionals at the Joint Committee on Taxation. As with any estimate, the projected cost of extending the TCJA depends heavily on modeling assumptions, including economic growth, behavioral responses, and the baseline used. If confirmed, I would focus on advancing policies that promote sustained economic growth, recognizing that pro-growth tax policy can lead to stronger revenues and a more dynamic economy.

<u>Question for the Record submitted to Kenneth Kies from Senator Luján.</u>

Question 1: The Tribal Tax Office was recently created to address Tribal tax concerns. Will you work to ensure that this office will remain open? The Tribal Tax Advisory Committee was also recently convened to advise on Tribal tax matters. Will you work to maintain and empower this committee?

Answer: If confirmed, I would support the continued operation of the Office of Tribal and Native Affairs and the statutorily established Treasury Tribal Advisory Committee. I recognize the importance of engaging in government-to-government dialogue on tax matters and ensuring that the unique concerns of Tribal governments are heard and considered in the development of federal tax policy affecting Indian Country.

Question 2: The IRS recently finalized a rule under the Tribal General Welfare Exclusion Act that provides clarity on tax-exempt benefits for Tribal citizens. How do you plan to support the implementation and oversight of this rule to ensure its protections are not diminished? How will you ensure the IRS applies the Tribal general welfare rule consistently and fairly across all Tribes, without unnecessary audits or scrutiny of Tribal governments? How will you work to ensure that the IRS continues to provide robust guidance and training for Tribal governments and IRS employees on the general welfare exclusion?

Answer: I fully support the principles underlying the Tribal General Welfare Exclusion Act and the importance of respecting Tribal sovereignty in the administration of federal tax law. If confirmed, I would work to ensure that the IRS implements the rule consistently and fairly across all Tribes, without imposing unnecessary audits or scrutiny. I would also support continued efforts to provide clear guidance and robust training for both IRS employees and Tribal governments to promote understanding, compliance, and trust in the application of the Tribal general welfare exclusion.

Question 3: What is your opinion on dual taxation on commercial activities by non-Indian on Tribal lands? Are you open to exploring other authorities for Tribal governments to generate revenues through taxation?

Answer: I fully support the principles of Tribal sovereignty and Tribal self-determination but believe that the extent to which State or Tribal governments tax commercial activities on Tribal lands is ultimately up to Congress. If confirmed, I would support President Trump's deregulation efforts to remove unnecessary regulatory hurdles that hinder Tribal economic growth.

<u>Questions for the Record submitted to Kenneth Kies from Senator Warnock.</u>

Question 1: Non-profits play important roles in serving Georgia communities.

- If confirmed, will you work with me and my colleagues to ensure that tax policy supports the work of tax-exempt organizations so that these nonprofits can continue to serve our communities in a robust way?

Answer: If confirmed, I will work to ensure that tax policy supports the work of tax-exempt organizations, consistent with the law. These institutions play a vital role in serving communities across the country, and I am committed to ensuring that tax policy continues to reflect and support that role.

Question 2: As you know, many U.S. advanced energy manufacturers invested billions of dollars in new manufacturing facilities as a result of the Section 45X Advanced Manufacturing Production Tax Credit and the Domestic Content Bonus.

- Do you agree that the United States is stronger when we promote a strong domestic advanced manufacturing sector and ensure businesses have the long-term certainty they need to make significant investments?
- Are you concerned about developers choosing Chinese-made resources if Congress does away with domestic manufacturing incentives?
- Do you support keeping incentives in place to promote onshoring manufacturing and economic growth in our communities?

Answer: Decisions about the continuation or modification of Section 45X are ultimately up to Congress. That said, I strongly support President Trump's policy of promoting domestic manufacturing, reducing reliance on foreign imports – especially from China – and strengthening U.S. supply chains. If confirmed, I would support efforts to create a tax environment that encourages long-term investment, onshoring, and economic growth in American communities.

Question 3: One of the most important issues in the tax policy portfolio at the Department of Treasury this year will be the potential extension of the 2017 Tax Cuts and Jobs Act (TCJA). The Joint Committee on Taxation has estimated the cost of extending the expiring provisions of the TCJA at $5.5 trillion over the next decade, which would significant add to the U.S. budget deficit.

- How do you recommend we balance the budget?
- Do you believe there are negative macroeconomic effects from cutting people off from the social safety net? If not, why?
- Would you support letting any of the TCJA cuts expire for the wealthiest Americans?
- Do you support the use of current policy baseline?

Answer: I strongly support extending the TCJA, which delivered pro-growth tax relief to American families, workers, and small businesses. Questions about how to balance the budget,

adjust social spending, or choose a baseline are ultimately decisions for Congress. If confirmed, my role would be to provide clear, rigorous analysis to support those decisions and to help advance President Trump's economic agenda, which includes making the TCJA permanent.

Question 4: President Trump's trade advisor Peter Navarro estimates that last week's tariff announcements would raise about $600 billion per year. Other economists have said that Mr. Navarro vastly overstates how much revenue can be raised through tariff policy. If confirmed, you will be responsible for tax policy and specifically providing estimates for the country's cash flow and revenues.

- If confirmed, do you plan to incorporate tariff revenues in budget estimates?
- Do you support using tariff revenue as an offset for the upcoming reconciliation bill?

Answer: Yes, if confirmed, Treasury's Office of Tax Analysis will continue estimating all tax-related budget provisions, as is the current practice.

Question 5: The Trump Administration has taken a series of action at the Internal Revenue Service (IRS) that may lead to revenue losses. These include layoffs of staff in taxpayer services and enforcement divisions, which reporting has indicated may result in losses of 10% or $500 billion in revenue this year. Unprecedented data-sharing agreements between the IRS and Department of Homeland Security are estimated to cause losses of an additional $313 billion over ten years.

- If confirmed, will you share with this Committee estimates of how staffing and administrative decisions such as these will affect estimated tax revenues?
- If this year's tax revenues are significantly lower than expected, do you commit to conducting a thorough review of its causes, including any decisions related to staffing or enforcement policy, and sharing such a review with this Committee?

Answer: Decisions related to IRS staffing and administration are generally the responsibility of the Commissioner of Internal Revenue. If confirmed, my role would be focused on tax policy, not operational oversight. That said, I believe tax administration should be effective, efficient, and aligned with the law. I would, of course, comply with all applicable requirements regarding information sharing with Congress and remain committed to supporting sound tax policy that promotes compliance, efficiency, and economic growth.