

United States Senate Committee on Finance

Hearing to Consider the Nomination of Scott Bessent, of South Carolina, to be Secretary of the Treasury

January 16, 2025

Questions for the Record for Scott Bessent

Senator Cassidy

Question 1

Mr. Bessent: I, along with many members of Congress, have seen firsthand the transformative effects of the federal Historic Tax Credit (HTC) to preserve valuable historic buildings, revitalize communities, and create jobs. This exemplary program grants a tax credit for successful rehabilitation of nationally-significant historic buildings. Federal investment has leveraged more than \$235 billion in private capital at a more than 5:1 ratio, rehabilitated more than 48,000 historic properties, and generated more than 3.2 million jobs. However, the HTC has not been improved since it became law more than 40 years ago and has lost about 25% of its value in the last decade. As a result, I have a bill to enhance and modernize the credit.

If confirmed, can you work with me and my colleagues to ensure the HTC continues to succeed in Louisiana and across the country?

Answer: If confirmed, I am committed to working with you and your colleagues to ensure community development tax credit incentives, including the Historic Tax Credit, are functioning consistent with Congressional intent.

Question 2

I also wanted to raise an important matter affecting not just my constituents in Louisiana, but small sellers utilizing online platforms and payment apps across the country: 1099-K. In 2021 with passage of the American Rescue Plan, Democrats lowered the reporting threshold to receive one of these information returns from \$20,000 and 200 transactions to \$600 and just a single transaction. Under the new thresholds, millions of Americans will be getting 1099-Ks reporting income to the IRS that in many cases may not be taxable. Thankfully, the rules implementing this lower threshold have been administratively delayed several times. This reporting would include the sale of individual used items, as well as transfers between friends. I co-authored a bipartisan bill last Congress—the Red Tape Reduction Act—that would increase the reporting threshold to \$10,000 and 50 transactions.

Do you agree that it is not in the Treasury's best interest to have millions of information returns filed that report non-taxable income, and do you agree that Congress should permanently

increase the reporting threshold to prevent unnecessary and burdensome reporting for Americans?

Answer: If confirmed, I commit to evaluate the impact of implementation of these rules by the prior Administration and work with you and your colleagues to fulfill President Trump's promise to reduce unnecessary burdens on American taxpayers.

Question 3

Congress has repeatedly reaffirmed the historic preservation easement program. For example, it explicitly excluded qualified conservation contributions protecting certified historic structures from the new limitations on conservation easements in the SECURE 2.0 ACT, provided taxpayers meet certain reporting requirements. Unfortunately, the IRS has failed to acknowledge this new law and the legitimate use of the historic preservation easement program, recently finalizing regulations characterizing historic easements as abusive "listed transactions." As such, Treasury and the IRS currently treat taxpayers utilizing the Congressionally-authorized historic preservation easement program as if they are engaged in a tax avoidance scheme.

The easement program has been critical to protecting many important Louisiana buildings in the National Register of Historic places, particularly in cities like New Orleans. I am hopeful that we can work together to fine tune federal preservation programs.

If confirmed, can you direct Treasury's Office of Tax Policy to revisit these regulations?

Answer: I am not familiar with the specifics of the treatment of historic easements, but I understand that IRS should apply the law consistent with Congressional intent. If confirmed, I commit to working with Congress to examine how the program currently works and its impacts across the country and whether legislative or administrative changes would be appropriate.

Senator Marshall

Question 1:

Recently the IRS Taxpayer Advocate Service ("TAS") released an annual report which highlighted concerning IRS conduct. Specifically, the TAS report found that the IRS approaches taxpayers with a guilty-until-proven-innocent philosophy, assessing penalties first and asking questions later. This report follows significant outcry from taxpayers and the tax bar which have described abusive IRS behavior including the leaks of confidential taxpayer information, dismantling long standing taxpayer protections in the audit process, the creation of new tax laws found nowhere in the Internal Revenue Code such as the partnership basis shifting regulations and "transaction of interest" reporting requirements, new economic substance rulings, the many attempts to enforce the OECD tax project without adoption by Congress, as well as the creation of largely unsupervised specialist exam teams who are deputized to target taxpayers who have investments the IRS simply does not favor, such as related parties in partnerships and insurance

businesses. If confirmed, will you commit to protecting taxpayers from a lawless IRS and dismantle these abusive campaigns?

Answer: Maintaining taxpayer confidentiality and ensuring taxpayers are treated fairly by the IRS is of utmost importance. If confirmed, I will ensure that the IRS administers tax law in a fair manner and ensures confidential taxpayer information is protected.

Senator Wyden

Question 1:

The tax gap is about \$696 billion per year -- \$7 trillion per decade.

Former IRS Commissioner Rettig -- President-elect Trump's last IRS Commissioner -- testified before this committee that the IRS needed additional multi-year funding because it was "outgunned" when it came to auditing wealthy individuals and large corporations.

Every dollar of tax enforcement funding brings in about \$6 in revenue according to the IRS. Anyone who cares about the deficit should want the IRS to collect taxes that are already owed from wealthy tax cheats who have armies of lawyers and accountants.

Do you agree that it makes sense for Congress to give the IRS the resources it needs to collect taxes from wealthy individuals and mega-corporations who are not paying what they owe?

Answer: The IRS's most significant challenges are modernizing its technology systems and improving its customer service for American taxpayers. Congress should ensure sufficient funding to bring IRS technology into the 21st century. The IRS should enforce the tax code in an even-handed manner and should help taxpayers pay the taxes they owe.

Question 2:

Millions of taxpayers use tax preparers each year to help prepare and file their taxes. However, the IRS has alerted taxpayers to be on the lookout for unscrupulous or incompetent tax preparers who encourage people to file inaccurate tax returns and, in some cases, steal valuable personal information and refunds.

For example, some preparers have been known to invent income to erroneously qualify for refundable tax credits or claim fake deductions to boost refunds, often without the taxpayers' knowledge. Others have taken advantage of taxpayers by directing refunds to the preparer's bank account instead of the taxpayer's account.

Studies by the Government Accountability Office (GAO), the Treasury Inspector General for Tax Administration (TIGTA), and others have consistently found that tax returns prepared by

non-credentialed preparers are often inaccurate. Honest and competent preparers have complained of losing business to unqualified fraudsters who promise larger refunds.

Following litigation in 2014, the IRS lost its authority to establish minimum standards for preparers or even to revoke tax preparer identification numbers. Every subsequent administration has proposed to reinstate the IRS's authority in this area, including the last Trump administration.

Do you agree that it makes sense for the IRS to have the authority to establish minimum standards for preparers and revoke the tax preparer identification numbers of those who have demonstrated incompetence or engaged in misconduct?

Answer: The Office of Professional Responsibility (OPR) within the IRS is responsible for “ensuring all tax practitioners, tax preparers, and other third parties in the tax system adhere to professional standards and follow the law.” In *Loving v. IRS* (2014), OPR was prohibited from regulating practitioners who only prepare tax returns but do not otherwise appear before the IRS. If confirmed, I commit to exploring this issue with Congress and the IRS as to whether minimum standards are needed.

Question 3:

As you are aware, the committee has identified some important unresolved tax issues concerning almost \$2 million in losses from All Seasons Press (ASP) you used to reduce your taxable income. I am very concerned you have still not provided any proof that you materially participated in All Seasons Press in 2021 and 2023, the years you lost money on the business. In fact, public statements indicate the opposite, claiming that “The Bessent Family employs professional managers and has little involvement in day-to-day operations leaving it to professional staff.” I find it quite concerning that you claimed you participated in the business when it was advantageous to you to do so to avoid paying taxes, but claimed you did not participate in the business in 2022 when it did not afford you any tax advantages.

- 1. Will you provide the Committee any documentation or proof that you participated in ASP in 2021 or 2023 for 500 hours or more each year?**
- 2. If not, are you choosing to withhold that information from the committee or are you unable to obtain these documents?**
- 3. A 2023 ASP press release stated that you had “little involvement” in the day to day operations of ASP. Was that press release inaccurate? If so, can you provide the Committee proof?**

Answer: Every American has a responsibility to follow the law and pay the taxes that he or she owes. I have faithfully endeavored to do so with my personal finances and in all my business endeavors. I believe I have done so, and I have already submitted responses and materials responsive to this question during this Committee's bipartisan due diligence process, in which

my staff and I dedicated countless hours and have submitted thousands of pages of supporting materials to respond to questions from members of the Committee, and I understand that I followed all of the applicable law and met the Committee's long standing diligence standard in a process that matched the process applied to nominees in every previous administration.

Question 4:

Workplace retirement savings plans are a highly effective method for American workers to save for retirement. However, American employers are not required to sponsor such plans and fifty-seven million American workers do not have access to such plans. Low-wage workers and employees of smaller employers are less likely to have this access than high-wage workers and employees of large employers.

How do you propose to increase the availability of workplace retirement savings plans, particularly for low- and middle-wage workers? How would you further incentivize employers to offer retirement savings benefits to their employees?

Answer: American workers and families deserve a strong retirement savings system to build their own financial security. Congress has enacted several pieces of legislation dealing with this issue in the past five years. President Trump signed the Setting Every Community Up for Retirement Enhancement (SECURE) Act in 2019, and in 2022, Congress passed the SECURE 2.0 Act. These laws expanded various incentives to employers to offer retirement plans to their employees, including low-wage employees. If confirmed, I commit to working with Congress and other agencies to examine the rules for retirement savings and how they can be improved and simplified.

Question 5:

The SECURE 2.0 Act of 2022 provides for a first-ever, federal government matching contribution to supplement the voluntary retirement savings of low-wage workers who save through individual retirement accounts (IRAs) and 401(k) type plans. The federal matching program provides a tax credit for eligible workers that will be directly deposited into their IRAs or 401(k) plans—similar to how employer matching contributions work in a 401(k) plan. The federal matching program will first be effective in 2027. **Do you commit to ensuring a robust implementation of this ground-breaking retirement matching program?**

Answer: The SECURE 2.0 Act made many changes to the retirement saving rules, including replacing the Savers Credit with a Savers Match, starting in 2027. If confirmed, I commit to ensuring that tax rules applicable to retirement savings are properly implemented.

Question 6:

The Senate Finance Committee has produced multiple reports on “round-tripping” by Big Pharma (see [here](#) and [here](#)) as part of an ongoing investigation of the tax avoidance strategies of

large pharmaceutical corporations. In short, U.S. pharmaceutical companies put intellectual property and manufacturing facilities in offshore low-tax jurisdictions. They then sell a substantial share of their products to U.S. patients (including substantial purchases under government programs such as Medicare, Medicaid, and the VA), but all the profits are booked as foreign income. In some cases, essentially 100% of profits are treated as foreign, while U.S. customers make up the bulk of the revenue. This tax avoidance strategy allows them to take advantage of the lower rate on income earned under the global intangible low-taxed income system, and potentially use foreign taxes paid to offset any or all U.S. tax liability.

- 1. Do you think Big Pharma should be able to lower their tax rates on sales to U.S. customers by sticking IP and manufacturing offshore?**
- 2. Should any tax reform in 2025 prevent this tax avoidance strategy from taking place?**

Answer: TCJA provided incentives for intellectual property to be returned to the United States, and the Foreign Derived Intangible Income deduction to incentivize the development and ownership of intellectual property in the United States. Additionally, the world's first global minimum tax – Global Intangible Low-Taxed Income – ensures companies pay a minimum level of tax on their overseas profits, so no income escapes taxation. If confirmed, I look forward to working with Congress to explore other potential improvements to our tax system that increase economic growth and investment and jobs in the United States.

Question 7:

AI-driven data center expansion and broad-based electrification will further drive sustained electricity demand growth and the need for quickly deployable electric generation and storage. Modern digital technologies rely on modern energy technologies.

- 1. Do you think the U.S. can achieve energy dominance if it doesn't lead on batteries, critical mineral production, solar manufacturing, and other key energy technologies?**

Answer: The world's thirst for energy will continue unabated. The United States' power needs for AI and data centers will stress supply, with projections that they will increase from 3 percent of total U.S. power consumption in 2022 to 8 percent by 2030. In addition, any increases in electric vehicle use will put even more pressure on the grid. The United States should be pursuing an all-of-the-above energy strategy; economic security cannot be achieved without affordable, reliable, and secure energy. While many of these renewable technologies were invented in the United States, manufacturing was offshored to the point that our biggest economic adversary, China, now controls the supply chains for many important technologies. Permitting reform is key; it will allow us to extract and process our own minerals and decrease our dependence on foreign sources of energy from China.

2. Do you support existing U.S. trade and tax policies, like the IRA credits, that counteract China’s anti-competitive practices?

Answer: I believe in allowing consumers to determine their choices rather than the government forcing Americans to buy things they don’t want. Once subsidies are removed, many of our renewable energy policies become uneconomic and put the government in the role of favoring some technologies over others. We need an all-of-the-above energy strategy that realizes American energy dominance, brings down prices, and improves national security.

3. Do you agree that economic and energy security is bolstered by building up our manufacturing base and supporting US investments against Chinese firms?

Answer: President Trump worked to bring back American manufacturing in his first term, with nearly 500,000 manufacturing jobs returning to our economy before the onset of the pandemic, and he has promised to do more in his second. Manufacturing jobs are well-paying jobs, and China’s predatory industrial policies have decimated towns across the nation. We must enact smart policies that revitalize American manufacturing and that reduce our reliance on adversaries.

Question 8:

In your written testimony, you state:

“As President Trump has said, we will unleash the American economy by implementing pro-growth regulatory policies, reducing taxes and unleashing American energy production.”

Donald Trump essentially said the same thing during his first campaign when he claimed tax cuts and deregulation would stimulate at least 4% GDP growth. He said:

“We’re bringing it (the GDP) from 1 percent up to 4 percent. And I actually think we can go higher than 4 percent. I think you can go to 5 percent or 6 percent.”

You have touted a 3/3/3 plan that supposedly will achieve 3% growth while cutting the deficit to 3% of GDP. **Why do you believe that this plan will achieve 3% growth when similar policies failed to do that during the first Trump administration?**

Answer: The United States economy realized three percent or better real economic growth in the last quarter of 2017, most of 2018, and in the last quarter of 2019 (each measured relative to GDP in the same quarter one year earlier) as a result of the policies implemented during the first Trump administration. If confirmed, I look forward to working with Congress and continuing the good work that was initiated prior to the global pandemic. A whole-of-government approach that couples deregulation with tax reform and other economic levers, such as implementing strong trade policy, will unleash an economic golden age. If confirmed, I look forward to working

towards this goal and ushering in a new era of prosperity that will lift up all Americans and rebuild communities and families across the country.

Question 9:

Economic sanctions have been an important part of the United States' response to Russia's invasion of Ukraine. **Will you work with the United States' allies, like Japan and the European Union, to continue coordination with respect to those sanctions?**

Answer: Coordinating with our allies can significantly increase the impact of our sanctions. If confirmed, I will work with our allies and partners as appropriate to ensure all of our economic sanctions programs effectively serve our national security.

Question 10:

The United States currently maintains sanctions on Russian seafood. Given Russia's significant presence in global seafood markets, these sanctions have important implications for our domestic seafood industry, including the hardworking fishers in Oregon and the Pacific Northwest. **Will you meet with the Oregon fishing industry and familiarize yourself with these issues as Treasury Secretary?**

Answer: If confirmed, I will familiarize myself with these issues and ensure that Treasury engages with domestic stakeholders who may be impacted by our sanctions programs.

Question 11:

A number of U.S. trading partners have pursued and continue to pursue unilateral digital services taxes (DSTs) designed to unfairly target American companies and their workers in the United States. **If or when these DSTs are imposed on U.S. companies, will you commit to working with the U.S. Trade Representative and other executive agencies on an appropriate response?**

Answer: Yes. If I am confirmed, I commit to working with the U.S. Trade Representative, other Executive Branch agencies, and with Congress, on an appropriate and strong response to protect America's sovereignty. Discriminatory taxes must not be allowed to harm American companies and workers.

Question 12:

In November 2024, the New York Times and other news outlets reported that Boris Epshteyn, a top advisor to President-elect Trump, allegedly requested payments from prospective political appointees to promote their candidacies for top positions within the Administration or for other purposes. **Did you speak with Mr. Epshteyn about your candidacy for a position in the Administration at any time? If so, describe.**

Did Mr. Epshteyn ever seek any payments from you for any purpose? If so, describe.

At any time did representatives for President-elect Trump discuss with you Mr. Epshteyn and the allegations cited above? If so, describe.

Answer: I have already provided responses to this question during this Committee's bipartisan due diligence process, and I understand that I followed all of the applicable law and met the Committee's long standing diligence standard in a process that matched the process applied to nominees in every previous administration.

Question 13:

During your confirmation hearing, you stated that the December 2024 Treasury cybersecurity incident involved an adversary exploiting work from home software, and suggested that this hack could have been prevented if agency employees were required to work in-person. This is untrue. BeyondTrust, the vendor that was reportedly compromised, does not enable telework by rank and file employees. The BeyondTrust service enables agency helpdesk personnel to remotely troubleshoot other agency employees' work computers, which is a widespread practice in government agencies and corporations. The underlying cybersecurity problem demonstrated by this incident is not the use of remote management software generally. Instead, the incident stems from Treasury's unwise decision to give its vendor the keys used to access employee computers, rather than maintaining custody of those sensitive keys.

If confirmed, will you commit to ensuring that the Department maintains custody of all encryption keys that enable remote access to agency computers, and that such keys are stored securely in a Hardware Security Module, consistent with federal best practices published by the National Institute of Standards and Technology?

Answer: I agree that cybersecurity is an important issue for both the public and private sectors. As data has migrated to the digital and online reviews, the challenges to protect that data have changed with the technology. If confirmed, I will work with Department officials and the Department Information Technology team to review applicable NIST guidance and Department remote access policies and practices, including with respect to third-party vendors.

Senator Cantwell

Question 1:

I am a firm believer – and the State of Washington is the perfect example – that economic success comes from innovation, collaboration, and enabling a robust export capability for American goods and services. I don't believe our future will be brighter if we use tariffs to close off or push away access to other markets.

I think the American public is looking to us to lead and put in place smart economic policies and I am very interested in trying to understand the range of economic policies the Administration

wants to pursue and make sure that the way they are carried out all aim for the same goal and don't contradict one another.

President-elect Trump has promised to impose steep new tariffs. We've heard variations on the numbers from him and his nominees, but the emphasis is on expanding and increasing tariffs --- on our largest trading partners, China, Mexico and Canada. These are the largest export markets for American products. Unfortunately, it's also not clear what authorities the Administration will use to impose these tariffs. If we impose high tariffs on everything we import from other countries, you can bet they will slap retaliatory tariffs on what we export to them. Even targeted tariffs could result in harmful tariffs on U.S. exports.

Washington was the 8th largest state exporter of goods from the U.S. in 2023. Washington goods exports were \$61.2 billion and accounted for 7.6 percent of Washington GDP in 2023 (latest data available). Washington goods exports in 2021 (latest data available) supported an estimated 147 thousand jobs. Nationally, jobs supported by goods exports pay up to an estimated 18 percent above the national average.

With 95% of global consumers located outside the United States, I want American businesses -- Washington's businesses -- to have access to those consumers. Our country's economic growth depends on it, my state's economic growth depends on it. In Washington, 40 percent of our jobs are tied to international trade, so the idea of expansive tariffs is terrible economic policy.

The 301 and 232 tariffs imposed by the first Trump Administration resulted in retaliatory tariffs that hurt companies in my state and across the country. When we met, you said tariffs are intended to be leverage to achieve foreign policy and national security goals and to ensure other countries lower trade barriers.

This time around, what plans are you making to avoid retaliatory tariffs and trade wars with some of our largest trading partners -- and avoid the harm to American consumers and manufacturers.

Typically, when trade policy is developed, stakeholders are involved in the process so the government creates a policy that will help American industry and consumers.

What is your process for taking in stakeholder input on the trade and tariff policies you propose? And what will be your measure of success, will there be an ongoing process to evaluate the efficacy of your policies that will include stakeholders and congress?

Answer: If confirmed, I look forward to working collaboratively with the Office of the U.S. Trade Representative and the Department of Commerce to build upon and improve existing stakeholder engagement processes for trade and tariff policymaking. I would also look forward to helping support any efforts to assess the efficacy of trade and tariff policies on an ongoing basis. The ultimate measure of success for President Trump's trade and tariff policy agenda will be a stronger economy, increased national and economic security, and improved standards of living for American families—successes achieved during his first term.

Predictability and certainty are critical for American businesses to plan – whether it's hiring, sourcing inputs or spending on expansion of facilities in the U.S., what are you doing to ensure there is a process, rather than sudden, possibly dramatic, policy changes that affect American companies?

Answer: If confirmed, I look forward to quickly implementing President Trump's economic agenda. After four years of high inflation with wages not keeping up, the American people demand dramatic, bold changes that will increase paychecks, bring down prices, and improve people's lives across our Nation. More broadly, I am dedicated to ensuring that Treasury follows a regulatory and policymaking processes that facilitates robust stakeholder engagement.

Some goods and industrial inputs and capital equipment are not manufactured in the U.S. Doesn't this argue for a more targeted approach to economic policy that takes potential immediate harms to US manufacturers and consumers into account?

Answer: In his first term, President Trump's economic and trade agenda reversed a policy paradigm that for years caused manufacturing to leave our shores and make us vulnerable to adversaries, harming the interests of U.S. manufacturers and consumers. President Trump's second term economic and trade agenda will entail appropriately targeted policy approaches that improve quality of life for American consumers, advance national security, and strengthen the U.S. manufacturing base.

What role will you in Treasury play in trade and tariffs policy, in relation to the Department of Commerce and USTR? Who is going to be the leading voice in advising the President? Do you expect to take the lead on the economic dialogue with China as Secretary Paulson did under President Bush?

Answer: I anticipate that the Treasury Department, working closely with the Department of Commerce and USTR, will play a critical role in advancing President Trump's trade and tariffs policy agenda. I look forward to working collaboratively with these agencies to help ensure that American businesses, entrepreneurs, and consumers benefit from the implementation of any trade and tariffs policies, including on matters related to China. I also anticipate that, if confirmed as Treasury Secretary, I would play an important role supporting negotiations with other countries.

Question 2:

For nearly seventy years, U.S. tax policy encouraged companies to make investments in domestic cutting-edge research and development by allowing companies to deduct their research and development costs in the year they occur. This generated ongoing innovation and competition with other countries and encouraged companies to locate their research and development investments, facilities, and jobs in communities across the United States.

The 2017 tax cut bill that President Trump signed during his first term included as a revenue offset for the reduction in the corporate tax rate, a provision that has made the U.S. has a less attractive place to innovate due to a requirement that restricts companies from expensing research and development investments in the year they occur. Since the beginning of 2022, expenses towards essential research and development including software development must now be written off over five and 15 years for work done in the United States and overseas, respectively. This change lowers the value of such expenses and diminishes the resources available to make additional investments in research and development. It is especially a concern for smaller businesses operating on tighter margins.

Does the Administration consider innovation and competition as a priority of its economic agenda? Is reversing the 2017 provision and allowing the immediate deduction of research and development expenses part of the Administration's tax plan?

Answer: Innovation and competition are essential components of generating economic growth. If confirmed, I look forward to working with Congress to study and consider different tax incentives for research and development that will increase economic activity.

Question 3:

When you and I met last week, we talked about the high cost of housing for Americans across the country. Decades of underbuilding, particularly after the 2008 financial crisis, has led to a severe shortage of housing, which has in turn driven up the cost of rent and mortgages for everyday Americans.

The best lever we have in Congress for more affordable housing is the Low-Income Housing Tax Credit, or LIHTC. Since LIHTC began in 1986, the credit has spurred private-sector developers to construct more than four million homes across the country through. Those four million homes would not have been built without LIHTC.

Because of the way that LIHTC delegates authority to the states, the credit has been flexible enough for developers to meet needs unique to their communities. For example, Chuck Austin Place in Yakima, Washington used LIHTC to provide affordable housing for 41 formerly homeless veterans and their families. In addition to these 41 homes, Chuck Austin Place also takes care of its residents: it offers vital services for veterans such as a health clinic and VA case manager. These are the kinds of homes and services that can only be built with LIHTC.

LIHTC is also widely bipartisan. Last year, I, along with my colleagues Senators Young, Wyden, and Blackburn, as well as Congressman LaHood and Congresswoman DelBene, introduced the Affordable Housing Credit Improvement Act to expand and improve LIHTC. 299 members of Congress co-sponsored the bill, including 17 members of this committee. Half of my cosponsors in the Senate were Republicans.

Will you commit to working with my colleagues across the aisle and myself to help lower housing costs and increase supply through programs such as the Low-Income Housing Tax Credit?

If confirmed, will you use your authority as Secretary of the Treasury to streamline the approval of credits through Treasury and IRS guidance so that communities can build a greater number of affordable homes?

Answer: President Trump is committed to the extension of TCJA, and if confirmed, I look forward to working with Congress to incorporate proposals that will have a positive impact on hardworking Americans. Specifically, if confirmed, I commit to working with the Congress to implement President Trump's agenda and make housing more affordable for American families.

Question 4:

One of the lessons I hope we all learned from the 2008 global financial crisis was that we shouldn't ignore the warning signs of things happening in our economy that if left unaddressed can devastate American families. As Treasury Secretary you will be in charge of the navigating the economic ship and making sure it avoids crashing into any rocks. But its more than just stewardship of the economy, its protection of working American families.

I worry about what's happening now with many homeowners and building owners unable to get or afford insurance coverage – especially in places of the country that have been hit by more frequent and more intense catastrophic weather events. If you are renting you are not spared from this. Insurance is one of the largest components of overhead that goes into how rents are determined. People are, and will continue to be, priced out of apartments.

Renters and homeowners in Washington state are already feeling these increased costs in the form of higher premiums. Between 2020 and 2023, the cost of the average homeowner's policy in Washington increased by more than four hundred dollars per year – a 27 percent increase in just a short amount of time.

The New York Times called the turmoil in insurance markets “a flashing red light for an American economy that is built on real property.” They laid it out very clearly: “Without insurance, banks won't issue a mortgage; without a mortgage, most people can't buy a home. With fewer buyers, real estate values are likely to decline, along with property tax revenues, leaving communities with less money for schools, police and other basic services. And without sufficient insurance, people struggle to rebuild after disasters.”

According to Census Data, in 2023 storms, wildfires and other disasters pushed 2.5 million American adults out of their homes, including at least 830,000 people who were displaced for six months or longer.” We can only imagine what those numbers will be when the effects of the disasters we witnessed in 2024 and are living through right now are taken into account.

As you know, the Federal Insurance Office (FIO) in the Department of Treasury was established after the financial crisis and given the mandate to monitor all aspects of the insurance sector and monitor the extent to which traditionally underserved communities and consumers have access to affordable insurance products.

Given how critical this is not only to the health of the economy but the quality of life of every American homeowner and renter and the economic vitality of our communities:

Are you closely following the developments surrounding the availability and affordability of property insurance? Do you share the concerns expressed that this could be a threat to the broader economy if left unaddressed?

Answer: The availability and affordability of property insurance is an important component of housing affordability. If confirmed, I look forward to evaluating the work of the Federal Insurance Office (FIO) and to working with FIO's structural partners of "Team USA" (i.e., the Federal Reserve and the National Association of Insurance Commissioners). I am a strong supporter of our state-based insurance system and look forward to working with Team USA and other partners to promote the availability of property insurance.

What plans, if any, does the incoming Administration have regarding oversight of insurance industry practices? Realizing that insurance is regulated by the States, are you willing to be proactive at the Federal level to ensure that we avoid another full-blown economic crisis? I do not want to see another situation where the Federal government is forced to bail out an industry that was not properly regulated.

Answer: I am a strong supporter of the state-based system of insurance regulation and will endeavor to coordinate with Treasury's insurance partners – particularly at the state level – to ensure that risks are properly monitored. Federal and state coordination is critical to Treasury's work on insurance.

I and some of my colleagues have been sounding the alarm for some time that there is a real cost to the Government and certainly to American taxpayers from failing to address the effects of a climate change. We are living it every day.

Do you agree that burying our heads in the sand when it comes to what is causing these extreme weather events is proving to be very expensive and devastating ignorance?

Will you commit to working with this Committee to ensure the Treasury Department is proactive in carrying out its responsibilities when it comes to preventing another broad economic calamity?

Answer: There are a number of potential risks that should be monitored, but no specific risks should be ascribed resources disproportionate to their risk. If confirmed, I commit to thoroughly examining all risks that the economy faces and look forward to working with you and the Committee on this issue.

Question 5:

As you know, the seafood industry in the Pacific Northwest and Alaska is an important feature of our heritage and our economy. Sustainable and well-managed fisheries support a healthy marine environment and good jobs in our fishing communities, which rely on fairly traded seafood and export markets.

Sanctions implemented in 2022 prohibit the importation of Russian seafood. Russia was able to bypass those sanctions by harvesting fish and sending them to China for processing. In 2023, President Biden issued an Executive Order which clarified that Chinese processed Russian seafood is still subject to the import prohibition. Our fishermen are obviously very interested discussing this issue with you.

Should you be confirmed, will you pledge to meet with leading seafood industry employers and workers from Washington, Oregon, and Alaska within your first 30 days to talk about their stakes around seafood trade and the important role that you intend to play with respect to international sanctions and trade?

Answer: If confirmed, I will familiarize myself with these issues and ensure that Treasury engages with domestic stakeholders who may be impacted by our sanctions programs.

Question 6:

My concern with our trade policy stems from a predisposition of some governments to seek to use trade policy to disadvantage our companies – whether in agriculture or technology. Several governments around the world are targeting successful U.S. companies through their digital trade policy, most recently, by imposing digital services taxes (DSTs). These and other unilateral tax measures yield double or multiple layers of taxation, and attempt to balkanize the digital economy, creating serious tax and trade challenges for U.S. companies. The U.S. government has been firm in its opposition to DSTs across administrations.

This past summer, the Canadian government enacted a DST and is applying it retroactively all the way back to January 1, 2022. This means that companies will have to pay a tax in June 2025 on revenue accrued from January 1, 2022 until December 30, 2024 – three full years. If this retroactive tax is imposed, it will serve to encourage similar measures in countries across the globe – to leverage DST to create a revenue stream from American businesses.

Many countries have delayed imposition of their unilateral DST taxes in deference to the Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework and the implementation of Pillar Two Anti Global Base Erosion rules. The United States, however has not yet made the changes to domestic law that would bring us into compliance with these GloBE rules, which is why our companies are at risk of unilateral DSTs.

Can you commit to using the tools available to the United States to address Canada's DST and other unilateral tax measures that target U.S. companies and contravene long-standing tax and trade commitments?

What is the Administration's plan with regard to engagement with the OECD/G20 Inclusive Framework?

Answer: DSTs are discriminatory policies that harm U.S. companies and workers. The retroactivity of the Canadian tax is especially troubling. If confirmed, I commit to working to ensure U.S. companies are not targeted with unfair foreign taxes. At the OECD, the United States should vigorously advance a pro-America agenda. When other nations take actions that target U.S. companies or infringe on U.S. sovereignty, the United States should act in accordance with our best interests.

Senator Bennet

1. Tariffs

Donald Trump has suggested that imposing universal tariffs of 10 to 20 percent on all imports – and even higher rates on goods from China and the other BRICS countries (Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Indonesia, Iran, and the United Arab Emirates) – could help pay for his proposed tax cuts. I understand your position is that President-elect Trump's tariff proposals are negotiating tools, rather than serious policy options.

But as revenue raisers, tariffs provide a miniscule amount of revenue. In Fiscal Year 2024, the U.S. took in \$77 billion in tariff revenue. That's less than two percent of the cost of the Trump tax extensions. Even if Trump imposed the full suite of his proposed tariffs, their revenue would still fall far short. They could potentially net federal revenues about \$280 billion per year. And they would increase household taxes by an average of nearly \$3,000 in 2025, lowering average after-tax incomes by 2.9 percent. The math just doesn't make sense.

Do you believe that tariffs can cover the cost of President-elect Trump's economic proposals? If not, how do you expect to pay for the enormous expense of these tax cuts without saddling future generations with ever-greater debt burdens? And if you accept that the tariff revenue would not supply the necessary replacement of revenue that tax cuts would require – and the President-elect decides that the tariff threats have not produced his preferred policy outcomes – would you support his imposition of these tariffs?

Answer: President Trump has been clear about the urgent need to prioritize the interests of American workers, families, and businesses and to protect U.S. sovereignty as well as economic and national security. President Trump believes in reciprocity when it comes to trade relationships. The goal of tariffs is to increase U.S. industrial capacity, create and protect US jobs, and to protect our national security by ensuring our supply chains, particularly for our military, are not reliant on our adversaries. I believe that tariffs can be an important source of government revenue and can help fund investments that benefit American families, workers, and companies. In addition to raising U.S. government revenue from international sources, tariffs

can also be used to pursue trade negotiation objectives and advance national security interests. If confirmed, I am committed to helping maximize the effectiveness of the President's trade policy agenda and supporting his tax reform and deregulation efforts

2. Discretionary Spending

You stated that we need to cut discretionary spending in order to reduce the deficit, but discretionary spending remains less than one-third of the overall federal budget. In FY 2023, discretionary spending was roughly \$1.7 trillion. Of that, \$816 billion was for defense. You stated you would not cut defense spending and President-elect Trump has stated he will not touch Social Security or Medicaid. Even if you cut all non-defense discretionary spending, you would still have deficits higher than 3 percent. And I would like to remind you that discretionary programs are what fund veteran's health benefits, community and regional development programs, research and development that help grow our economic capacity, education funding, and environmental programs.

Which programs would you ultimately cut in order to achieve a 3 percent deficit and what impacts would those cuts have to the American people?

Answer: The federal government has a significant spending problem driving deficits that have averaged a historically high 7 percent of GDP. We must work to get our fiscal house in order. If confirmed, I look forward to working with Congress to achieve a 3 percent deficit and implement pro-growth economic policies.

3. Americas Act and *De Minimis*

Senator Cassidy's and my bipartisan Americas Act would direct the Secretary of the Treasury to require *de minimis* reciprocity and then manage an investment account – to support near- and re-shoring in the Western Hemisphere – comprising funds from that reciprocity.

*What is your view on the existing *de minimis* law? Would you agree that we must reform the law to better align with U.S. values and standards?*

Answer: It is essential that U.S. trade policy aligns with our nation's values and standards. This means promoting a level playing field. If confirmed, I would welcome the opportunity to work with the Secretaries of Commerce and Homeland Security to evaluate the existing *de minimis* exception. I look forward to assessing whether and how any potential modifications could help advance President Trump's trade policy agenda.

The Americas Act would also direct the Secretary of the Treasury to study the feasibility and advisability of expanding the U.S.-Mexico-Canada Trade Agreement (USMCA) or other trade-related approaches for harmonization, cumulation, co-creation, intra-regional trade, investment, and standards harmonization.

What is your view on the USMCA and the agreement's 2026 review and potential renegotiation? Would you agree that potentially expanding USMCA would serve U.S. interests through harmonization, cumulation, co-creation, intra-regional trade, investment, and standards harmonization? Are there other measures you would pursue to further integrate the Western Hemisphere's economies in this manner?

Answer: A major success of President Trump's first term was replacing NAFTA with the USMCA. If confirmed, I look forward to supporting efforts associated with the agreement's 2026 review and any potential renegotiation. I also look forward to supporting any efforts with the Congress, the Commerce Department, and Office of the United State Trade Representative to recalibrate Western Hemisphere trade agreements in a way that advances U.S. economic interests.

4. Sanctions

Since Russia invaded Ukraine in 2022 and Venezuelan leader Nicolás Maduro falsely claimed victory in a July 2024 election, the Department of the Treasury has imposed a swath of sanctions on Russian entities and fewer, more limited sanctions on Venezuelan individuals.

What is your view on these sanctions? Would you agree that the Russia sanctions are effectively undermining Russia's economy? Would you support stronger, targeted Venezuela sanctions to put pressure on the Maduro regime? As Secretary, would you work with allies and partners to coordinate the imposition of sanctions or adopt a unilateral approach, more in line with President-elect Trump's previous preferences?

Answer: If confirmed, and at President Trump's direction as part of his strategy to end the war in Ukraine, I will work to ensure that sanctions are aligned with broader U.S. foreign policy objectives. If confirmed, I will work with our allies and partners as appropriate to ensure all of our economic sanctions programs effectively serve our national security.

Unfortunately, the Maduro regime has pursued destabilizing activities throughout the region. If confirmed, I will consult with President Trump to ensure our economic tools are properly calibrated to address the threats posed by the Maduro regime.

Coordinating with our allies and partners can significantly increase the impact of our sanctions. If confirmed, I will work with our allies and partners as appropriate to ensure all of our economic sanctions programs effectively serve our national security.

5. CFIUS (Committee on Foreign Investment in the United States)

CFIUS statute requires CFIUS to establish a cooperation process with allies and partners. The Biden administration pursued such cooperation with Mexico, resulting in a U.S.-Mexico Memorandum of Intent to establish a bilateral working group on investment screening with the

Department of the Treasury. Would you commit, as Secretary, to working with Mexico on this investment screening effort to advance our shared goal of limiting sensitive investment from China and other competitors into Mexico?

Additionally, most of our top trading partners – Australia, Canada, France, Germany, India, Israel, Japan, the Netherlands, the Philippines, South Korea, and the United Kingdom – have inbound investment screening mechanisms in place. But many of our top trading partners in Latin America and the Caribbean (LAC), like Brazil and Colombia, do not have such mechanisms.

As Secretary, would you prioritize cooperation with the LAC region to help them screen investments? And would you commit to clearly detail progress on this front to Congress?

Answer: It will be critical to limit the Chinese Communist Party’s and other competitors’ influence on nearby supply chains. If confirmed, I look forward to supporting efforts of Western Hemisphere countries to build out effective foreign direct investment screening mechanisms. I also look forward to keeping Congress updated on progress made by Treasury to support the development of foreign direct investment screening mechanisms outside of the United States.

6. Clean Energy Tax Credits

The clean energy tax credits passed into law in the *Inflation Reduction Act* have proven to be an economic boon for industries and businesses across Colorado and the nation. In fact, Republican-led states are benefiting the most from the investments in the *IRA*. Some are talking about a full repeal of the *IRA*, while others are talking about targeted roll-backs. You have said you support cutting back the *IRA*.

You have also said that you believe the role of Treasury Secretary is to be a “risk manager” for the economy. Yet, rolling back these tax credits, or creating significant changes to Treasury’s existing guidance at this stage would create economic turmoil, job losses, and enormous uncertainty for these industries, taxpayers, and emerging domestic manufacturing sectors.

As Secretary, can you commit to adhering to the IRA statute and continuing the agency’s work to provide guidance, clarity, and certainty for taxpayers who are relying on these tax credits?

Answer: If confirmed, I am committed to implementing our tax laws consistent with law and in accordance with the notice and comment procedures established by the Administrative Procedure Act.

7. Premium tax credits

Americans are increasingly frustrated over the high cost to access basic health care. The Advanced Premium Tax Credits, which are set to expire at the end of this year, means the difference between being able to afford health insurance or not for many families. Without these

tax credits, premiums could increase by thousands of dollars a year, putting health care coverage just out of reach for working families.

Understanding how critical these tax credits are to accessing health care, do you support making them permanent?

Answer: I understand that the original Premium Tax Credits in the Affordable Care Act have been modified and expanded multiple times. If confirmed, I would explore with Congress and other agencies whether the Premium Tax Credits are functioning as intended and whether health coverage goals could be met through other means.

Senator Warner

Question 1:

As you are well aware, families nationwide are struggling with rising costs, with housing prices contributing heavily to their financial strain. Our nation is in a housing crisis where demand for homes exceeds available supply, and the American dream of homeownership remains out of reach.

With a housing shortage of over 4 million units, we need to produce more housing to bring down costs. The Low-Income Housing Tax Credit (LIHTC) supports public-private partnerships in constructing new multifamily housing, and the Neighborhood Homes Investment Act would create a first-of-its-kind tax credit for developers who build affordable single-family housing for prospective homeowners.

How do you see tax credits for housing development, like LIHTC and the Neighborhood Homes Credit, supporting supply-side efforts to lower costs for working families? Will the Administration support expanding LIHTC and enacting the Neighborhood Homes Investment Act as part of a 2025 tax bill?

Answer: If confirmed, I look forward to working with Congress to preserve the TCJA tax cuts for workers and businesses and to addressing the housing affordability challenges faced by American families.

Question 2:

The Taxpayer Advocate Service (“TAS”) is a critical partner for me and for my colleagues across the country as we seek to assist our constituents with their tax cases. Staff turnover at TAS and backlogs at the IRS that remain enormous have increased the wait time for Americans seeking resolution of their tax issues. The IRS has relied on taxpayer services and business systems modernization funding from the IRA to supplement insufficient appropriations for taxpayer services – and even so, service remains below the level that Americans deserve. The National Taxpayer Advocate recently wrote, “The most efficient way to improve compliance is by encouraging and helping taxpayers to do the right thing on the front end.”

Do you agree that the Taxpayer Advocate Service plays an important role in resolving taxpayer cases and promoting compliance with our tax laws? As Secretary of the Treasury, will you advocate for increased taxpayer services appropriations to ensure that Americans have the resources they need to fulfill their tax obligations? What improvements to taxpayer service do you view as necessary?

Answer: My understanding is that the Taxpayer Advocate Service (TAS) provides aid to taxpayers in resolving cases. If confirmed, I look forward to learning more about the office and reviewing the appropriate funding and service offerings to aid taxpayers in resolving their cases.

Senator Whitehouse

Question 1

Terrorist groups like Hezbollah, Putin’s oligarch cronies, North Korean operatives, fentanyl traffickers, and many others who wish harm to Americans use anonymous shell companies and opaque corporate structures to finance and facilitate their crimes. For example, Viktor Bout, the Russian arms dealer also known as “the Merchant of Death,” used a global network of anonymous shell companies, including at least 12 companies incorporated in Delaware, Florida, and Texas, to disguise weapons trafficking into conflict zones around the world; anonymous companies impeded New York City’s ability to trace the terrorism financing scheme that funded the September 11th attacks; an anonymous New York company served as a front for the Iranian government in violation of U.S. sanctions; a 2023 DOJ indictment said that cartel operatives designed a network of anonymous companies in Wyoming to launder millions of dollars for the Sinaloa cartel; and in another case, narco-traffickers in New Jersey were charged with using a front company to buy fentanyl-related substances from China, which they pressed into counterfeit pills.

Your predecessor, if confirmed, has said “...there’s a good argument that...the best place to hide and launder ill-gotten gains is actually the United States.”¹ In 2019, the Trump White House commended bipartisan legislation to reveal the true owners of anonymous companies for being able to “assist law enforcement in detecting and preventing illicit activity such as terrorist financing and money laundering,” and “help prevent malign actors from leveraging anonymity to exploit [U.S. corporations and limited liability companies] for criminal gain.”²

A. *Do you agree that anonymous shell companies pose threats to national security and public safety?*

Answer: Malicious use of multijurisdictional corporate structuring is a tool that malign actors have employed to obscure their illicit activities. If confirmed, I look forward to directing my staff in Treasury’s Office of Terrorism and Financial Intelligence to support interagency law enforcement efforts across the U.S. government to combat malign and illicit activity that

¹ <https://home.treasury.gov/news/press-releases/jy1371>

² https://trumpwhitehouse.archives.gov/wp-content/uploads/2019/10/SAP_HR-2513.pdf

threatens our national security. Any policy decisions must carefully balance utility to law enforcement with respecting civil liberties and with avoiding placing undue burdens and disproportionate legal consequences on law-abiding U.S. individuals and small businesses.

Question 2

Senator Rubio, President-elect Trump's nominee to serve as U.S. Secretary of State, recognized that "criminals readily use shell companies to remain anonymous and hide nefarious activity," and then co-led the Corporate Transparency Act in the Senate. Upon re-introducing the measure in 2019, Senator Rubio noted that he was "proud to reintroduce this bipartisan bill that targets criminals hiding behind shell companies to engage in illicit activities like human trafficking, healthcare fraud, transnational corruption, and terrorist financing." He also stated that "[i]t is imperative that law enforcement has the basic information, tools, and authorities at its disposal to identify and disrupt criminal acts that put our communities and our national security at risk."³

A. *Do you agree with Senator Rubio that "it is imperative that law enforcement has the basic information, tools, and authorities at its disposal to identify and disrupt criminal acts that put our communities and our national security at risk"?*

Answer: Federal law enforcement authorities should have access to the essential information, tools, and authorities necessary to identify and disrupt criminal activities, provided these measures are consistent with existing laws and regulations, respect Constitutionally-protected civil liberties, and avoid imposing undue burdens or disproportionate legal consequences on law-abiding U.S. individuals and small businesses.

Question 3

The first Trump administration also recognized that anonymous shell companies pose a clear and present threat to our national security, and they pushed Congress to enact the Corporate Transparency Act to give law enforcement and national security officials a window into the true owners of anonymous companies that facilitate terrorism, money laundering, and other criminality in America. The Corporate Transparency Act requires certain businesses to confidentially report their true, or "beneficial", owners to a private database housed at the Treasury Department.

In 2018, before the Senate Finance Committee, Treasury Secretary Mnuchin stated that "Treasury's ability to combat tax evasion and to detect, deter, and disrupt money laundering and terrorist financing would be greatly enhanced through reporting of beneficial ownership information at the time of company formation."⁴ When the Corporate Transparency Act went to the House floor in 2019, the Trump White House released a Statement of Administration Policy commending the bipartisan measure for being able to "assist law enforcement in detecting and

³ <https://www.rubio.senate.gov/rubio-wyden-whitehouse-introduce-bill-to-combat-financial-crime-by-ending-anonymous-shell-companies/>

⁴ <https://www.govinfo.gov/content/pkg/CHRG-115shrg35140/pdf/CHRG-115shrg35140.pdf>

preventing illicit activity such as terrorist financing and money laundering,” and “help prevent malign actors from leveraging anonymity to exploit [U.S. corporations and limited liability companies] for criminal gain.”⁵ The Trump administration’s 2020 National Strategy for Combating Terrorist and Other Illicit Financing listed working with Congress to “pass beneficial ownership legislation in 2020” as its top legislative priority.⁶

- A. *Do you agree with the first Trump White House that the Corporate Transparency Act helps “assist law enforcement in detecting and preventing illicit activity such as terrorist financing and money laundering,” and “prevent malign actors from leveraging anonymity to exploit [U.S. corporations and limited liability companies] for criminal gain?*

- B. *Do you agree with Secretary Mnuchin that collecting beneficial ownership information at the time of company formation enhances the U.S. government’s ability to detect, deter, and disrupt terrorist financing, money laundering, and other crimes?*

Answer: Beneficial ownership information can be a valuable tool to assist law enforcement efforts. We also must ensure that regulatory requirements are consistent with U.S. laws and appropriately tailored to provide such useful information to law enforcement while not creating unnecessary and substantial burdens or disproportionate legal consequences on law-abiding U.S. individuals and small businesses. If confirmed, I will work to ensure that Treasury’s efforts to combat illicit finance are focused on detecting, disrupting, and deterring malign actors while not creating unnecessary regulatory requirements that are inconsistent with U.S. law and harmful to law-abiding U.S. individuals and businesses.

Question 4

As we discussed at your confirmation hearing, Treasury and the IRS have taken the position that if a taxpayer just asserts they are a limited partner in a business, it is not enough to qualify for an exclusion from Medicare taxes if the partner is actively involved in running the business. You disagree with the IRS position and noted during the hearing that the matter is working its way through the courts.

- A. *If confirmed as Treasury Secretary, would you change your position so it is no longer in conflict with the position that Treasury and the IRS are taking with all other taxpayers? Or would you move to change the position taken by Treasury and the IRS to align with your own?*

Answer: As I mentioned in the hearing, the contours of the exclusion for limited partners is the subject of ongoing litigation. If confirmed, I would respect any judicial decision, including decisions regarding the limited partner exemption. Additionally, as I mentioned in the hearing, I

⁵ https://trumpwhitehouse.archives.gov/wp-content/uploads/2019/10/SAP_HR-2513.pdf

⁶ <https://home.treasury.gov/system/files/136/National-Strategy-to-Counter-Illicit-Financev2.pdf>

am in the process of winding down Key Square Group, and I am establishing a reserve fund to address any contingency related to this issue.

Question 5

To the extent that there is any legal gray area with respect to your Medicare taxes, my Medicare and Social Security Fair Share Act would ensure that wealthy taxpayers can no longer avoid contributing to Medicare on much of their income by exploiting loopholes with the help of high-priced lawyers and accountants.

- A. *Setting aside the question of can you legally avoid Medicare taxes under the law, do you think wealthy taxpayers like yourself should be able to avoid them?*
- B. *Is it helpful to economic equality and public confidence when plumbers, mechanics, and firefighters make their contributions due to Medicare, and highly-compensated financiers avoid making their contributions due?*

Answer: Tax law allows the exclusions of certain income from SECA taxes. If confirmed, I look forward to working with Congress on this and other tax policies, including an extension of TCJA. As I mentioned during the hearing, TCJA increased the share of taxes paid by our highest earners. Further, lower-income workers saw a higher rate of wage growth than high earners after the passage of TCJA.

Question 6

I co-authored legislation last year with Vice President-Elect Vance that would end tax breaks for mergers between large corporations that allow them to merge tax-free if properly structured. As then-Senator Vance said in our press statement, “It’s past time to close the unfair loopholes that allow these deals to escape tax liability. This commonsense, bipartisan legislation will ensure our nation’s largest corporations are held to a fair standard while preserving protections for small businesses to grow.”⁷

- A. *Would you consider supporting the Vice President-Elect Vance’s and my Stop Subsidizing Giant Mergers Act (S. 4011, 118th Congress)?*

Answer: If confirmed, I commit to working with Congress to review the tax treatment of corporate mergers and acquisitions.

Senator Cortez Masto

Question 1: As Treasury Secretary, would you advise the President and Congress to extend the ACA’s Enhanced Premium Tax Credits, which expire at the end of year, in tax legislation?

⁷ <https://www.whitehouse.senate.gov/news/release/whitehouse-vance-introduce-bipartisan-legislation-to-eliminate-tax-breaks-for-corporate-consolidation/>

Answer: Congress will determine whether the current expansion of the Premium Tax Credits is functioning as intended, and if confirmed, I commit to assisting Congress in their review.

Question 2: The Enhanced Premium Tax Credits are currently in effect, is your position that extending these credits would come at a cost to the federal government? Or do you believe that it would be costless to extend them since they are current tax policy?

Answer: Congress will determine whether the current expansion of the Premium Tax Credits is functioning as intended, and if confirmed, I commit to assisting Congress in their review.

Question 3: Per questions 1 and 2, if you do NOT support extending the credits, but ALSO believe it would not cost the government to extend them, why do you oppose a costless policy that lowers health insurance premiums for Americans?

Answer: Congress will determine whether the current expansion of the Premium Tax Credits is functioning as intended, and if confirmed, I commit to assisting Congress in their review.

Question 4: Per questions 1 and 2, if you believe that federal government would incur a cost to extend the credits, do you agree that extending other temporary tax policy also comes at a cost?

Answer: Congress will determine whether the current expansion of the Premium Tax Credits is functioning as intended, and if confirmed, I commit to assisting Congress in their review.

Question 5: In response to another Senator at the hearing regarding Medicaid, you seemed to mention that a certain proposal could be good for some states and bad for other states. Can you clarify what your proposal for Medicaid is and what you would advise Congress to do regarding the Medicaid budget?

Answer: If confirmed, I look forward to working with Congress and my colleagues at the Centers for Medicare & Medicaid Service to better understand and analyze the Medicaid budget, and whether Treasury plays a role in this oversight.

Question 6: You have been supportive of President Trump's views on tariffs. He has recently stated he would apply 25% tariffs on all Canadian goods. As you may know, large amounts of crude oil are imported from Canada. If the tariffs go into effect and an independent review by the U.S. International Trade Commission finds they raised gasoline prices for Americans, will you commit to opposing them?

Answer: If confirmed, I look forward to engaging with the Office of the United States Trade Representative and the Department of Commerce to assess the costs and benefits of potential tariff policies. Improving and protecting living standards for American families, including with regards to energy prices, is a critical part of this policy calculus. Other critical tariff policy objectives can include raising revenue, advancing national security, and improving the U.S. industrial base.

Question 7: During the hearing, you stated that consumers will not pay universal tariffs due to currency appreciation. Currency appreciation would shift the burden of tariffs from the American consumer to U.S. exporters. Do you agree that, if implemented the way you argue, Trump’s tariff policy will burden U.S. businesses? If not, please explain.

Answer: President Trump has been clear about the urgent need to prioritize the interests of American workers, families, and businesses and to protect U.S. sovereignty as well as economic and national security. If confirmed, I am committed to contributing to a coordinated government effort aimed at advancing these priorities, which may include the use of tariffs to promote fair and reciprocal trade and to strengthen our economic foundation. As I alluded to in the hearing, the effects of tariffs are not linear, and tariffs would be implemented in conjunction with other economic policies—including regulatory relief and income tax adjustments that boost American productivity. If confirmed, I look forward to working with you and your office to ensure that the implementation of tariffs supports President Trump’s broader economic policy agenda of supporting the American worker and improving U.S. standards of living.

Question 8: In response to my question about the 45X Advanced Manufacturing Tax Credit, you stated that you agreed broadly with the goals of credit, which is reclaiming critical supply chains from China. Would you advise the President and Congress to change or repeal this credit in tax legislation this year?

Answer: President Trump has expressed concerns about Biden-era climate programs, including those that benefit Chinese companies and make our supply chains dependent on foreign adversaries. If confirmed, I commit to working with Congress to implement policies that secure America’s domestic supply chains, expand U.S. energy production, and reduce our reliance on China.

Question 9: President Trump promised repeatedly during his campaign he would end the taxation of Social Security benefits, overtime wages, and tipped wages. Will you commit that all these policies will be in any tax legislation supported by the Administration this year? Will you use offsets to remove any impact on the Medicare and Social Security Trust Funds?

Answer: President Trump spoke powerfully on the campaign trail about the need to deliver tax reform that improves the quality of life for working Americans and supports American families. That includes working this year to extend the key provisions of the TCJA to avert a massive tax increase on American families and small businesses while also providing further relief by eliminating taxes on overtime, tips, and social security. If confirmed, I would endeavor to ensure that these proposals do not negatively impact the Social Security or Medicare Trust Funds.

Question 10: In 2023, Vladimir Putin suspended our tax treaty with Russia – ending benefits for U.S. investors. Our Treasury then suspended benefits for Russia after being pressed by Senator

Cornyn and I. Do you agree that Russia is an enemy of the United States that shouldn't have beneficial tax treatment?

Answer: Russia's destabilizing actions have threatened regional security. If confirmed, I will carefully study issues related to the U.S.-Russia bilateral tax treaty and ensure consistency with the Trump Administration's policy toward the Russian Federation.

Question 11: Last fall, the Biden Administration announced a rule to screen U.S. investments in China in AI, semiconductors, and other critical sectors, do you commit to keeping this rule in place?

Answer: The rule the Biden Administration finalized last fall is not an investment screening regime, but rather prohibits or requires notification of certain U.S. investments in specified high-tech sectors in China. If confirmed, I will familiarize myself with the Treasury Department's operationalization of this rule and ensure it is appropriately tailored according to the existing executive order or any future authorities that President Trump or the Congress provides to Treasury on this issue. The United States must maintain its advantage over China regarding cutting edge technologies that impact U.S. national security.

Question 12: If confirmed, how will you ensure that your agency upholds and advances the federal trust responsibility to Indian tribes, and respects their rights to sovereignty and self-determination in its policies, actions, and resource allocation decisions?

Answer: If confirmed, I look forward to working with the Treasury Tribal Advisory Committee and the staff at Treasury to better understand the roles and responsibility of the Department in these matters and would be pleased to review this matter with you.

Question 13: If confirmed, how will you ensure that your agency respects the federal trust responsibility to Tribes, particularly through prioritizing budget requests and federal funding allocation, staffing, and policy implementation? Additionally, how will you measure and report progress in advancing the needs of Native communities, and how will you ensure that these efforts are transparent and accountable to Congress and to the communities you serve?

Answer: If confirmed, I look forward to working with the Treasury Tribal Advisory Committee and the staff at Treasury to better understand the roles and responsibility of the Department in these matters and would be pleased to review this matter with you.

Question 14: 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?

Answer: If confirmed, I commit to work with the staff of the Treasury Department and the IRS to ensure proper implementation of the Tribal General Welfare Exclusion Act.

Question 15: What will you do to ensure the IRS applies the Tribal general welfare rule consistently and fairly across all Tribes, without unnecessary audits or scrutiny of Tribal governments?

Answer: If confirmed, I commit to work with the staff of the Treasury Department and the IRS to ensure proper implementation of the Tribal General Welfare Exclusion Act.

Question 16: Will you commit to ensuring that the IRS continues to provide robust guidance and training for Tribal governments and IRS employees on the general welfare exclusion?

Answer: If confirmed, I commit to work with the staff of the Treasury Department and the IRS to ensure proper implementation of the Tribal General Welfare Exclusion Act.

Question 17: If confirmed as Treasury Secretary, would you support enhancing the availability of CDFI data to increase transparency? If so, how would you accomplish this?

Answer: I am supportive of efforts that would increase transparency without causing undue burdens or risks. If confirmed, I look forward to working with you and your office on ways to improve the function of the CDFI Fund.

Question 18: Do you have any conflicts of interest and what is your plan for divesting your assets?

Answer: As part of my confirmation process, I have worked with officials from the Treasury Department and the Office of Government Ethics to prevent any conflicts of interests and items that might give rise to the appearance of a conflict of interest during my tenure, should I be confirmed. As part of that process, I have consented to an ethics agreement, resigned from positions, and divested a number of assets where legally and ethically necessary or appropriate. The only assets I will retain throughout my tenure, if confirmed, will be assets that are legally permissible under the relevant ethics laws.

Senator Warren

Question 1: What specific deregulatory policies do you intend to implement and promote if you are confirmed as Treasury Secretary?

Answer: During the first Trump administration, Treasury and the financial regulators worked to reduce unnecessary regulations and create more favorable conditions for economic growth, capital formation, employment, and higher wages, while maintaining important regulatory safeguards. Properly calibrated regulation is essential to addressing market failures and establishing clear rules that private actors can rely on to allocate capital, innovate, and drive progress. If confirmed, I will work to evaluate where to modify elements of the Biden Administration's regulatory expansion that have suppressed economic growth.

Question 2: Though he prioritized financial deregulation and tax cuts, then-President Trump did not succeed in achieving the 3% annual economic growth he promised during his first administration.⁸ In your view, what explains the failure of the first Trump Administration's tax and deregulatory policies to spur 3% growth?

Answer: GDP growth is a function of a number of factors including productivity and labor force growth. The United States economy realized three percent or better real economic growth in the last quarter of 2017, most of 2018, and in the last quarter of 2019 2019 (each measured relative to GDP in the same quarter one year earlier) as a result of the policies implemented during the first Trump administration. President Trump's policies raised the standard of living for millions of Americans, and from March 2017 through January 2021 annual wage growth for workers exceeded inflation for 46 of 47 months. President Trump's policies are designed to enhance the standard of living for Americans and if confirmed, I will work to support this goal.

Question 3: The Fed identified EGRRCPA and the Fed's subsequent deregulation as a key contributor to the March 2023 bank crisis. Do you agree with this analysis? How would you ensure that any additional deregulation would not increase the likelihood of another banking collapse?

Answer: The post-Silicon Valley Bank report was a product of the Federal Reserve's Vice Chair of Supervision and was not adopted by the entire Board of Governors. The Vice Chair for Supervision's report did highlight supervisory failures which, in my view, played a significant role in the failure of SVB. We need to ensure the regulatory system is properly tailored to enhance the breadth of our banking system, including our vibrant community banks.

Question 4: If confirmed, will you commit to respecting Congressional directives and fully enforcing the Dodd-Frank Act?

Answer: I commit to following the law.

Question 5: 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?⁹ If so, what growth assumptions do you think are realistic in dynamic scoring and why?

⁸ The Washington Post, "Trump struggles to achieve 3 percent economic goal as growth slows," Heather Long, June 26, 2019, <https://www.washingtonpost.com/business/2019/07/26/trump-promised-percent-or-better-economy-so-far-its-not-happening/>; The Hill, "Trump fell short of 3 percent GDP goal in 2018, revised figures show," Sylvan Lane, July 26, 2019, <https://thehill.com/policy/finance/454878-trump-failed-to-hit-3-percent-growth-in-2018-data-revisions/>.

⁹ Tax Policy Center, "What are dynamic scoring and dynamic analysis?," <https://taxpolicycenter.org/sites/default/files/briefing-book/3.4.3-what-are-dynamic-scoring-and-dynamic-analysis-0.pdf>.

- B. Do you support CBO and JCT scoring extensions of expiring tax cuts on a current law baseline,¹⁰ especially if their original passage was scored on a current law baseline?
 - a. 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?
 - i. Does the answer change if Congress achieves this result by passing two bills instead of one?
- C. CBO recently found that letting the Trump tax cuts expire would actually grow the economy.¹¹ Could you explain what, if anything, you think CBO is getting wrong?

Answer: The economy is dynamic and changes in policy result in dynamic responses. Evaluation of policies should take into account the realities of the economy. Given the United States faces the largest tax increase in American history at the end of this year if the TCJA is not extended, it will be up to Congress to decide the appropriate baseline, but it is my view that Congress should take a comprehensive view of the economic impact of extending TCJA. I do not believe American families or financial markets would view the \$4 trillion tax increase that expiration of the TCJA would produce as anything but a \$4 trillion tax increase.

Regarding CBO's recent finding, CBO does find the *direct effects* of an expiration of TCJA would reduce GDP over the next 10 years due to reduced employment and the reduced purchasing power of families causing a fall in private investment. Even after incorporating indirect effects, CBO found GDP would decline for the first seven years following an expiration of the TCJA. It is worth recalling that CBO underestimated the strong growth effects and tax receipts after enactment of the TCJA in 2017. I am confident that an extension of the TCJA will be good for American workers, American families, and the U.S. economy.

Question 6: 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: No.

Question 7: You have stated that you plan to cut the deficit by 3% of GDP.¹² If the 2017 Trump tax cuts are extended, how much would the federal government have to cut spending in order to achieve your deficit goal? What programs would you recommend cutting and by how much?

Answer: The economy is a dynamic system. We need to both create economic growth and demonstrate some spending restraint to reduce the deficit to 3% of GDP by the end of President

¹⁰ U.S. Senate Budget Committee, "CBO 2024 Baseline: Understanding the Baseline," February 5, 2024, <https://budget.house.gov/press-release/cbo-2024-baseline-understanding-the-baseline#:~:text=Generally%2C%20the%20CBO%20baseline%20operates,addition%20to%20updated%20economic%20figures.>

¹¹ Tax Policy Center, "CBO Finds TCJA Expirations Would Boost the Economy," Renu Zaretsky, December 5, 2024, <https://taxpolicycenter.org/daily-deduction/cbo-finds-tcja-expirations-would-boost-economy>.

¹² Harvard Kennedy School, "Opinion: Economic Growth Won't Reduce the Deficit Enough," Jason Furman, December 4, 2024, <https://www.hks.harvard.edu/centers/mrcbg/publications/economic-growth-wont-reduce-deficit-enough>.

Trump's term. With respect to specific spending reductions, the formulation of the President's budget is the primary responsibility of the Office of Management and Budget, but if confirmed, I look forward to contributing to that process and the broader effort to identify opportunities to reduce unnecessary spending.

Question 8: Would you support efforts to raise the necessary revenue or cut spending to offset the cost of the tax cuts by:

- A. Reducing Medicare and Social Security benefits?
 - a. If so, by how much?
- B. Repealing investments in clean energy previously enacted under the Biden Administration?¹³
 - a. President-elect Trump has promised to cut electricity prices in half.¹⁴ Research shows that the repeal of energy credits would increase energy costs.¹⁵ Do you agree that slowing energy deployment during a period of anticipated load growth will likely increase energy prices?
- C. Closing the carried interest loophole to ensure that the 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?¹⁶
- 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: President Trump does not support reducing Medicare or Social Security benefits. President Trump has expressed concerns about Biden-era climate programs, including those that benefit Chinese companies and do not support American energy dominance. American energy dominance is fundamental to improving the standard of living for Americans, including by driving down the price of energy.

With respect to tax policy, President Trump spoke powerfully on the campaign trail about the need to deliver tax reform that improves the quality of life for working Americans and supports American families. Job one is extending the key provisions of the TCJA to avert a massive tax increase on American families and small businesses. The corporate tax reform provisions of TCJA, which are generally permanent law, made important changes to make U.S. businesses

¹³ Semafor, "US manufacturing is at risk from Trump, climate official warns," Tim McDonell, November 15, 2024, <https://www.semafor.com/article/11/15/2024/us-manufacturing-at-risk-from-donald-trump-joe-bidens-climate-adviser-warns>.

¹⁴ New York Times, "Trump Promised to Halve Energy Costs in 18 Months. Experts Have Doubts," Lisa Friedman, November 23, 2024, <https://www.nytimes.com/2024/11/23/climate/trump-climate-energy-costs.html>.

¹⁵ American Council for an Energy-Efficient Economy, "Rolling Back Efficiency Policies Would Raise Energy Bills and Hurt Competitiveness," November 13, 2024, <https://www.aceee.org/blog-post/2024/11/rolling-back-efficiency-policies-would-raise-energy-bills-and-hurt>.

¹⁶ Tax Notes, "Wyden Announces Bill to Change Carried Interest Tax Treatment," November 15, 2023, <https://www.taxnotes.com/research/federal/legislative-documents/congressional-news-releases/wyden-announces-bill-to-change-carried-interest-tax-treatment/7hk8q>.

more globally competitive – changes that continue to benefit American workers – and I do not believe we should reverse that progress.

With respect to tariffs, President Trump’s trade policy is focused on the idea of reciprocity and fair trading relationships, with the goal of reshoring domestic industries. His approach can increase tariff revenues through direct collections and also will increase corporate tax revenue by bringing about increases in domestic production that grow the economy.

Question 9: In September, the Treasury Department released its proposed rules for the Corporate Alternative Minimum Tax (CAMT).¹⁷ The tax is estimated to generate more than \$250 billion from about 100 of the most profitable companies over 10 years.¹⁸ Will you commit to finalizing, implementing, and enforcing the CAMT regulations quickly, without providing new tax breaks for corporations?

Answer: I am aware that the Inflation Reduction Act created the CAMT, which imposes a 15% minimum tax on the adjusted financial statement income (AFSI) of large corporations, but I am not specifically familiar with the details of the recent Treasury proposed rule intended to implement this provision. If confirmed, I expect to undertake an appropriate review of all significant pending regulatory actions at the Treasury Department, as is customary at the start of a new administration. I commit to following the law, including in the review of proposed regulations.

Question 10: 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.¹⁹ Do you commit to following through on the Treasury partnership basis shifting rulemaking project?

Answer: I am not familiar with the specific details of the June 2024 guidance or the recent final regulations from January 2025. If confirmed, I expect to undertake an appropriate review of all significant pending projects at the Treasury Department, as is customary at the start of a new administration. I commit to following the law.

Question 11: 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, such as creating an exception to the Base-Erosion and Anti-Abuse Tax (BEAT) for foreign

¹⁷ U.S. Department of the Treasury, “U.S. Department of Treasury Releases Proposed Rules for Corporate Alternative Minimum Tax to Address Significant Corporate Tax Avoidance By Companies with \$1 Billion Or More In Annual Profit,” September 12, 2024, <https://home.treasury.gov/news/press-releases/jy2574>.

¹⁸ U.S. Department of the Treasury, “U.S. Department of the Treasury Releases Proposed Rules for Corporate Alternative Minimum Tax to Address Significant Corporate Tax Avoidance By Companies with \$1 Billion Or More In Annual Profit,” September 12, 2024, <https://home.treasury.gov/news/press-releases/jy2574>.

¹⁹ Internal Revenue Service, “New IRS, Treasury guidance focuses on “basis shifting” transactions used by partnerships,” June 17, 2024, <https://www.irs.gov/newsroom/new-irs-treasury-guidance-focuses-on-basis-shifting-transactions-used-by-partnerships>.

banks.²⁰ This resulted in some of America's biggest companies paying almost nothing in new taxes on offshore profits.²¹ What is your plan to ensure that the previous regulatory giveaway is not repeated, and will you work to reverse previous bad rulemaking?

Answer: If confirmed, I am committed to implementing our nation's tax laws consistent with law and in accordance with the notice and comment procedures established by the Administrative Procedure Act.

Question 12: 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.²² If confirmed, would you exercise Treasury's authority to revisit these income inclusion regulations to more accurately reflect the benefit that executives receive?²³

Answer: I am not familiar with the SIFL issue specifically, but I understand that the use of proper valuation methods is important to ensuring the law is being applied appropriately. I will commit to following the law, including reviewing and promulgating proposed regulations.

Question 13: President-elect Trump previously claimed he had nothing to do with Project 2025.²⁴ However, his decision to tap its authors for key roles in his Administration has cast a light on Project 2025's alignment with Trump's overall agenda.²⁵ Do you support the following tax reform plans listed in Project 2025?:

- A. Cutting the corporate tax rate to 18%²⁶ (amounting to a \$24 billion tax cut for the biggest companies in America) - or to 15% as has also been floated by President-elect Trump²⁷ (amounting to a \$48 billion tax cut for the Fortune 100)?²⁸

²⁰ New York Times, "How Big Companies Won New Tax Breaks From the Trump Administration," Jesse Drucker and Jim Tankersley, December 30, 2019, <https://www.nytimes.com/2019/12/30/business/trump-tax-cuts-beat-gilti.html>.

²¹ *Id.*

²² Medium, "How Treasury and the IRS have the authority to eliminate a little-known tax subsidy for executives' personal use of corporate jets," The Tax Law Center at NYU Law, February 22, 2024, <https://medium.com/@taxlawcenter/how-treasury-and-the-irs-have-the-authority-to-eliminate-a-little-known-tax-subsidy-for-executives-ec62ec1fc958>.

²³ *Id.*

²⁴ PBS News, "WATCH: 'I have nothing to do with Project 2025,' Trump says," Kenichi Serino, September 10, 2024, <https://www.pbs.org/newshour/politics/watch-i-have-nothing-to-do-with-project-2025-trump-says>.

²⁵ AP News, "After Trump's Project 2025 denials, he is tapping its authors and influencers for key roles," Bill Barrow, November 23, 2024, <https://apnews.com/article/trump-project-2025-administration-nominees-843f5ff20131ccba5f056e7ccc5baf23>.

²⁶ Mandate for Leadership, "The Conservative Promise: Project 2025," Kevin Roberts, Paul Dans and Steven Groves, April 2022, p. 696, https://static.project2025.org/2025_MandateForLeadership_FULL.pdf.

²⁷ Tax Policy Center, "Five Questions About Trump's Made-in-America Corporate Tax Rate," Renu Zaretsky, September 9, 2024, <https://taxpolicycenter.org/taxvox/five-questions-about-trumps-made-america-corporate-tax-rate>.

²⁸ Center for American Progress, "Project 2025's Tax Plan Would Raise Taxes on the Middle Class and Cut Taxes for the Wealthy," Brendan Duke, August 27, 2024, <https://www.americanprogress.org/article/project-2025s-tax-plan-would-raise-taxes-on-the-middle-class-and-cut-taxes-for-the-wealthy/>; Center for American Progress,

- B. Taxing capital gains and qualified dividends at 15%, as well as eliminating the net investment income tax received by households making more than \$200,000?²⁹ These combined changes to the tax brackets would effectively deliver a tax cut of \$2.4 million to households making more than \$10 million annually.³⁰
- C. Enacting a two-income tax bracket system that would increase taxes by \$3,000 for a typical family of four,³¹ and raise taxes by \$950 for the typical single-person household?³²
- D. Replacing income and corporate taxes with a flat consumption tax?³³ This would result in a \$5,900 average tax increase for 20% of households and a \$2 million tax cut for the top 0.1%.³⁴

Answer: If confirmed, my top tax policy priority will be working with Congress to avert the largest tax increase in American history by extending the TCJA and following through on the other specific tax proposals one which President Trump campaigned. President Trump is committed to raising standards of living for all Americans by decreasing their tax obligations and increasing economic growth and wages.

Question 14: If asked by the President, or someone on his behalf, to instruct the IRS to audit a particular individual or organization, will you do so?

- A. Do you pledge to do everything in your power to ensure that the IRS faithfully implements the law, without political interference? If not, why not?
- B. Do you pledge to do everything in your power to ensure that taxpayer privacy is protected to the maximum extent possible, and that any violations of law regarding such protections are immediately reported to the full Senate Finance Committee? If not, why not?

Answer: The professionalism and non-partisanship of the IRS is essential to maintaining taxpayers' confidence in the IRS and the federal government more generally. If confirmed, I will support the fair and impartial implementation of our nation's tax laws, including the

"Trump's \$50 Billion Tax Giveaway to the 100 Largest Corporations," Brendan Duke and Will Ragland, June 12, 2024, <https://www.americanprogressaction.org/article/trumps-50-billion-tax-giveaway-to-the-100-largest-corporations/>.

²⁹ Mandate for Leadership, "The Conservative Promise: Project 2025," Kevin Roberts, Paul Dans and Steven Groves, April 2022, p. 696, https://static.project2025.org/2025_MandateForLeadership_FULLL.pdf.

³⁰ Center for American Progress, "Project 2025's Tax Plan Would Raise Taxes on the Middle Class and Cut Taxes for the Wealthy," Brendan Duke, August 27, 2024, <https://www.americanprogress.org/article/project-2025s-tax-plan-would-raise-taxes-on-the-middle-class-and-cut-taxes-for-the-wealthy/>.

³¹ Mandate for Leadership, "The Conservative Promise: Project 2025," Kevin Roberts, Paul Dans and Steven Groves, April 2022, p. 696, https://static.project2025.org/2025_MandateForLeadership_FULLL.pdf.

³² Center for American Progress, "Project 2025's Tax Plan Would Raise Taxes on the Middle Class and Cut Taxes for the Wealthy," Brendan Duke, August 27, 2024, <https://www.americanprogress.org/article/project-2025s-tax-plan-would-raise-taxes-on-the-middle-class-and-cut-taxes-for-the-wealthy/>.

³³ Mandate for Leadership, "The Conservative Promise: Project 2025," Kevin Roberts, Paul Dans and Steven Groves, April 2022, p. 696, https://static.project2025.org/2025_MandateForLeadership_FULLL.pdf.

³⁴ Center for American Progress, "Project 2025's Tax Plan Would Raise Taxes on the Middle Class and Cut Taxes for the Wealthy," Brendan Duke, August 27, 2024, <https://www.americanprogress.org/article/project-2025s-tax-plan-would-raise-taxes-on-the-middle-class-and-cut-taxes-for-the-wealthy/>.

important safeguards against improper interference with taxpayer audits and investigations under 26 U.S.C. § 7217.

I am also absolutely committed to upholding taxpayer privacy rights. There have been serious violations of taxpayer privacy in recent years, including the theft and leak of protected taxpayer information by an IRS contractor. If confirmed, I will investigate the cause of past leaks, work to correct any existing vulnerabilities, and report to Congress the occurrence of any future leaks.

Question 15: Do you support the efforts to rescind another \$20 billion from the IRS budget, as Republican members of Congress have attempted in the FY25 Appropriations bill?³⁵

- A. Do you support further cuts to the IRS budget?
- B. If yes to either, what are your plans to ensure that the number and quality of audits of wealthy individuals do not decrease; preventing a backlog; ensuring phones continue to be answered; and the IRS does not rely on audits of low-income taxpayers in order to generate revenue?

Answer: Increases in the IRS budget in recent years have focused on increasing enforcement personnel rather than on a badly needed information technology systems upgrade that is necessary to improve taxpayer service. If confirmed, I will review ongoing programs at the IRS, including those related to increased funding in recent years, and prioritize technology modernization to deliver better taxpayer service and ensure that taxes legally owed are paid.

Question 16: For each dollar spent by the IRS targeted at tax compliance for large companies, how many dollars do you believe the IRS recovers?

Answer: My understanding is that the return on IRS compliance and enforcement resources varies based on a wide variety of factors, and if confirmed, I look forward to a briefing from the IRS on efforts to ensure that those resources are being deployed in the most fair, efficient, and effective manner.

Question 17: Tax preparation companies have egregiously - and illegally - misused sensitive and private taxpayer data, sharing it with big tech companies without obtaining permission.³⁶

³⁵ Tax Notes, House GOP Strategy to Freeze \$20.2B in IRS Funding Is Paying Off,” Doug Sword and Cady Stanton, November 20, 2024, <https://www.taxnotes.com/featured-news/house-gop-strategy-freeze-20.2b-irs-funding-paying/2024/11/20/7nfc9>.

³⁶ U.S. Senator Elizabeth Warren, “Senators Warren, Wyden, Representatives Porter and Sherman Call Out Tax Prep Companies for Sharing of Private Taxpayer Financial Information with Meta, Google,” December 14, 2022, <https://www.warren.senate.gov/oversight/letters/senators-warren-wyden-representatives-porter-and-sherman-call-out-tax-prep-companies-for-sharing-of-private-taxpayer-financial-information-with-meta-google>.

- A. Would you recommend that the Department of Justice prosecute tax preparation companies that have disclosed tax preparation data for unrelated purposes, such as advertising, without consumer consent?³⁷

Answer: I am not familiar with the allegations described here and would certainly not pre-judge any such matter. Criminal prosecutions are the responsibility of the Department of Justice, and if confirmed, I would cooperate with the Department of Justice and other law enforcement agencies as appropriate.

Question 18: As of October 3, 2024, more than 140,000 taxpayers across 12 states successfully filed their taxes using Direct File,³⁸ and later this month, more than 30 million taxpayers across 24 states will be eligible to use Direct File.³⁹ Do you believe that low and middle-income Americans with relatively simple finances should have access to simple, free, tax preparation options?

- A. Do you agree with the Government Accountability Office's (GAO) report finding that the Direct File pilot was successful and should be expanded?⁴⁰

Answer: As noted during the hearing, I commit that for this tax season, Direct File will be operative to prevent any disruptions for taxpayers. And if confirmed, I will consult and study the program and understand it better, and evaluate whether it works to serve the best interests of taxpayers.

Question 19: Please indicate whether you support continuing the efficiency and modernization efforts that the IRS is currently pursuing:

- A. Expand and promote digital services, including online accounts, and digital filing capabilities, to improve taxpayer self-service? (Strategy 1.1.1)⁴¹
- B. Reduce the taxpayer burden by decreasing the time between filing and compliance issue resolution? (Strategy 2.1.1)⁴²

³⁷ Federal Trade Commission, "FTC Warns Tax Preparation Companies About Misuse of Consumer Data," press release, September 18, 2023, <https://www.ftc.gov/news-events/news/press-releases/2023/09/ftc-warns-tax-preparation-companies-about-misuse-consumer-data>.

³⁸ U.S. Department of the Treasury, "U.S. Department of the Treasury, IRS Announce 30 Million Americans in 24 States Eligible For Direct File in Filing Season 2025," press release, October 3, 2024, <https://home.treasury.gov/news/press-releases/jy2629>.

³⁹ IRS, "IRS Direct File set to expand availability in a dozen new states and cover wider range of tax situations for the 2025 tax filing season", October 3, 2024, <https://www.irs.gov/newsroom/irs-direct-file-set-to-expand-availability-in-a-dozen-new-states-and-cover-wider-range-of-tax-situations-for-the-2025-tax-filing-season>.

⁴⁰ Government Accountability Office, "IRS Successfully Piloted Online Tax Filing but Opportunities Exist to Expand Access," news release, December 2024, p. 58, <https://www.gao.gov/assets/gao-25-106933.pdf>. Government Accountability Office, "IRS Successfully Piloted Online Tax Filing but Opportunities Exist to Expand Access," news release, December 2024, p. 58, <https://www.gao.gov/assets/gao-25-106933.pdf>.

⁴¹ Internal Revenue Service, "Strategic Plan FY2022-FY2026, May 2024, p. 9, <https://www.irs.gov/pub/irs-prior/p3744--2022.pdf>.

⁴² *Id.*, p. 12.

- C. Collaborate with stakeholders and expand our community presence to support the unique needs of underserved communities? (Strategy 1.2.1)⁴³
- D. Provide taxpayers with limited English proficiency and/or disabilities meaningful access to the tools, knowledge and resources necessary to fulfill their tax obligations? (Strategy 1.2.2)⁴⁴
- E. Expand strategic hiring efforts and utilize workforce planning to manage current and future workforce needs? (Strategy 3.1.1)⁴⁵
- F. Using and developing technology that helps reduce wait times on IRS phone lines?⁴⁶
- G. Convert paper-based information into a digital format and increase access to digital data? (Strategy 4.3.2)⁴⁷

Answer: I strongly support efficiency and modernization efforts at the IRS. If confirmed, I look forward to working with this Committee to upgrade IRS systems and technology in order to provide better service for taxpayers. I also intend to undertake a review of ongoing modernization efforts, including the efforts described above.

Question 20: Will you advocate for preserving the Inflation Reduction Act’s provisions and IRS rules that promote domestic clean energy manufacturing, domestic supply chains, jobs with good pay, and American energy security?⁴⁸

Answer: President Trump is committed to an energy dominance agenda that supports U.S. national security and reduces costs for American families. If confirmed, I would advocate for policies that support these goals.

Question 21: What tariffs do you intend to impose?

- A. What products will be included, for which countries, at what rate?
- B. On what timeline?
- C. Through legislation or executive action? If the latter, what authority will you use?

Answer: President Trump has been clear about the urgent need to rebalance the international economic system to prioritize the interests of American workers, families, and businesses and to protect U.S. sovereignty and national security. If confirmed, I am committed to contributing to a coordinated government effort aimed at advancing these priorities, which may include the use of tariffs to promote and reciprocal trade and to strengthen our economic foundation. I look forward to being part of a collaborative public policy process that results in well-designed tariffs targeting the appropriate range of jurisdictions and products, with rates calibrated to advance American interests.

⁴³ *Id.*, p. 9.

⁴⁴ *Id.*

⁴⁵ *Id.*, p. 15.

⁴⁶ *Id.*, p. 19.

⁴⁷ *Id.*

⁴⁸ The White House, “Clean Energy Tax Provisions in the Inflation Reduction Act,” <https://www.whitehouse.gov/cleanenergy/clean-energy-tax-provisions/>

Question 22: What is/are your goal/goals with the tariffs that you plan to impose:

- A. Raising revenue? If so, please confirm which tariffs will be permanent and how much revenue you expect them to raise.
 - a. Will these tariffs be used to pay extensions of the Trump tax cuts?
 - i. If you plan to use tariffs to pay for permanent tax cuts, does that mean you do not plan to onshore production of those products?
- B. Negotiating leverage for new trade agreements? If so, please state your specific negotiating objectives.
- C. Other objectives? If so, please describe.

Answer: The goal of tariffs, like many other economic policy tools, is to improve and protect living standards for American families, including by supporting U.S. industrial capacity and national security interests. Tariffs may contribute to raising federal government revenue to fund investments that benefit American workers. Tariffs could also be used to pursue any specific trade negotiation objectives, which would be set forth by President Trump.

Question 23: Will President-elect Trump's tariffs include an exclusion process to exempt certain importers or imported products from tariffs?

- A. If so, what are the criteria and processes for obtaining exclusions, and how will you prevent the rampant corruption that occurred in the exclusion process during the first Trump Administration?⁴⁹
- B. Will you commit to putting in place a transparent and objective process that protects America's small businesses and workers?
- C. Will you ensure that you avoid any conflicts of interest related to tariffs and tariff exemptions?
 - a. Please list all companies in which the Key Square Group was invested that applied for tariff exclusions under the first Trump administration.
 - b. Will you recuse yourself from tariff exclusion matters affecting the Key Square Group and the companies in which it is invested?

Answer: The implementation of the tariff exclusion process is primarily overseen by the Office of the United States Trade Representative and the Department of Commerce. If confirmed, I look forward to working collaboratively with these agencies to help ensure that American businesses, entrepreneurs, and consumers benefit from transparency, objectivity, predictability, and fairness in the implementation of tariffs and exclusions. This would include collaborating in any effort to establish criteria and processes to advance these ends. If confirmed, I also remain fully committed to adhering to legal and ethical standards required of the Treasury Secretary to avoid any real or perceived conflicts of interest.

⁴⁹ U.S. Department of Commerce, Office of the Inspector General, "Management Alert: Certain Communications by Department Officials Suggest Improper Influence in the Section 232 Exclusion Request Review Process," memorandum, October 28, 2019, <https://www.oig.doc.gov/OIGPublications/OIG-20-003-M.pdf>.

Question 24: How will the *de minimis* trade provision⁵⁰ impact the efficacy of the President-elect's tariff plans? Moreover, since the Treasury Department and Department of Homeland Security have authority to eliminate the loophole for specific categories as deemed necessary to protect revenue or prevent illegal imports, would you support eliminating the *de minimis* loophole for e-commerce shipments?

Answer: If confirmed, I would work closely with the Department of Homeland Security to examine the *de minimis* exemption and assess whether and how modifications could advance President Trump's trade policy agenda. Any potential policymaking in this area would take into account potential effects on revenue collection and how to most effectively prevent illegal imports. Ultimately, the goal of any policymaking in this area would be to advance the interests of American workers, businesses, and consumers, including by addressing vulnerabilities in the current trade policy framework.

Question 25: What will you do as Treasury Secretary to prevent companies from using tariffs as an excuse to hike prices on consumers?⁵¹

Answer: An economy set free with deregulation and lower taxes is the strongest safeguard against price increases and the most effective driver of increased productivity, lower consumer prices, and greater prosperity for American families. During President Trump's first term, his economic and national security policies—including significant tariff policy changes combined with lower taxes and deregulation—resulted in the fastest real wage growth in decades without any harmful increase in inflation. If confirmed, I will collaborate across the administration to advance policies that promote innovation and fair competition, particularly in regards to China, and affordability for American families.

Question 26: What will be your guiding framework for using sanctions, CFIUS review, and other tools for advancing the U.S.'s national and economic security?

Answer: U.S. economic policy must be aligned to support a broader U.S. national security strategy. If confirmed, I would aim to tailor economic tools, including sanctions, investment screening, and other measures, in order to advance U.S. national security objectives as established by the National Security Council process led by the President. To the extent that deploying these extremely powerful tools supports the national security interests of the United States, I would not hesitate to do so.

⁵⁰ The Wall Street Journal, "U.S. Lawmakers Move to Restrict Trade Provision Favored by China's E-Commerce Giants," Richard Vanderford, August 9, 2024, <https://www.wsj.com/articles/u-s-lawmakers-move-to-restrict-trade-provision-favored-by-chinas-e-commerce-giants-bcd8fd43>.

⁵¹ Washington Post, "Companies ready price hikes to offset Trump's global tariff plans," David J. Lynch, October 30, 2024, https://www.washingtonpost.com/business/2024/10/30/companies-tariffs-trump-prices/?pwapi_token=eyJ0eXAiOiJKV1QiLCJhbGciOiJIUzI1NiJ9.

Question 28: Do you agree that the work of CFIUS and OFAC, including their enforcement efforts, should advance the security of the American people, rather than privilege politically connected companies or otherwise serve private interests?

Answer: Yes.

Question 29: Do you agree with the steps Treasury proposed in its October 2021 sanctions review to modernize our sanctions regime and use sanctions to support clear policy objectives?⁵²

Answer: I have significant areas of agreement with Treasury's October 2021 sanctions review, including the need to ensure that new sanctions support a well-defined national security objective, have undergone an appropriately robust assessment informed by the best available intelligence and economic analysis, and are clear and enforceable.

Question 30: Will you continue Treasury's implementation of commitments made by G7 leaders to curtail Russia's use of the international financial system to support its war against Ukraine?⁵³

Answer: President Trump has made clear his desire to bring the war in Ukraine to a close. If confirmed, I am prepared to deploy Treasury's sanctions tools to support the President's strategy to end the war in Ukraine.

Question 31: Do you agree that outbound investment from the U.S. into countries of concern to develop or exploit sensitive and advanced technologies is a potential threat to U.S. national security? How do you plan to approach this topic? Do you plan to continue or build on Treasury's current Outbound Investment Security Program?⁵⁴

Answer: I agree that the transfer of sensitive and advanced technologies to adversaries is a threat to U.S. national security, and I do not currently have plans to alter Treasury's new outbound security program. I am aware that there is proposed bipartisan legislation to address the issue of outbound investment security, and I look forward to working with Congress on this issue if confirmed.

Question 32: JPMorgan CEO Jamie Dimon suggested during a Senate Banking Committee hearing last year that the FDIC should be privatized, stating, "[t]hat's not government money, that is a mutual company, and I would love to take it over, and take it off your hands and manage it ourselves."⁵⁵ Do you agree with Dimon that the FDIC should be privatized?

⁵² U.S. Department of Treasury, "U.S. Department of the Treasury Releases Sanctions Review," press release, October 18, 2021, <https://home.treasury.gov/news/press-releases/jy0413>.

⁵³ The White House, "G7 Leaders' Statement on Ukraine," press release, May 19, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/05/19/g7-leaders-statement-on-ukraine/>.

⁵⁴ U.S. Department of Treasury, "Outbound Investment Security Program," <https://home.treasury.gov/policy-issues/international/outbound-investment-program>.

⁵⁵ PoliticoPro, "JPMorgan's Dimon suggests privatizing FDIC," Victoria Guida, December 6, 2023, <https://subscriber.politicopro.com/article/2023/12/jpmorgans-dimon-suggests-privatizing-fdic-00130400>.

Answer: The FDIC serves an important function in protecting American depositors and providing stability to our banking system. If confirmed, I look forward to working with you and your staff on ways to improve the operations of our deposit insurance system.

Question 33: Do you think the Treasury Department is well-suited to perform the functions of the FDIC, including insuring banks and their depositors' funds nationwide, serving as the primary regulator of more than 3,000 banks, and resolving large, complex financial institutions when they fail?⁵⁶

Answer: The statutory authority of the FDIC is distinct from that of the Department of the Treasury, and if confirmed, I look forward to working with the new leadership of the FDIC to promote the safety, soundness, and vibrancy of our banks.

Question 34: Will you commit to upholding the Fed's independence from political influence?

Answer: As noted during the hearing, I think that on monetary policy decisions, the FOMC should be independent.

Question 35: Do you continue to support the concept of a "shadow Fed chair" that you floated earlier this year?⁵⁷

Answer: I support the Federal Reserve's independence with respect to monetary policy, and look forward to working with Chairman Jerome Powell, if I am confirmed.

Question 36: Would you have invoked the systemic risk exception for SVB and Signature Bank?

Answer: Data on deposit flows and reports of deposit withdrawals across the banking system that were said to have been relied upon to invoke the systemic risk exception for those financial institutions are not publicly available. We need to ensure that the U.S. banking system is safe and resilient. Competition in banking is an important component to ensure the robust provision of financial services to American individuals, families, and businesses to drive economic growth.

Question 37: In the wake of the March 2023 bank crisis, Vice President-elect Vance and I expressed concerns over the FDIC's facilitation of the sale of First Republic Bank to JPMorgan.⁵⁸

⁵⁶ Federal Deposit Insurance Corporation, "FDIC 2022-2026 Strategic Plan: The FDIC and the Banking Industry: Perspective and Outlook," <https://www.fdic.gov/strategic-plans/fdic-2022-2026-strategic-plan-fdic-and-banking-industry-perspective-and-outlook>.

⁵⁷ Barron's, "Inside the Plan for Trump to Sideline the Powell Fed," Matt Peterson, October 9, 2024, <https://www.barrons.com/articles/trump-fed-chair-powell-fire-4b79079f>.

⁵⁸ Letter from Senators JD Vance and Elizabeth Warren to Chairman Gruenberg of the Federal Deposit Insurance Corporation, December 8, 2023, <https://www.vance.senate.gov/wp-content/uploads/2023/12/Senators-Vance-Warren-Letter-to-FDIC.pdf>.

- A. Vice President-elect Vance stated, “[h]ad First Republic’s assets been valued correctly, the FDIC would have been required under, the Least Cost Test, to liquidate First Republic rather than selling it to JPMorgan.”⁵⁹ Do you agree with his assessment?
- B. Do you support Vice President-elect Vance’s amendment to the RECOUP Act,⁶⁰ which would prohibit a megabank from winning an FDIC receivership auction if there are any non-megabank bidders?

Answer: We need additional transparency and accountability in the FDIC process to ensure that taxpayers and the financial system are properly protected. If confirmed, I commit to working with Congress on this matter.

Question 38: Do you think small businesses should have a safe place to put their money for payroll, operating expenses, and other transactions? Do you think it is appropriate that large businesses with uninsured deposits at SVB and Signature Bank were protected by the government, while small businesses with accounts at local community banks sometimes lose their uninsured deposits when the bank fails?

Answer: I believe it is appropriate to evaluate deposit insurance expansion for small business bank accounts that are used for payroll and operating expenses and, if confirmed, look forward to working with you on this. I am aware that the FDIC issued a report on options for deposit insurance reform in July of 2023, following the bank failures in March of that year, and that analytical work remains to further explore those options.

Question 39: Would you support bipartisan efforts to increase deposit insurance limits for small business transaction accounts?

Answer: I believe it is appropriate to evaluate the level of deposit insurance limits for small business transaction accounts, if confirmed, look forward to working with you on this.

Question 40: Do you think bank consolidation poses a risk to the economy and financial stability?

Answer: Competition is an important component of a vibrant and healthy banking sector across the thousands of U.S. banks that can facilitate economic growth for American individuals, families, and businesses.

Question 41: Do you believe that the decline in the number of small and community banks nationally weakens our economy?

⁵⁹ Office of Senator JD Vance, “Senator Vance Rebukes FDIC Chair Gruenberg Over Potentially Illegal Mishandling of First Republic Sale to JPMorgan Chase, Refusal to Cooperate in Congressional Oversight,” May 16, 2024, <https://www.vance.senate.gov/press-releases/senator-vance-rebukes-fdic-chair-gruenberg-over-potentially-illegal-mishandling-of-first-republic-sale-to-jpmorgan-chase-refusal-to-cooperate-in-congressional-oversight/>.

⁶⁰ Office of Senator JD Vance, “Vance Amendment to Discourage Megabank Acquisitions Passes Senate Committee,” June 22, 2023, <https://www.vance.senate.gov/press-releases/vance-amendment-to-discourage-megabank-acquisitions-passes-senate-committee/>.

Answer: It is important to preserve the key role that small and community banks play in the United States, especially providing credit to American individuals, families, and small businesses.

Question 42: The Glass-Steagall Act was introduced in response to the financial crash of 1929, to stabilize the banking system by separating commercial and investment banking.⁶¹ Key provisions of the bill were repealed in 1999.⁶² Reinstating Glass Steagall has bipartisan support. President-elect Trump has previously called for a 21st century Glass-Steagall.⁶³ Do you agree that Congress should break up banks' commercial and investment banking functions?

Answer: It is important that we calibrate policy appropriately to enable a strong and healthy banking system to play its important role in providing financial services to Americans and American businesses. If confirmed, I look forward to working with Congress in this important policy area.

Question 43: Do you agree that one of the lessons learned from the 2008 financial crisis is that the U.S. should have a regulatory body tasked with overseeing the buildup of risk across the entire financial system? Should Congress abolish the Financial Stability Oversight Council (FSOC)?

Answer: Coordination among the financial regulators is important. If confirmed, I look forward to driving financial regulatory coordination efforts.

Question 44: Do you commit to faithfully execute FSOC's mission to (i) identify risks to U.S. financial stability; (ii) promote market discipline, by eliminating the expectations of public bailouts; and (iii) respond to emerging threats to the stability of the U.S. financial system?

Answer: I commit to following the law as written.

Question 45: FSOC is funded through assessments on banks with over \$50 billion in assets and systemically important nonbanks that are supervised by the Fed.⁶⁴ FSOC determines its budget through a majority vote, and in September 2017, then-Treasury Secretary Steven Mnuchin oversaw a 15% FSOC budget cut and 50% staffing cut.⁶⁵ If confirmed, will you commit to not reducing the FSOC's current levels of budget and staffing?

⁶¹ Federal Reserve History, "Banking Act of 1933 (Glass-Steagall)," November 22, 2013, <https://www.federalreservehistory.org/essays/glass-steagall-act>.

⁶² *Id.*

⁶³ BBC News, "Trump is considering new Glass-Steagall-style bank rules," May 1, 2017, <https://www.bbc.com/news/business-39770289>.

⁶⁴ U.S. Department of the Treasury, "Financial Stability Oversight Council: Designations," <https://home.treasury.gov/policy-issues/financial-markets-financial-institutions-and-fiscal-service/fsoc/designations>.

⁶⁵ Center for American Progress, "The Trump Administration Is Quietly Slashing Financial Stability Funding," Gregg Gelzinis, December 7, 2017, <https://www.americanprogress.org/article/trump-administration-quietly-slashing-financial-stability-funding/>.

Answer: If confirmed, I look forward to working with the Council to evaluate the Council's needs to maximize its efficiency.

Question 46: OFR resides within the Treasury and helps policymakers and FSOC identify threats to the financial system.⁶⁶ OFR is similarly funded through assessments on large banks rather than through congressional appropriations.⁶⁷ During the last Trump presidency, the administration cut funding to OFR, which severely undermined OFR's ability to support FSOC.⁶⁸

- A. Are there pockets of the financial system that you think are too opaque? Would you encourage the OFR to enhance transparency in those segments of the financial system?
- B. Will you commit to not reduce the current levels of budget and staffing for the OFR?

Answer: If confirmed, I will evaluate OFR's funding needs and I look forward to working with the Council to evaluate the Council's needs.

Question 47: In the 2008 financial crisis, financial companies that were not banks became so intertwined in our financial system that they could have brought down the entire economy.⁶⁹ The collapses of investment companies Lehman Brothers and Bear Stearns and the insurance giant AIG contributed to the crisis, causing millions of families to lose their jobs, their homes, and their retirement savings. FSOC has the authority to proactively subject risky nonbank financial companies to enhanced oversight and financial stability safeguards by designating the firm as systemically important.

- A. Do you agree that FSOC's authority to designate nonbanks as systemically important is necessary to fulfill its statutory mission?
- B. Do you believe that across the financial system, including asset management firms, private equity and hedge funds, insurance companies, nonbank mortgage companies, and other nonbanks, there is not a single firm whose failure or ongoing activities could disrupt financial stability?
- C. In evaluating different categories of nonbank financial companies, what type of large and complex firm are you most worried could threaten financial stability?

Answer: If confirmed, I look forward to evaluating the changes to the FSOC designation process that have been made over the last four years and the appropriate approach to monitoring and mitigating systemic financial risk, including ensuring enhanced analytical rigor and transparency of the Council's process for potentially designating nonbank financial companies.

⁶⁶ Office of Financial Research, "About Us," <https://www.financialresearch.gov/about/>.

⁶⁷ Center for American Progress, "The Trump Administration is Quietly Slashing Financial Stability Funding," Gregg Gelzins, December 7, 2017, <https://www.americanprogress.org/article/trump-administration-quietly-slashing-financial-stability-funding/>.

⁶⁸ *Id.*

⁶⁹ Office of Senator Elizabeth Warren, "At Hearing , Warren Calls out Trump Administration for Weakening Oversight of Giant Nonbank Financial Institutions, May 11, 2022, <https://www.warren.senate.gov/newsroom/press-releases/icymi-at-hearing-warren-calls-out-trump-administration-for-weakening-oversight-of-giant-nonbank-financial-institutions>.

Question 48: FSOC’s most recent annual report identified financial vulnerabilities in a variety of areas that pose severe risks to the economy including commercial real estate, digital assets, and climate-related financial risks.⁷⁰

- A. With regard to commercial real estate FSOC stated, “weakening credit conditions in commercial real estate (CRE)—especially in the office sector and segments of the multifamily sector—have led to concerns among market participants about regional banks with large CRE concentrations.” Do you agree with this assessment?
- B. The stablecoin Tether holds a significant percentage of U.S. Treasuries. According to FSOC’s most recent annual report, “since the first appearance of U.S. Treasuries on Tether’s attestations in 2021, its direct and indirect holdings have allegedly increased by over 571.57 percent to \$102.61 billion. If Tether continues its alleged current rate of Treasury purchases, it could become a significant holder of U.S. Treasuries and could present risks to the stability of the Treasury market if it experienced a run.” Do you agree with this assessment?
- C. FSOC stated, “[c]limate-related financial risk can manifest as and amplify traditional risks, such as credit, market, liquidity, operational, compliance, reputational, and legal risks.” Do you agree with this assessment?
- D. What do you see as the financial sector vulnerabilities that pose the most risk to the economy?

Answer: Commercial real estate continues to be impacted by the post-pandemic and macro-economic environment, and if confirmed, I look forward to working with the financial regulators to assess potential risks. The Treasury market is a vital component of the global economy, and I look forward to preserving the deepest and most liquid bond market in the world, which includes fostering diversity of demand. I look forward to working with Congress as the Administration works to deliver a pro-growth agenda for the American people.

Question 49: During the past five years, the hedge fund industry grew by almost 43%, from \$6.7 trillion as of the second quarter of 2019 to \$9.6 trillion as of the second quarter of 2024.⁷¹ The financial stability vulnerabilities associated with hedge funds’ leveraged Treasury market exposures have also become more prominent, as FSOC identified in its most recent annual report.⁷² The lack of hedge fund transparency, coupled with growing investment in the hedge fund industry, are troubling.

- A. At the outset of the COVID-19 pandemic in March 2020, the Treasury market experienced unprecedented turmoil as liquidity worsened, leading the Fed to take

⁷⁰ Financial Stability Oversight Council, “2024 Annual Report,” pp. 7-10, <https://home.treasury.gov/system/files/261/FSOC2024AnnualReport.pdf>.

⁷¹ Financial Stability Oversight Council, “2024 Annual Report,” p. 10, <https://home.treasury.gov/system/files/261/FSOC2024AnnualReport.pdf>.

⁷² *Id.*

extraordinary actions to restore market functioning.⁷³ Analyses suggest that large, highly leveraged hedge funds contributed to the turmoil.⁷⁴ Do you agree that hedge funds played a role in driving the March 2020 breakdown of the Treasury market?

- B. Do you believe that analyzing the interconnectedness of the largest hedge funds, Treasury markets, and the banking system should be an ongoing priority for the Treasury?
- C. The CFTC and SEC adopted amendments to Form PF, the confidential reporting form for certain SEC-registered investment advisers to private funds, to enhance FSOC's ability to monitor and assess systemic risk.⁷⁵ Do you support the adopted amendments to Form PF? Would you support any additional enhancements to Form PF?
- D. In its 2024 Annual Report, FSOC highlighted the liquidity risks inherent in hedge funds' direct lending/private credit business.⁷⁶ What are the risks you see in the private credit market? Do you intend to monitor these risks, as FSOC has done since its inception?

Answer: The US Treasury market is the deepest and most liquid government bond market in the world and is vital to the stability, competition, and resilience of the US economy. If confirmed, I look forward to promoting and ensuring the stability of this market, including by working with the new SEC and CFTC Chairs, to ensure that potential risks are appropriately evaluated.

Question 50: Banks and financial companies are becoming increasingly dependent on cloud service providers for their data storage, but these systems pose risks to the safety and stability of our nation's financial system particularly given the high concentration in this market. Amazon Web Services, Microsoft Azure, and Google Cloud Platform currently make up 67% of the worldwide cloud infrastructure market.⁷⁷ Should FSOC consider designating the three leading cloud-based computing storage providers for the financial industry as systemically important financial market utilities (SIFMUs)?

Answer: If confirmed, I look forward to working with the financial regulators to assess any potential risks to the financial system, including those potentially arising from core infrastructure dependencies.

⁷³ New York Times, "The Financial Crisis the World Forgot," Jeanna Smialek, March 16, 2021, <https://www.nytimes.com/2021/03/16/business/economy/fed-2020-financial-crisis-covid.html>.

⁷⁴ Board of Governors of the Federal Reserve System, FEDS Notes, "Hedge Fund Treasury Exposures, Repo, and Margining," [Ayelen Banegas](https://www.federalreserve.gov/econres/notes/feds-notes/hedge-fund-treasury-exposures-repo-and-margining-20230908.html#:~:text=In%20March%202020%2C%20as%20volatility,losses%20and%20liquidate%20their%20po) and [Phillip Monin](https://www.federalreserve.gov/econres/notes/feds-notes/hedge-fund-treasury-exposures-repo-and-margining-20230908.html#:~:text=In%20March%202020%2C%20as%20volatility,losses%20and%20liquidate%20their%20po), September 8, 2023, <https://www.federalreserve.gov/econres/notes/feds-notes/hedge-fund-treasury-exposures-repo-and-margining-20230908.html#:~:text=In%20March%202020%2C%20as%20volatility,losses%20and%20liquidate%20their%20po>sitions.

⁷⁵ U.S. Securities and Exchange Commission, "Fact Sheet: SEC/CFTC Amendments to Form PF," <https://www.sec.gov/files/ia-6546-fact-sheet.pdf>.

⁷⁶ Financial Stability Oversight Council, "2024 Annual Report," p. 28, <https://home.treasury.gov/system/files/261/FSOC2024AnnualReport.pdf>.

⁷⁷ CloudZero, "13 Top Cloud Service Providers Globally In 2025," Cody Slingerland, July 18, 2024, <https://www.cloudzero.com/blog/cloud-service-providers/>.

Question 51: Visa and Mastercard currently control 80% of the credit card network market share with a combined market cap of \$1 billion.⁷⁸ A failure of Visa or Mastercard would pose significant liquidity risks as these credit card networks are integral to our financial system, providing the infrastructure for the clearing and settling of payments.⁷⁹ Should FSOC consider designating Visa and Mastercard as SIFMUs given their position as the largest credit card networks in the world?

Answer: If confirmed, I look forward to working with the financial regulators to assess any potential risks to our financial system.

Question 52: Last year, Moody's estimated that breaching the debt limit and defaulting on U.S. government debt would result in the loss of 6 million jobs, wipe out \$12 trillion in household wealth, and drive the stock market down by nearly one-third.

- A. Do you believe that default is a serious threat to financial stability?
- B. Do you agree with President-elect Trump that the debt limit should be eliminated?

Answer: Congress presently has the ability and responsibility for addressing and managing the statutory debt limit. I look forward to working with you and your colleagues to ensure that we do everything possible to protect the U.S. economy and guard against default on our nation's debt. Honoring the full faith and credit of our outstanding debt is a critical commitment.

Question 53: TD Bank helped a Chinese money laundering ring succeed in moving more than \$470 million in funds from drug sales through the bank.⁸⁰

- A. Do you believe there were supervisory failures in monitoring TD Bank's compliance with our AML laws?
- B. If so, what specific actions would you recommend to address these failures?

Answer: Ensuring that bank supervisors are effectively examining and identifying relevant AML and sanctions risks is critical to maintaining the integrity of our financial system. If confirmed, I will work closely with relevant banking regulators and supervisory authorities to protect the integrity of the U.S. financial system and ensure that effective AML compliance is a supervisory focus.

Question 54: Should AML/CFT and sanctions programs include risk-based provisions reasonably designed to prevent money laundering or terrorist financing involving digital assets?

⁷⁸ CNBC, "The fight over a bill targeting credit card fees pits payment companies against retailers," Cait Freda and Kristina Partsinevelos, July 30, 2023, <https://www.cnbc.com/2023/07/30/credit-card-fee-fight-pits-payment-companies-against-retailers.html>.

⁷⁹ Investopedia, "Credit Card Networks: What They Are and How They Work," Lindsay Vansomeren and Brendan Harkness, October 17, 2024, <https://www.investopedia.com/credit-card-networks-8725552>.

⁸⁰ Wall Street Journal, "TD Bank Faces Calls to Identify Executives Responsible for Money-laundering Breaches," Dylan Tokar, December 10, 2024, <https://www.wsj.com/articles/td-bank-faces-calls-to-identify-executives-responsible-for-money-laundering-breaches-fcd7f3c1>.

- A. Should the agency have a secondary sanctions tool that would allow it to sever fintech and crypto operators from U.S. relationships?
- B. Should OFAC have jurisdiction over dollar-denominated stablecoins?
- C. Should Congress extend Treasury's BSA authority and the International Emergency Economic Powers Act (IEEPA) to foreign entities with U.S. touchpoints?

Answer: AML/CFT and sanctions programs should be reasonably designed to prevent money laundering or terrorist financing, regardless of the type of asset involved. While Treasury has powerful tools to combat these threats, if confirmed, I will closely examine Treasury's authorities and, if necessary, work with Congress to ensure we have the tools needed to protect our national security.

Question 55: The Corporate Transparency Act requires reporting of beneficial ownership information to prevent criminals from using businesses to conceal their identities and facilitate illicit activity like money laundering, sanctions evasion, and terrorist financing. The first Trump Administration strongly supported the Corporate Transparency Act, which requires many U.S. companies to report their true, or "beneficial," owners to a confidential database housed at the U.S. Treasury, stating that the law would "assist law enforcement in detecting and preventing illicit activity such as terrorist financing and money laundering."⁸¹ Now the Trump Administration is in charge of administering that database, including providing access to it for law enforcement and national security officials.

- A. Do you see the Corporate Transparency Act as an important new tool for the U.S.' ability to prevent terrorism and to follow the money that finances it?
- B. Do you agree with the authors of Project 2025 that the Corporate Transparency Act should be repealed by Congress?
- C. Will you work with Congress to make sure that the office responsible for maintaining the database, the Financial Crimes Enforcement Network (FinCEN), has sufficient staff, technology, and other necessary funding to make the most out of this new tool?
- D. Absent such action by Congress, will you commit to fully implementing and enforcing the provisions of the Corporate Transparency Act?
- E. Will you commit to retention of FinCEN's beneficial ownership reporting rule?⁸²

Answer: I am committed to reviewing the regulatory implementation of the CTA to ensure that Treasury meets the law's objective of combating illicit finance without unduly burdening small businesses as Congress directed. I also believe FinCEN should have the resources needed to fulfill its statutory responsibilities. As you know, the CTA has been enjoined by a federal court, so I think it would be premature for me to comment on any specific next steps until, if

⁸¹ Office of Management and Budget, "Statement of Administration Policy, H.R. 2513 – Corporate Transparency Act of 2019, as amended by Manager's Amendment," October 22, 2019, https://trumpwhitehouse.archives.gov/wp-content/uploads/2019/10/SAP_HR-2513.pdf."

⁸² Financial Crimes Enforcement Network, "FinCEN Issues Final Rule Regarding Access to Beneficial Ownership Information," press release, December 21, 2023, <https://www.fincen.gov/news/news-releases/fincen-issues-final-rule-regarding-access-beneficial-ownership-information>.

confirmed, I have the benefit of consulting with Treasury’s lawyers and we have more clarity from the courts.

Question 56: Treasury identified in its 2024 National Money Laundering Risk Assessment that fraud remains the largest and most significant proceed-generating crime for which funds are laundered in or through the United States.⁸³

- A. Do you agree that addressing fraud should remain a priority for the Treasury Department?
- B. What actions will you prioritize as Secretary to limit fraud and the associated money laundering?

Answer: Combating financial crime including fraud should continue to be a key objective of the U.S. government’s law enforcement agencies, including the authorities granted to Treasury’s Office of Terrorism and Financial Intelligence. If confirmed, I will review TFI’s ongoing work in support of interagency efforts on this issue and determine if additional initiatives are warranted.

Question 57: Do you agree that Treasury should use its tools to protect the financial system from being exploited or destabilized by rogue states, terrorists, and other malign actors?

Answer: Yes.

Question 58: Are you committed to using the tools of the federal government to increase the supply of affordable housing as Treasury Secretary?

Answer: President Trump recognizes that in the last four years, the monthly mortgage payment on the median priced home in our country has doubled. As appropriate in the role of Treasury Secretary, if confirmed, I will review possible tools to promote U.S. housing supply.

Question 59: The Low-Income Housing Tax Credit (LIHTC) is the largest federal program dedicated to constructing and preserving affordable rental homes, supporting the construction of over 3.5 million affordable units.⁸⁴ A bipartisan coalition of lawmakers in Congress has introduced legislation that would expand LIHTC, including by providing more support for extremely low-income households and rural and Native American communities.⁸⁵

- A. Do you support LIHTC as a way to increase the supply of affordable rental homes?

⁸³ U.S. Department of the Treasury, “2024 National Money Laundering Risk Assessment,” February 2024, <https://home.treasury.gov/system/files/136/2024-National-Money-Laundering-Risk-Assessment.pdf>.

⁸⁴ Brookings, “Make it count: Measuring our housing supply shortage,” Elena Patel, Aastha Rajan, and Natalie Tomeh, November 26, 2024, <https://www.brookings.edu/articles/make-it-count-measuring-our-housing-supply-shortage/>.

⁸⁵ Affordable Housing Tax Credit Coalition, “Affordable Housing Credit Improvement Act (AHCIA) of 2023,” <https://www.taxcreditcoalition.org/ahcia/>.

B. Do you support expanding LIHTC, including in ways to better serve extremely low-income households and renters living in rural and Tribal areas?

Answer: President Trump is committed to the extension of historic tax reform, and if confirmed, I look forward to working with Congress to incorporate proposals that will have a positive impact on the largest number of Americans and tackling the affordability crisis of the last four years.

Question 60: In 2019, then-HUD Secretary Carson stated, “[t]he correlation seems very strong: The more zoning restrictions and regulations, the higher the prices and the more homeless people.”⁸⁶

A. Do you agree with then-Secretary Carson’s assessment that zoning restrictions and regulations can exacerbate the housing shortage?

Answer: Yes.

B. Should the federal government encourage states and localities to reduce unnecessary regulatory barriers that prevent housing construction?

Answer: Yes.

C. Does the Treasury Department have tools to help do so?

Answer: I am not aware of specific Treasury tools to address this issue, but would welcome input from you and your staff.

Question 61: The homebuilding industry is becoming increasingly concentrated, with the top ten builders accounting for over 42% of all new single-family home closings in 2023 compared to 8.7 percent in 1989.⁸⁷ Do you think that homebuilder consolidation is a problem? If so, what policy solutions do you support to address it?

Answer: If confirmed, I look forward to working with your office to learn more about these matters.

Question 62: Institutional investors, such as private equity firms, have bought up record numbers of single-family homes, manufactured housing communities, and rental properties, oftentimes

⁸⁶ Minnesota Star Tribune, “U.S. Housing Secretary Ben Carson: More should follow Minneapolis and phase out single-family zoning,” Marissa Evans, June 18, 2019, <https://www.startribune.com/u-s-housing-secretary-ben-carson-more-should-follow-minneapolis-and-phase-out-single-family-zoning/511485922>.

⁸⁷ National Association of Home Builders, “Top Ten Builder Share Declines in 2023,” Aaron Wade, July 18, 2024, <https://eyeonhousing.org/2024/07/top-ten-builder-share-declines-in-2023/>.

jacking up rents and costs for families.⁸⁸ Do you agree that corporate investors buying up rental properties, crowding out individual buyers, and raising rents for renters is a problem?

Answer: If confirmed, I look forward to working with your office to learn more about these matters.

Question 63: Price fixing and other forms of collusion are illegal under antitrust law, however, companies like RealPage are allegedly enabling landlords to collude to raise rents using price-setting algorithms and non-public data.⁸⁹ Do you agree that federal regulators should take steps to address algorithmic price fixing in the housing market?

Answer: I believe this question is best directed to the federal antitrust regulatory authorities.

Question 64: The high cost of capital has created a serious problem for housing construction, driving up expenses and stifling new development projects.⁹⁰

- A. Do you believe that the federal government has a role to play in lowering the cost of capital to increase the housing supply?
- B. If so, what are your recommendations for specific actions that the federal government can take? If not, why not?

Answer: Elevated interest rates can negatively impact Americans in a variety of ways, as we have seen in the past several years. If confirmed, I would work to address higher costs, including but not limited to, the cost of capital in the housing market.

Question 65: Congress created the Federal Home Loan Bank System (FHLBs) to provide liquidity for housing and community development. However, in recent years, the FHLBs have fallen short of their mission.⁹¹ In fiscal year 2024, the FHLBs received approximately \$7.3 billion in government subsidies.⁹² At the same time, the FHLBs paid \$3.4 billion to their

⁸⁸ U.S. Government Accountability Office, “Rental Housing: Information on Institutional Investment in Single-Family Homes,” May 2024, <https://www.gao.gov/assets/gao-24-106643.pdf>; Private Equity Stakeholder Project, “Private Equity Manufactured Housing Tracker,” September 13, 2024, <https://pestakeholder.org/pesp-private-equity-manufactured-housing-tracker/>.

⁸⁹ U.S. Department of Justice, Office of Public Affairs, “Justice Department Sues RealPage for Algorithmic Pricing Scheme that Harms Millions of American Renters,” press release, August 23, 2024, <https://www.justice.gov/opa/pr/justice-department-sues-realpage-algorithmic-pricing-scheme-harms-millions-american-renters>.

⁹⁰ Knowledge Finder, “Emerging Trends in Real Estate Global Outlook 2024,” March 12, 2024, <https://knowledge.uli.org/en/reports/emerging-trends/2024/emerging-trends-in-real-estate-global-outlook-2024>.

⁹¹ Federal Housing Finance Agency, “Federal Home Loan Bank System,” <https://www.fhfa.gov/supervision/federal-home-loan-bank-system>.

⁹² Consumer Federation of America, “New Report Shows Federal Home Loan Banks Received \$7.3 Billion in Subsidies, but Offered Little Public Benefits in Return,” press release, March 15, 2024, https://consumerfed.org/press_release/new-report-shows-federal-home-loan-banks-received7-3-billion-in-subsidies-but-offered-little-public-benefits-in-return.

members in dividends and only \$397 million to Affordable Housing Programs (AHP)—a 8.5 to 1 ratio.⁹³

- A. Should the FHLBs do more to support affordable housing?
- B. Treasury and the Federal Housing Finance Agency, the regulator for the FHLBs, recently recommended that the FHLBs voluntarily contribute 20% of their net income to AHP.⁹⁴ Do you agree that FHLBs should commit a minimum of 20% of their net income to AHP?
- C. If so, what actions will you take as Treasury Secretary to ensure that FHLBs reach that 20% minimum?

Answer: The FHLBs are required by law to contribute a portion of their earnings to AHP. If confirmed I look forward to working with Congress to review the role of the FHLBs and AHP.

Question 66: Experts have raised concerns that criminal actors are exploiting the U.S. residential real estate market to launder money and drive up costs for families.⁹⁵

- A. Do you commit to working proactively with FinCEN, CFIUS, and other agency partners to address any national security concerns arising out of these transactions?

Answer: Yes.

- B. Do you agree that it is important to maintain the bipartisan Corporate Transparency Act’s beneficial ownership reporting requirements, which Congress concluded were critical to cracking down on malign actors seeking to conceal their ownership of entities in the United States to facilitate illicit activity like money laundering, the financing of terrorism, financial fraud, and acts of foreign corruption harming the national security interests of the United States?

Answer: If confirmed, I look forward to reviewing the implementation of the Corporate Transparency Act, and will work with Congress to combat illicit finance and protect the national security interests of the United States.

⁹³ Federal Home Loan Banks, “Combined Financial Report for the Year Ended December 31, 2023,” March 22, 2024, pp. 51, 89, https://www.fhfb-of.com/ofweb_userWeb/resources/2023Q4CFR.pdf.

⁹⁴ Federal Housing Finance Agency, “FHLBank System at 100: Focusing on the Future,” November 2023, p. 50, <https://www.fhfa.gov/programs/fhlbank-system-100>; U.S. Department of the Treasury, “Treasury Secretary Janet L. Yellen to Announce New Housing Efforts as Part of Biden Administration Push to Lower Housing Costs,” June 24, 2024, <https://home.treasury.gov/news/press-releases/jy2424>.

⁹⁵ Financial Crimes Enforcement Network, “FinCEN Proposes Rule to Combat Money Laundering and Promote Transparency in Residential Real Estate,” February 7, 2024, <https://www.fincen.gov/news/news-releases/fincen-proposes-rule-combat-money-laundering-and-promote-transparency#:~:text=%E2%80%9Cillicit%20actors%20are%20exploiting%20the,said%20FinCEN%20Director%20Andrea%20Gacki>.

Question 67: The racial homeownership gap is larger today than it was in the 1960s, when housing discrimination by race was still legal.⁹⁶

A. Why do you think this is the case?

B. What specific steps will you take to ensure that communities of color receive fair access to mortgage credit opportunities?

Answer: The economic policies of the previous Trump administration led to prosperity for all Americans - including record low unemployment for all demographics. If confirmed I look forward to working to ensure the incoming Trump Administration enacts policies that promote economic growth and avails individuals of all walks of life access to mortgage credit.

Question 68: Do you support ending the conservatorships of Fannie Mae and Freddie Mac? If so, why?

Answer: I look forward to working on the current status of the conservatorship of Fannie Mae and Freddie Mac. The conservatorships have persisted for more than 15 years, and no conservatorship should be indefinite. However, any actions pursued should be carefully designed and executed.

Question 69: If you decide to end the conservatorships of Fannie and Freddie, will you seek to do so through administrative action or through legislation by Congress? In your view, what conditions must be met before ending the conservatorships? Are there any congressional actions that must take place to end the conservatorships?

Answer: If confirmed, I look forward to exploring all options available and being briefed by Treasury staff and all interested parties on the status of Fannie Mae and Freddie Mac, and if confirmed I will commit to acting in a manner that is thorough and thoughtful, and consistent with the law. If any legislative changes are warranted, I commit to working collaboratively with Congress in this process.

Question 70: In your estimation, how long would it take to meet any required preconditions and complete the process of releasing Fannie and Freddie from conservatorship?

Answer: I look forward to being briefed by Treasury staff and all interested parties on the current status of Fannie Mae and Freddie Mac, and if confirmed, I will commit to carefully assessing and instituting a process if it is deemed appropriate.

Question 71: Should the Trump Administration bar any individuals or entities who would financially profit from the end of Fannie and Freddie's conservatorships from discussions and decision-making about potential release?

⁹⁶ Urban Institute, "Reducing the Racial Homeownership Gap," <https://www.urban.org/policy-centers/housing-finance-policy-center/projects/reducing-racial-homeownership-gap>.

Answer: If confirmed, I look forward to hearing from a wide and diverse range of interested parties in seeking the best path for Fannie Mae and Freddie Mac in compliance with applicable law as set by Congress.

Question 72: What conditions would you seek in an agreement to end Fannie and Freddie's conservatorships to ensure that American families, especially low-income families, are not harmed by these efforts? How would such conditions be enforced?

Answer: I look forward to being briefed by Treasury staff on the status of Fannie Mae and Freddie Mac, and if confirmed I will commit to acting in a thorough manner that improves home affordability in the United States.

Question 73: If they are released from conservatorship, do you support requirements for Fannie and Freddie to continue to support access to affordable mortgage credit in all markets and for qualifying low- and moderate-income families? If so, how would you impose those requirements and would congressional action be necessary?

Answer: If confirmed, I look forward to working with the entire housing finance system--including that which is supported by the federal government--to ensure that mortgage credit is made available to all markets at all times in the US.

Question 74: If they are released from conservatorship, do you support requirements for Fannie and Freddie to continue to support access to affordable multifamily mortgage credit for housing in all markets and for qualifying properties, including those affordable to low-income renters? If so, how would you impose those requirements and would congressional action be necessary?

Answer: Congress has tasked Fannie Mae and Freddie Mac with supporting access to mortgage credit across the nation, including for low- and moderate-income borrowers. It is important that Fannie Mae and Freddie Mac fulfill their statutory mandates. If confirmed, I look forward to working with the entire housing finance system--including that which is supported by the federal government--to ensure that mortgage credit is made available to all markets at all times in the United States.

Question 75: Do you support requirements for Fannie and Freddie to continue to cross-subsidize the mortgages they insure when released from conservatorship so that mortgage rates do not increase for American families? If so, how would you impose those requirements and would congressional action be necessary?

Answer: If confirmed I look forward to being briefed by Treasury staff on the matter, and to engaging with you and your staff on this matter to better understand what actions may be necessary.

Question 76: Do you support requirements for Fannie and Freddie to be subject to regulated rates of return for shareholders when released from conservatorship to encourage responsible management of their businesses and to ensure that mortgage costs do not increase for American families? If so, how would you impose those requirements and would congressional action be necessary?

Answer: If confirmed I look forward to being briefed by Treasury staff on the matter, and to engaging with you and your staff on this matter to better understand what actions may be necessary.

Question 77: Under conservatorship, FHFA has required Fannie and Freddie to treat all originators equally without regard to size or business volume.⁹⁷ Do you pledge to maintain that requirement in any agreement to release Fannie and Freddie from conservatorship? If so, how would you implement and enforce such a requirement?

Answer: Broad access to the market is important, which includes ensuring that competition exists across originator business models and sizes. If I am confirmed and such a decision is made, I look forward to engaging with you and your staff on this matter.

Question 78: Before their conservatorships, Fannie and Freddie were prolific lobbyists of the federal government.⁹⁸ Does FHFA have the authority to restrict their lobbying activity outside of the conservatorships? If so, what tools would FHFA use to impose such a restriction? If not, are you concerned about the GSEs' lobbying activity if the conservatorships were terminated?

Answer: If confirmed, I look forward to working with the Director of FHFA to understand the full extent of the tools and authorities at FHFA.

Question 79: During the 2008 crisis, the federal government bailed out Fannie and Freddie, vindicating widespread investor views that the GSEs were backed by an implied government guarantee despite their lack of an explicit government guarantee.⁹⁹

- A. If the conservatorships are ended, would you support extending a full faith and credit guarantee to Fannie and Freddie, their securities, or their debt? In your view, would doing so require congressional action or could FHFA or the Treasury extend such a guarantee through administrative action?

⁹⁷ HousingWire, "FHFA formally ends mortgage volume discounts from Fannie Mae, Freddie Mac," Kelsey Ramírez, September 23, 2019, <https://www.housingwire.com/articles/50212-fhfa-formally-ends-mortgage-volume-discounts-from-fannie-mae-freddie-mac/>.

⁹⁸ CNBC, "Fannie, Freddie Spent Millions on Lobbying," Associated Press, July 17, 2008, <https://www.cnbc.com/2008/07/17/fannie-freddie-spent-millions-on-lobbying.html>.

⁹⁹ NPR, "'Kill Them, Bury Them': The Rise Of Fannie And Freddie," Alex Blumberg, March 28, 2011, <https://www.npr.org/sections/money/2011/04/22/134863603/kill-them-bury-them-the-rise-of-fannie-and-freddie>.

B. Should Fannie and Freddie be charged a fee for any government guarantee, whether explicit or implied? If so, how much should that fee be and how would such a fee affect mortgage costs?

Answer: It is my understanding that legislation from Congress would be required for an explicit, paid-for guarantee backed by the full faith and credit of the government. If confirmed, I look forward to being briefed on options regarding a government guarantee.

Question 80: Because of the federal government's bailout of Fannie and Freddie, the federal government owns senior preferred shares in the GSEs.¹⁰⁰ Should American taxpayers be compensated for any reduction in their senior preferred shares?

Answer: Treasury should be compensated for its past support of the GSEs, and if confirmed I look forward to exploring options for potentially dealing with this matter.

Question 81: In the midst of this housing supply crisis, do you agree that any funds returned to the Treasury from the redemption of Treasury's senior preferred or common shares of Fannie and Freddie should be earmarked to fund investments in affordable housing supply?

Answer: If confirmed, and if a decision is rendered to end the conservatorship of GSEs, I look forward to working with legal counsel and all interested parties to appropriately determine how the proceeds from the dissolution of the Government's interest in the GSEs is determined.

Question 82: If Fannie and Freddie were released from conservatorship, do you anticipate that credit ratings for their products would be downgraded? If so, how much do you estimate that their ratings would be downgraded by and how would that rating downgrade affect investors' willingness to purchase their securities? How would these changes affect mortgage rates for homebuyers?

Answer: If confirmed, I look forward to working with all interested parties, including the Director of the FHFA to understand the potential implications of a release from conservatorship of the GSEs, including potential impacts on their credit ratings and the downstream effects.

Question 83: In your estimation, how much would private investors in Fannie and Freddie immediately gain from the release of the GSEs from conservatorship?

Answer: If confirmed, I look forward to exploring options related to restructuring the GSE's capital structure. The implications for private investors are contingent on these decisions and as such there is a wide range of potential outcomes.

¹⁰⁰ Federal Housing Finance Agency, "Senior Preferred Stock Purchase Agreements," <https://www.fhfa.gov/conservatorship/senior-preferred-stock-purchase-agreements>.

Question 84: Can you commit to the American people that any efforts to release Fannie and Freddie from conservatorship will not raise housing costs?

Answer: President Trump is committed to lowering housing costs, and if confirmed I will work to advance this goal.

Question 85: Do you believe that the Consumer Financial Protection Bureau (CFPB) should be abolished?

Answer: The CFPB was created by legislation passed by Congress. I look forward to working with the incoming director of the CFPB as appropriate to ensure that the Bureau can be effective at fulfilling its statutory mission.

Question 86: Do you believe the source or amount of CFPB funding should be changed? If so, in what way?

Answer: The CFPB's funding structure was set by Congress. If confirmed, I look forward to reviewing any Congressional proposals regarding the CFPB's funding structure.

Question 87: Do you believe the CFPB's enforcement authorities should be altered? If so, in what way?

Answer: I have not studied this issue but understand that the CFPB's enforcement authorities were established by the Dodd-Frank Act and statutory changes would require legislative changes.

Question 88: Average credit card interest rates have nearly doubled to 23% over the last decade, and, and Americans are carrying a record \$1.17 trillion in credit card debt.¹⁰¹ President-elect Trump recently said he would put a 10% cap on interest rates.¹⁰² Do you agree with President-elect Trump that a 10% cap on credit card APRs should be enacted?

Answer: Increased borrowing costs and high inflation of the past four years have put immense pressure on the budgets of so many American families. President Trump specifically indicated his concern about the impact of high credit card rates during the campaign. The Treasury Secretary does not have the authority to enact credit card rate caps, but if confirmed I look forward to working with my colleagues in the Administration and with Congress on policies to make life more affordable.

¹⁰¹ CNBC, "Credit card debt hits record \$1.17 trillion, New York Fed research shows," Jessica Dickler, November 13, 2024, <https://www.cnbc.com/2024/11/13/credit-card-debt-hits-record-1point17-trillion-new-york-fed-finds.html>.

¹⁰² Office of Senator Elizabeth Warren, "ICYMI: Warren at Hearing: Trump Would Have a 'Strong Partner at the CFPB' to Enact His Proposed 10% Cap on Credit Card Interest Rates," December 12, 2024, <https://www.warren.senate.gov/newsroom/press-releases/icymi-warren-at-hearing-trump-would-have-a-strong-partner-at-the-cfpb-to-enact-his-proposed-10-cap-on-credit-card-interest-rates>.

Question 89: The CFPB has issued guidance indicating that discrimination by a financial institution may constitute an unfair, deceptive, or abusive act or practice, an interpretation that could help ensure that banks do not close accounts on the basis of protected characteristics like religion.¹⁰³ The CFPB has also issued rules and taken enforcement actions against financial institutions' closures of accounts without adequate notice or opportunity to obtain funds constitutes an unfair, deceptive, or abusive act or practice.¹⁰⁴ Do you agree with the CFPB's efforts to prevent debanking?

Answer: Debanking is an issue that has gained public attention in recent years and, if confirmed, I look forward to working with the financial regulators and Congress to review this issue.

Question 90: Pre-dating the pandemic, the IRS and some other Treasury agencies developed innovative programs allowing employee telework and hybrid work while maintaining strict standards of employee evaluation and work review.¹⁰⁵ Part of that initiative has also been greatly reducing the amount of office space the IRS pays for at taxpayer expense.

- A. Would it be your expectation to end the IRS and other Treasury agency telework policies or do you intend to continue to keep the leasing cost savings IRS has achieved through this program?
- B. If you plan to reduce teleworking capabilities, how will you raise and allocate the revenue required by agencies to reinvest in physical work spaces? How will this relate with administration efforts to cut the deficit and reduce government costs?

Answer: Americans deserve a government that operates effectively and securely on their behalf. This is true across the government, including the IRS and other Treasury agencies. If confirmed, I expect employees to prioritize physical attendance in the office to the extent possible, which is critical to ensuring the highest level of coordination and accountability within Treasury and the security of Departmental operations. Controlling costs is an important aspect of administering any budget. Costs may arise from various resource areas, including physical workspaces. If confirmed, I will work with Department officials and agency staff to conduct an appropriate review of the resources available to the Department and its bureaus with respect to physical working spaces. I am committed to ensuring that Treasury and its bureaus continue to fulfill their missions effectively and responsibly.

¹⁰³ Consumer Financial Protection Bureau, "CFPB Targets Unfair Discrimination in Consumer Finance," March 16, 2022, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-targets-unfair-discrimination-in-consumer-finance/>.

¹⁰⁴ Consumer Financial Protection Bureau, "CFPB Finalizes Rule on Federal Oversight of Popular Digital Payment Apps to Protect Personal Data, Reduce Fraud, and Stop Illegal "Debanking"," press release, November 21, 2024, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-finalizes-rule-on-federal-oversight-of-popular-digital-payment-apps-to-protect-personal-data-reduce-fraud-and-stop-illegal-debanking/>; Consumer Financial Protection Bureau, "CFPB Takes Action Against Chime Financial for Illegally Delaying Consumer Refunds," press release, May 7, 2024, <https://www.consumerfinance.gov/about-us/newsroom/cfpb-takes-action-against-chime-financial-for-illegally-delaying-consumer-refunds/>.

¹⁰⁵ U.S. Department of Treasury, "Telework Report to Appropriations Committee," August 2023, <https://www.nteu.org/~media/Files/nteu/docs/public/telework/treasury-telework-2023.pdf?la=en>.

Question 91: Will you commit to uphold existing collective bargaining agreements and bargain in good faith in any negotiations?

Answer: The quality of Treasury’s workforce is important to the Treasury’s ability to carry out its mission effectively, and if confirmed, I would seek to ensure that the Treasury is able to attract and retain high-caliber employees.

Question 92: On November 12, 2024, President-elect Trump announced the establishment of the “Department of Government Efficiency” (DOGE), which will “dismantle Government Bureaucracy, slash excess regulations, cut wasteful expenditures, and restructure Federal Agencies” to focus on efficiency and “[make] life better for all Americans.”¹⁰⁶ Reports indicate that aides from DOGE are contacting first-term cabinet members and asking them to indicate which political appointees and career officials that they should retain or fire. If confirmed, would you oppose firing or reclassifying employees for any consideration other than performance?

Answer: President-elect Trump has called for the Department of Government Efficiency to seek the elimination of wasteful spending and unnecessary, burdensome regulations, and I fully support those aims. I am committed to an efficient, effective workforce that serves the interests of the American people, and if confirmed, I will seek to ensure high performance standards and accountability throughout the Treasury Department and its bureaus.

Question 93: For each of the three years, how much of a tax break did you receive from each of the following?

- A. The carried interest loophole;
- B. The corporate rate cut in the Tax Cuts and Jobs Act (TCJA);
- C. The 199A pass-through deduction in TCJA;
- D. Individual rate cuts in TCJA;
- E. Individual Alternative Minimum Tax (AMT) repeal in TCJA;
- F. Loss harvesting;
- G. Pass-through income from Medicare tax.

Answer: Every American has a responsibility to follow the law and pay the taxes that he or she owes. I have faithfully endeavored to do so with my personal finances and in all my business endeavors. I believe I have done so, and I have already submitted responses and materials responsive to this question during this Committee’s bipartisan due diligence process, in which my staff and I dedicated countless hours and have submitted thousands of pages of supporting materials to respond to questions from members of the Committee, and I understand that I

¹⁰⁶ NPR, “Trump taps Musk to lead a 'Department of Government Efficiency' with Ramaswamy,” Elena Moore, Camila Domonoske, and Jeongyoon Han, November 12, 2024, <https://www.npr.org/2024/11/12/g-s1-33972/trump-elon-musk-vivek-ramaswamy-doge-government-efficiency-deep-state>.

followed all of the applicable law and met the Committee's long standing diligence standard in a process that matched the process applied to nominees in every previous administration.

Question 94: How much do you expect to gain over the next 5 years, if the Trump tax cuts are extended? Specifically, how much do you estimate you would gain from each of the following:

- A. The corporate rate cut in TCJA;
- B. The 199A pass-through deduction in TCJA;
- C. The individual rate cuts in TCJA;
- D. The individual AMT repeal in TCJA;
- E. The increased estate tax exemption in TCJA (all future expected benefit to your and your heirs).

Answer: Every American has a responsibility to follow the law and pay the taxes that he or she owes. I have faithfully endeavored to do so with my personal finances and in all my business endeavors. I believe I have done so, and I have already submitted responses and materials responsive to this question during this Committee's bipartisan due diligence process, in which my staff and I dedicated countless hours and have submitted thousands of pages of supporting materials to respond to questions from members of the Committee, and I understand that I followed all of the applicable law and met the Committee's long standing diligence standard in a process that matched the process applied to nominees in every previous administration.

Question 95: Who are Key Square Group's biggest investors?

- A. How much did each investor benefit from the TCJA and how much do they stand to benefit from an extension of the TCJA in 2025?

Answer: As part of my confirmation process, I have worked with officials from the Treasury Department and the Office of Government Ethics to prevent any conflicts of interests and items that might give rise to the appearance of a conflict of interest during my tenure, should I be confirmed. As part of that process, I have consented to an ethics agreement, resigned from positions, and divested a number of assets where legally and ethically necessary or appropriate, including by winding down Key Square Group and liquidating its fund's holdings in Q4 2024, and as such, it will not have any investors or investments going forward.

Question 96: What are Key Square Group's biggest holdings?

- A. How much did each investor benefit from the TCJA and how much do they stand to benefit from an extension of the TCJA in 2025?

Answer: As part of my confirmation process, I have worked with officials from the Treasury Department and the Office of Government Ethics to prevent any conflicts of interests and items that might give rise to the appearance of a conflict of interest during my tenure, should I be confirmed. As part of that process, I have consented to an ethics agreement, resigned from

positions, and divested a number of assets where legally and ethically necessary or appropriate, including by winding down Key Square Group and liquidating its fund's holdings in Q4 2024.

Question 97: CFIUS is tasked with reviewing transactions involving foreign investments in the U.S., in order to determine the national security implications of those potential transactions. Public reporting shows that you served as “a junior trader for Saudi Arabia’s family-owned Olayan Group.”¹⁰⁷ If the Olayan Group sought to invest in U.S. infrastructure, that transaction would be reviewed by CFIUS. Given the inherent conflict of interest, would you recuse yourself from consideration of or involvement with any potential investments in U.S. infrastructure by former clients like the Saudi family you helped manage money for?

Answer: If I am confirmed and a situation arises during my tenure that implicates a potential conflict of interest, I will consult with the General Counsel and ethics staff within the Treasury Department, as appropriate, to determine what steps are legally and ethically required under the law and my ethics agreement, including potentially recusal among other things, and I will of course comply with all legal ethics requirements.

Question 98: Do you plan to recuse yourself from any FSOC work related to the risks posed by individual hedge funds for which you have personal or professional ties?

Answer: If I am confirmed and a situation arises during my tenure that implicates a potential conflict of interest, I will consult with the General Counsel and ethics staff within the Treasury Department, as appropriate, to determine what steps are legally and ethically required under the law and my ethics agreement, including potentially recusal among other things, and I will of course comply with all legal ethics requirements.

Question 99: Will you commit to recuse yourself from any matters involving your former employers or clients for 4 years while serving as Treasury Secretary?

Answer: If I am confirmed and a situation arises during my tenure that implicates a potential conflict of interest, I will consult with the General Counsel and ethics staff within the Treasury Department, as appropriate, to determine what steps are legally and ethically required under the law and my ethics agreement, including potentially recusal among other things, and I will of course comply with all legal ethics requirements.

Question 100: For at least 4 years after leaving the Treasury Department, will you not seek employment or compensation from (1) any entity that you personally and substantially interacted with in your role as Treasury Secretary and (2) from any entity that lobbies the Treasury Department?

¹⁰⁷ Forbes, “The Inside Story of Scott Bessent’s Ascent to Treasury Secretary Nominee,” John Hyatt, November 23, 2024, <https://www.forbes.com/sites/johnhyatt/2024/11/23/the-inside-story-of-scott-bessents-ascent-to-possible-treasury-secretary-nominee/>.

Answer: If I am confirmed and serve as the Secretary of the Treasury, after I leave the Treasury Department, I will commit to following all legal ethical requirements applicable to seeking employment and compensation thereafter from any entity. If a question were to arise about such a matter, I would seek counsel from legal and ethics experts as to what is appropriate and permissible, as I have done during this confirmation process, and I will of course comply with all legal ethical requirements.

Question 101: A review of your recent tax returns by the Senate Finance Committee concluded that you engaged in tax avoidance practices that reduced your tax liability.¹⁰⁸

- A. First, you avoided paying hundreds of thousands of dollars in Self-Employed Contributions Act taxes (SECA) on your earnings in 2021, 2022 and 2023, by claiming that you were a “limited partner” in your hedge fund, the Key Square Group.¹⁰⁹ This is despite the fact that you may have been “actively involved” in the activities of your partnership - in clear violation of the position taken by the Treasury Department on when individuals can classify themselves as being a “limited partner”.¹¹⁰ As a result of this categorization, you avoided paying more than \$900,000 in taxes for income you made through this hedge fund.¹¹¹
- a. Do you believe in the importance of SECA taxes?
 - b. Do you believe that the Treasury Secretary should follow tax law and regulation as understood and implemented by the Treasury Department and the Internal Revenue Service?
 - c. Is there a public policy you believe is served by allowing the bulk of your income from Key Square to avoid both the self-employment tax and the net investment income tax? If so, what is that policy? If not, would you support legislation to prevent avoidance of both those taxes?
- B. Reports also indicate that you improperly fully claimed losses in All Seasons Press (ASP) in 2021 and 2023.¹¹²
- a. Will you provide the Committee any documentation or proof that you participated in ASP in 2021 or 2023 for 500 hours or more each year?
 - b. If not, are you choosing to withhold that information from the committee or are you unable to obtain these documents?

¹⁰⁸ NBC News, “Treasury pick Scott Bessent and Trump transition team deny allegations that he avoided taxes,” Kate Santaliz, January 16, 2024, <https://www.nbcnews.com/politics/congress/live-blog/senate-confirmation-hearings-trump-transition-live-updates-rcna186869/rcrd68705?canonicalCard=true>.

¹⁰⁹ NBC News, “Treasury pick Scott Bessent and Trump transition team deny allegations that he avoided taxes,” Kate Santaliz, January 16, 2024, <https://www.nbcnews.com/politics/congress/live-blog/senate-confirmation-hearings-trump-transition-live-updates-rcna186869/rcrd68705?canonicalCard=true>.

¹¹⁰ NBC News, “Treasury pick Scott Bessent and Trump transition team deny allegations that he avoided taxes,” Kate Santaliz, January 16, 2024, <https://www.nbcnews.com/politics/congress/live-blog/senate-confirmation-hearings-trump-transition-live-updates-rcna186869/rcrd68705?canonicalCard=true>.

¹¹¹ Politico, “Senate Democrats circulating memo alleging Bessent tax dodges,” Benjamin Guggenheim, January 15, 2025, <https://www.politico.com/news/2025/01/15/senate-democrats-memo-scott-bessent-tax-dodges-00198567>.

¹¹² Roll Call, “Democrats: Bessent avoided Medicare tax on hedge fund earnings,” Caitlin Reilly, January 15, 2025, <https://rollcall.com/2025/01/15/democrats-bessent-avoided-medicare-tax-on-hedge-fund-earnings/>.

- c. A 2023 ASP press release stated that you had “little involvement” in the day to day operations of ASP. Was that press release inaccurate? If so, will you provide the Committee proof?
 - d. Was any of the work you did in 2021 or 2023 done with an eye toward qualifying for material participation? How do you explain the seeming inconsistency between your hour totals in 2021 and 2023 with the All Seasons Press press release of Nov. 9, 2023 stating that your family has little involvement in the day to day operations of All Seasons Press?
 - e. Are you concerned that notwithstanding your honesty in preparing your tax returns, the coincidence here could give rise to an appearance of impropriety that could undermine public confidence in you as Treasury Secretary?
- C. There are also concerns relating to the \$500,000 debt deduction that you claimed on your 2023 tax return, since this exemption only applies to business loans and not personal loans.¹¹³
- a. What is the nature of the loan that you wrote off? Who was the holder of the loan? Why was it incurred and what are the terms and conditions of this loan? Why did you decide to forgive this debt?

Answer: Every American has a responsibility to follow the law and pay the taxes that he or she owes. I have faithfully endeavored to do so with my personal finances and in all my business endeavors. I believe I have done so, and I have already submitted responses and materials responsive to this question during this Committee’s bipartisan due diligence process, in which my staff and I dedicated countless hours and have submitted thousands of pages of supporting materials to respond to questions from members of the Committee, and I understand that I followed all of the applicable law and met the Committee’s long standing diligence standard in a process that matched the process applied to nominees in every previous administration.

Question 102: Given the concerns and ongoing questions about your previous tax filings, will you voluntarily submit to an IRS audit of your previous five years of taxes, and all tax filings during your time as Secretary?

Answer: Every American has a responsibility to follow the law and pay the taxes that he or she owes. I have faithfully endeavored to do so with my personal finances and in all my business endeavors. I believe I have done so, and I have already submitted responses and materials responsive to this question during this Committee’s bipartisan due diligence process, in which my staff and I dedicated countless hours and have submitted thousands of pages of supporting materials to respond to questions from members of the Committee, and I understand that I followed all of the applicable law and met the Committee’s long standing diligence standard in a process that matched the process applied to nominees in every previous administration.

¹¹³ Roll Call, “Democrats: Bessent avoided Medicare tax on hedge fund earnings,” Caitlin Reilly, January 15, 2025, <https://rollcall.com/2025/01/15/democrats-bessent-avoided-medicare-tax-on-hedge-fund-earnings/>.

Question 103: Given the concerns and ongoing questions about your previous tax filings, will you make your tax filings public, with redactions to protect confidential or sensitive personal information?

Answer: Every American has a responsibility to follow the law and pay the taxes that he or she owes. I have faithfully endeavored to do so with my personal finances and in all my business endeavors. I believe I have done so, and I have already submitted responses and materials responsive to this question during this Committee's bipartisan due diligence process, in which my staff and I dedicated countless hours and have submitted thousands of pages of supporting materials to respond to questions from members of the Committee, and I understand that I followed all of the applicable law and met the Committee's long standing diligence standard in a process that matched the process applied to nominees in every previous administration.

Question 104: Given ongoing concerns about how your previous tax filings, will you recuse yourself from any Treasury Department discussion or decision related to the subjects of these concerns, including SECA, interpretations of limited partner status, passive losses and material participation, and passthrough entities used to deduct state and local taxes?

Answer: If I am confirmed and a situation arises during my tenure that implicates a potential conflict of interest, I will consult with the General Counsel and ethics staff within the Treasury Department, as appropriate, to determine what steps are legally and ethically required under the law and my ethics agreement, including potentially recusal among other things, and I will of course comply with all legal ethics requirements.

Question 105: During your nomination process, did anyone on the Trump campaign, transition team, or other closely related entity approach you about your loyalty to President-elect Trump? Did you sign a loyalty pledge or other similar oath? If so, what was the text of that pledge or oath?

Answer: I have already provided responses to this question during this Committee's bipartisan due diligence process, and I understand that I followed all of the applicable law and met the Committee's long standing diligence standard in a process that matched the process applied to nominees in every previous administration.

Question 106: In November 2024, the New York Times and other news outlets reported that Boris Epshteyn, a top adviser to President-elect Trump, allegedly requested payment from prospective political appointees to promote their candidacies for top positions within the Administration. Did you discuss the possibility of joining the administration with Mr. Epshteyn at any time? If so, did Mr. Epshteyn seek payment from you for promoting your candidacy for a position within the Administration? Did he seek payment for any other purpose?

Answer: I have already provided responses to this question during this Committee’s bipartisan due diligence process, and I understand that I followed all of the applicable law and met the Committee’s long standing diligence standard in a process that matched the process applied to nominees in every previous administration.

Question 107: At any time, did lawyers for President-elect Trump approach you regarding Mr. Epshteyn and the allegations cited above? If so, please explain.

Answer: I have already provided responses to this question during this Committee’s bipartisan due diligence process, and I understand that I followed all of the applicable law and met the Committee’s long standing diligence standard in a process that matched the process applied to nominees in every previous administration.

Senator Sanders

Question 1: President Trump has said that the tax code is rigged in favor of Wall Street and that hedge fund managers are “getting away with murder.” In America today, the top 25 Wall Street hedge fund managers make more money than every kindergarten and pre-school teacher in America combined. Do you support closing the carried interest loophole so that blue-collar workers no longer pay a higher tax rate than hedge fund managers?

Answer: As you know, TCJA revised the treatment of carried interest, extending from one to three years the time that an asset must be held in order to qualify. With the imminent expiration of major portions of the TCJA, I look forward to working with Congress to extend TCJA and review the tax treatment of carried interest if confirmed.

Question 2: One year after Trump’s tax bill was signed into law, 34 percent of large, profitable corporations like Amazon paid nothing in federal income taxes. Do you believe it is appropriate to give a tax break to Big Oil corporations like Exxon Mobil at a time when the products they make are destroying the planet and contributing to climate change? Should we be giving a tax break to corporate landlords like Blackstone when nearly 800,000 Americans are sleeping on the streets and over 20 million families are spending over 50 percent of their income on housing?

Answer: Prior to TCJA, the United States’ federal-and-state combined corporate tax rate of 39 percent was out of step with other developed countries. Today, the average corporate tax rate in the EU and in Asia is 20 percent, compared to a combined 25.6 percent in the United States. In addition, the corporate tax reform in TCJA was largely offset by repealing over \$1.3 trillion in special interest provisions and by implementing new anti-abuse rules. If confirmed, I look forward to working with the Congress on tax reform that will generate economic growth and benefit all Americans.

Question 3: Since the passage of the Trump tax cuts, billionaires in America have seen their wealth go up by 134 percent from \$2.9 trillion in 2017 to \$6.8 trillion. Nearly half of the benefits

of Trump's tax breaks would flow to the top 5 percent of Americans, while people making less than \$50,000 a year would receive a tax cut of less than \$1 a day. Why do you think it is appropriate to provide a massive tax break for billionaires like Musk, Bezos and Zuckerberg paid for by making massive cuts to Medicaid and throwing millions of families off of the health care they have? Do you support cuts to Medicaid even if it means increasing the number of uninsured children, cutting coverage for seniors in nursing homes or keeping people with disabilities from getting the care they need?

Answer: As I discussed with Senator Bennet, TCJA made our tax code more progressive, with higher earners paying a greater share of total taxes after passage. A failure to extend TCJA would raise rates on Americans in all tax brackets, dramatically reduce the guaranteed deduction that most families now claim, and cut in half the Child Tax Credit. If confirmed, I look forward to working with President Trump and Congress to address the growing debt. As discussed with Senator Lujan, I support empowering states to deliver better care in more a more efficient and effective manner.

Question 4: During Trump's first term as president, nearly 200,000 manufacturing jobs were lost and nearly 1,800 factories in America disappeared. Under President Biden, we gained over 700,000 manufacturing jobs and the construction of new factories in America doubled. What will you do as Treasury Secretary to advocate for trade deals that benefit American workers, not just corporate CEOs?

Answer: President Trump has been clear about the urgent need to rebalance the international economic system to prioritize the interests of American workers and families. If confirmed, I am committed to contributing to a coordinated government effort aimed at advancing these priorities, which may include the use of tariffs to promote fair and reciprocal trade and to strengthen our economic foundation.

Question 5: The additional funding of the IRS in the Inflation Reduction Act decreased the deficit by cracking down on tax cheats and has ensured better customer service for millions of taxpayers. Will you commit to defending against further reductions in the IRS budget?

Answer: Increases in the IRS budget in recent years have focused on increasing enforcement personnel rather than on a badly needed information technology systems upgrade that is desperately necessary to improve taxpayer service. If confirmed, I will review ongoing programs at the IRS, including those related to increased funding in recent years, and prioritize technology modernization to deliver better taxpayer service and ensure that taxes legally owed are paid.

Question 6: The Treasury plays a critical role in combatting global kleptocracy and enforcing sanctions, including through a recent bipartisan program to crack down anonymous shell corporations in America. How would you approach combatting global corruption in our role as Treasury Secretary?

Answer: If confirmed, I look forward to directing my staff in the Office of Terrorism and Financial Intelligence to support interagency efforts to combat global corruption.

Question 7: President-elect Trump thinks climate change is a hoax created by China. Do you believe Donald Trump is right or wrong when he says climate change is a hoax?

Answer: This is a complex issue, but not one primarily driven by the Department of the Treasury. If confirmed, I look forward to working with and supporting the policies of President-elect Trump.

Question 8: 99.9 percent of scientists agree that climate change is real and that it is caused by carbon emissions that are driven by the burning of fossil fuels. Do you agree with the vast majority of scientists that the burning of fossil fuels is a main cause of climate change?

Answer: This is a complex issue, but not one primarily driven by the Department of the Treasury. If confirmed, I look forward to assessing all risks that the U.S. financial system may face, and to working with you and your office on this issue.

Question 9: Do you believe climate change is an existential threat to the United States and the world?

Answer: This is a complex issue, but not one primarily driven by the Department of the Treasury.

Question 10: The Treasury Department has historically shown resistance to fully supporting employee-owned businesses. Do you believe that we should expand employee ownership in America?

Answer: I believe our tax code should help workers and small businesses succeed, and the most critical action Congress could take to ensure that success would be extending TCJA. If confirmed, I look forward to working with Congress to preserve pro-worker and pro-growth tax policy.

Question 11: Repealing the estate tax would provide a tax break of up to \$2.7 trillion to less than a thousand billionaire families in America while providing no tax relief at all to some 99.5 percent of the American people. The American Farm Bureau has yet to find a single example of one family farm being lost because of the estate tax. Do you support repealing the estate tax?

Answer: The increased estate tax exemption has proven to be a lifeline for America's family-owned farms and multi-generational businesses. I look forward to working with Congress to build upon the critical work during President Trump's first term to protect family-owned farms and small businesses and explore opportunities for additional relief.

Question 12: When Trump was president, he signed legislation into law that gave the top 1 percent and large corporations a tax break of \$1 trillion. Now, Trump wants to pass another \$5 trillion in tax breaks that experts have estimated would also primarily benefit the wealthy and large corporations. How are you going to pay for it? Do you believe these tax cuts will largely pay for themselves?

Answer: The United States faces the largest tax increase in American history at the end of this year if the TCJA is not extended. The corporate tax reform provisions of TCJA, which are generally permanent law, made important changes to make U.S. businesses more globally competitive – changes that continue to benefit American workers – and I do not believe we should reverse that progress.

Senator Lujan

Question 1: The Office of Tribal and Native Affairs was established in 2022 to advise on Tribal policy and program implementation, consult with Indian Tribes, and manage the Tribal Tax Advisory committee. Will you commit to maintaining and empowering both the Office and the Committee under the second Trump Administration?

Answer: If confirmed, I commit to properly implementing the Tribal General Welfare Exclusion Act enacted in 2014, including the proper functioning of the Treasury Tribal Advisory Committee. I look forward to better understanding these other important Tribal tax issues. If confirmed, I look forward to working with the staff at Treasury to explore this issue and would be pleased to review these matters further with you.

Question 2: What is your opinion on dual taxation on commercial activities by non-Indians on Tribal lands?

Answer: If confirmed, I commit to properly implementing the Tribal General Welfare Exclusion Act enacted in 2014, including the proper functioning of the Treasury Tribal Advisory Committee. I look forward to better understanding these other important Tribal tax issues. If confirmed, I look forward to working with the staff at Treasury to explore this issue and would be pleased to review these matters further with you.

Question 3: Generally, Tribes do not levy property taxes on their own lands, which place them at a disadvantage to generating revenues for government services. Are you open to exploring other authorities for Tribal governments to generate revenues through taxation?

Answer: If confirmed, I commit to properly implementing the Tribal General Welfare Exclusion Act enacted in 2014, including the proper functioning of the Treasury Tribal Advisory Committee. I look forward to better understanding these other important Tribal tax issues. If confirmed, I look forward to working with the staff at Treasury to explore this issue and would be pleased to review these matters further with you.

Question 4: Will you commit to working with this Committee and with the Senate Committee on Indian Affairs on Tribal tax issues?

Answer: If confirmed, I commit to properly implementing the Tribal General Welfare Exclusion Act enacted in 2014, including the proper functioning of the Treasury Tribal Advisory Committee. I look forward to better understanding these other important Tribal tax issues. If confirmed, I look forward to working with the staff at Treasury to explore this issue and would be pleased to review these matters further with you.

Question 5: Treasury has periodically issued reports on Tribal tax matters. Will you commit to producing an annual report on the status of Tribal tax issues and the progress being made?

Answer: If confirmed, I commit to properly implementing the Tribal General Welfare Exclusion Act enacted in 2014, including the proper functioning of the Treasury Tribal Advisory Committee. I look forward to better understanding these other important Tribal tax issues. If confirmed, I look forward to working with the staff at Treasury to explore this issue and would be pleased to review these matters further with you.

Question 6: Tribal governments face stricter limitations on the use of tax-exempt bonds compared to state and local governments. Will you work to eliminate these disparities and support Tribal economic development through more fair bond policies?

Answer: If confirmed, I commit to properly implementing the Tribal General Welfare Exclusion Act enacted in 2014, including the proper functioning of the Treasury Tribal Advisory Committee. I look forward to better understanding these other important Tribal tax issues. If confirmed, I look forward to working with the staff at Treasury to explore this issue and would be pleased to review these matters further with you.

Question 7: Will you commit to ensuring the Treasury Department fulfills its Tribal consultation obligations when developing tax policies that impact Tribal Nations?

Answer: If confirmed, I commit to properly implementing the Tribal General Welfare Exclusion Act enacted in 2014, including the proper functioning of the Treasury Tribal Advisory Committee. I look forward to better understanding these other important Tribal tax issues. If confirmed, I look forward to working with the staff at Treasury to explore this issue and would be pleased to review these matters further with you.

Senator Warnock

Question 1: According to a 2024 Institute on Taxation and Economic Policy, the average effective tax rate for this country's 342 most profitable companies was just 14.1 percent, less

than one-third of the statutory corporate tax rate of 21 percent.¹¹⁴ Twenty-three of these corporations paid zero federal tax between 2018 and 2022, after the enactment of the 2017 Tax Cut and Jobs Act, despite raking in billions in profit.

The Corporate Alternative Minimum Tax (CAMT), implemented as part of the Inflation Reduction Act, set a minimum tax rate at 15 percent. According to the Department of the Treasury, 60 percent of the most profitable companies in the United States would have paid an effective tax rate of less than one percent without the CAMT.¹¹⁵

- What are some ways corporations avoid paying their full tax bill?
- Do you support the goals behind the CAMT?
- Do you support the proposed regulations by the Internal Revenue Service help clarify the CAMT and ensure that the playing field is leveled for all businesses?
- What other tax changes should Congress pursue to ensure a level playing field among all businesses?

Answer: The Corporate Alternative Minimum tax is a complex set of rules, and if confirmed, I commit to further studying the issue and ensuring the law is implemented appropriately.

Question 2: You have said that you would achieve 3 percent economic growth through deregulation and reprivatizing the economy, specifically as it relates to funds made available through the Inflation Reduction Act.¹¹⁶ Given your business background, you recognize the need for regulatory certainty as companies commit billions of dollars towards manufacturing projects.

- What parts of the IRA do you believe are “encouraging unproductive investment”?
- If confirmed, would you advocate for changes to or repeal of the IRA?
- How would you ensure that the companies that have benefitted from the credits and depend on policy consistency are not harmed during any potential changes to the Inflation Reduction Act?

Answer: If confirmed, I look forward to working with Congress to unlock American economic growth through a variety of venues, including deregulation. A whole-of-government approach that couples deregulation with tax reform and other economic levers, such as realizing American energy dominance and implementing strong trade policy, will unleash unprecedented growth. If confirmed, I look forward to working towards this goal and ushering in a new era of prosperity that will lift up all Americans and rebuild communities and families across the country.

¹¹⁴ Institute on Taxation and Corporate Policy, “Corporate Tax Avoidance in the First Five Years of the Trump Tax Law,” February 29, 2024, <https://itep.org/corporate-tax-avoidance-trump-tax-law>

¹¹⁵ U.S. Department of Treasury, “U.S. Department of the Treasury Releases Proposed Rules for Corporate Alternative Minimum Tax to Address Significant Corporate Tax Avoidance By Companies with \$1 Billion Or More In Annual Profit,” September 12, 2024, <https://home.treasury.gov/news/press-releases/jy2574>

¹¹⁶ Morning Star, “Here's what Trump's pick of Scott Bessent for Treasury secretary means for taxes, interest rates and more,” Andrew Keshner and Chris Matthews, November 26, 2024, <https://www.morningstar.com/news/marketwatch/2024112683/heres-what-trumps-pick-of-scott-bessent-for-treasury-secretary-means-for-taxes-interest-rates-and-more>

Question 3: Solar and battery manufacturing in Georgia is a key part of the renaissance in American manufacturing. We will soon have over 4,200 good-paying solar manufacturing jobs in Georgia. Qcells in Dalton and Cartersville are building solar supply chains completely independent from China to compete in next-generation manufacturing of solar.¹¹⁷ SK is supporting 2,600 jobs in Commerce.¹¹⁸ These factories were supported with tax credits like Section 45X for US manufacturing products and a Domestic Content Bonus tax credit for developers using American products. They help communities across Georgia and provide long-term careers for a new generation of American manufacturing workers.

- Are you concerned that repealing these credits would hurt Georgia jobs and workers?
- If the credits are eliminated, and these companies pack up and leave, what would you propose to the White House, if confirmed, to support the communities that depend on these new manufacturing plants?

Answer: President Trump is committed to an agenda that supports domestic supply chains, will create American jobs, and will reduce costs for American families. If confirmed, I would advocate for policies that support these goals.

Question 4: If the Inflation Reduction Act tax credits supporting solar and battery manufacturing are rolled back or repealed, it is likely that consumers would become more reliant on Chinese-made products.

- Do you agree that the United States is stronger when we promote a strong domestic advanced manufacturing sector?
- What should be done to prevent China from dominating key industries, like solar and battery manufacturing?
- Do you think removing these credits could cause companies to relocate projects from the U.S. to countries like China, where they will still benefit from similar incentives?
- If confirmed, how would you promote onshoring manufacturing and securing supply chains with allied nations without threatening Georgia jobs?

Answer: I am confident that President Trump’s energy policy agenda will enable the United States to achieve energy dominance, including by harnessing the power of new and emerging technologies, along with maintaining our secure baseload power sources. It will be important to counteract China’s anti-competitive practices in the energy sector, and I believe that U.S. trade and tax policies, as well as regulatory recalibration, can play an important role in accomplishing this objective—and helping achieve American energy dominance. Public policies that promote a

¹¹⁷ Atlanta Business Chronicle, “Report: Qcells’ impact creates thousands of jobs, millions in sales in North Georgia,” Anila Yoganathan, May 23, 2024, <https://www.bizjournals.com/atlanta/news/2024/05/23/qcells-economic-impact-north-georgia.html>

¹¹⁸ Tech Crunch, “Tracking the EV battery factory construction boom across North America,” Rebecca Bellan, July 20, 2024, <https://techcrunch.com/2024/07/20/tracking-the-ev-battery-factory-construction-boom-across-north-america/>

strong manufacturing base, counter Chinese economic coercion and subsidies, and allow for robust private sector investment in the energy and manufacturing industries can together help advance U.S. economic and energy security.

Question 5: As a part of your 3-3-3 plan, you have said you would achieve 3 million additional barrels of oil production per day or an equivalent in other fuels. Georgia has invested heavily in solar and nuclear energy production, and we have seen this pay dividends in increased economic activity and new jobs.¹¹⁹

- Under your proposal, would this ramp up in production be limited to other fossil fuels, like liquid natural gas (LNG), or would you consider investing in other forms of energy, like solar and nuclear?

Answer: If confirmed, I look forward to working with Congress to unlock American economic growth through a variety of venues, including a broad-based unlocking of domestic energy production. A whole-of-government approach that promotes robust consideration of different domestic energy sources will be essential towards ushering in a new era of prosperity that will lift up all Americans and rebuild communities and families across the country.

Question 6: A proven way to reduce the deficit would be making sure that the wealthy actually pay the taxes they owe. IRS Commissioner Werfel estimates that tax avoidance by millionaires and billionaires costs the government more than \$150 billion per year.¹²⁰

- If confirmed as Treasury Secretary, would you support increased IRS enforcement against the wealthiest Americans to ensure they pay what they already owe under the law? If so, how?

Answer: Every American has a responsibility and a legal obligation to pay the taxes they owe. If confirmed, I would enforce our tax laws, including with respect to wealthy Americans.

Question 7: The Tax Cuts and Jobs Act expanded the Child Tax Credit to \$2,000 per child and made other beneficial changes that have helped address child poverty. Some Trump Administration officials, including the incoming Vice President, have supported further strengthening the Child Tax Credit.¹²¹

- Do you support the TCJA's expansion of the Child Tax Credit?

¹¹⁹ WABE, "As climate deadlines loom, Georgia companies and governments push for faster action," Emily Jones, July 1, 2024, <https://www.wabe.org/as-climate-deadlines-loom-georgia-companies-and-governments-push-for-faster-action/>

¹²⁰ CNBC, "Tax evasion by millionaires and billionaires tops \$150 billion a year, says IRS chief," Robert Frank, February 22, 2024, <https://www.cnbc.com/2024/02/22/tax-evasion-by-wealthiest-americans-tops-150-billion-a-year-irs.html>

¹²¹ CBS News, "JD Vance wants a \$5,000 Child Tax Credit, or 150% more than the current CTC. Here's what to know," Aimee Picchi, August 12, 2024, <https://www.cbsnews.com/news/jd-vance-child-tax-credit-5000-what-to-know/>

- Do you agree with the Vice President-elect that Congress should expand the Child Tax Credit above \$2,000 per child?
- Are there any other tax credits for working families that you might support?

Answer: The TCJA’s expanded Child Tax Credit helped working families and drove the poverty rate to record lows during President Trump’s first term. If confirmed, my top tax policy priority will be working with Congress to prevent record tax hikes on American families by extending and building upon the TCJA. President Trump is committed to raising standards of living for all American families by decreasing their tax obligations and increasing economic growth and take-home pay. I look forward to working with Congress and President Trump to put forth tax policies that promote the prosperity of America’s working families.

Question 8: It has been reported that Congressional Republicans will be considering a wide range of entitlement cuts to pay for extending the expiring tax cuts.¹²²

- To get to your target of 3 percent deficits, should Congress expect to see proposals from the administration to cut programs that help the working poor? This includes Medicaid, CHIP, WIC, SNAP, and Head Start, among others.
- Do you support cuts to these programs?
- What do you think are the macroeconomic effects of cutting programs that ensure access to health care and make food more affordable?
- How do you think these proposed cuts to domestic spending would affect working families in Georgia?
- Do you support making cuts or significant changes to Social Security and Medicare?
- Do you support making cuts or significant changes to Medicaid?

Answer: If confirmed, I commit to work with Congress to ensure that any legislation that is considered maximizes economic growth and delivers for the American people. With respect to specific spending reductions, the formulation of the President’s budget is the primary responsibility of the Office of Management and Budget, but if confirmed, I look forward to contributing to that process and the broader effort to identify opportunities to reduce unnecessary spending.

Question 9: The United States will likely reach the federal debt limit during the first half of this year. Most economists believe that failing to raise the ceiling will cause an economic disaster.¹²³

- Do you agree that failing to raise the debt ceiling would cause an economic crisis?
- Do you agree with President-elect Trump that we should abolish the debt limit?

¹²² Politico, “House GOP puts Medicaid, ACA, climate measures on chopping block,” Ben Leonard, Meredith Lee Hill, and Kelsey Tamborrino, January 10, 2025, <https://www.politico.com/news/2025/01/10/spending-cuts-house-gop-reconciliation-medicaid-00197541>

¹²³ CNN, “The debt ceiling is back, but no need to worry – yet,” Tami Luhby, January 2, 2025, <https://www.cnn.com/2025/01/02/business/us-debt-ceiling-trump-yellen/index.html>

Answer: Congress presently has the ability and responsibility for addressing and managing the statutory debt limit. I look forward to working with you and your colleagues to ensure that we do everything possible to protect the US economy and guard against default on our nation's debt.

Question 10: This Spring will mark two years since the failures of Silicon Valley Bank, Signature Bank, and First Republic Bank, three of the four biggest bank failures in US history.¹²⁴

- Why do you think those banks failed?
- Do you agree with Secretary Yellen's decisions to contain that crisis?
- What would you have done differently than Secretary Yellen?

Answer: Silicon Valley Bank failed because of failures of supervision and management, including interest-rate risk management in a period in which the Federal Reserve increased interest rates at the fastest pace in modern history. If confirmed, I will review the work done by the Treasury, FDIC, and Federal Reserve to assess the justification of invoking the systemic risk exception for these institutions in 2023.

Question 11: Republican banking regulators have discussed weakening regulatory standards for banks.¹²⁵ Banks taking on excessive risk is a key cause of the Great Recession. Georgians were directly harmed because of decisions made by those on Wall Street.

- What changes do you support to our bank regulatory structure?
- How should regulators treat small banks, as opposed to the largest banks?

Answer: The strength of the US economy is the depth and breadth of our financial system. As a result of undue regulation, we have seen the nonbank financial system grow in size and scope, reductions in community banking, and low numbers of de novo bank formations. If confirmed, I look forward to partnering with the new leadership of the regulatory agencies to help foster the breadth of our banking system and ensure that the system is safe and sound.

Question 12: President-elect Trump has indicated his preference for tariffs, as opposed to sanctions. I have long been concerned about an overreliance of sanctions to achieve policy gains.¹²⁶

¹²⁴ Harvard Law School Forum on Corporate Governance, "Silicon Valley Bank Demise: Causes and the Path Forward," Sanjai Bhagat and Henry Laurion, January 31, 2024, <https://corpgov.law.harvard.edu/2024/01/31/silicon-valley-bank-demise-causes-and-the-path-forward/#:~:text=The%20recent%20demise%20of%20Silicon,and%20liabilities%20of%20these%20banks.>

¹²⁵ Law.com, "Trump Mulls Big Changes to Banking Regulation, Unsettling the Industry," James Palmer, December 17, 2024, <https://www.law.com/corpcounsel/2024/12/17/trump-mulls-big-changes-to-banking-regulation-unsettling-the-industry-/?sreturn=20250115115107>

¹²⁶ Politico, "Are tariffs the new sanctions?," Sam Sutton, December 2, 2024, <https://www.politico.com/newsletters/morning-money/2024/12/02/are-tariffs-the-new-sanctions-00192089>

- How are you planning on using of sanctions, tariffs, investment controls, and other tools that Treasury may have to strengthen America’s economy without sacrificing the dollar’s role as the principal reserve currency?

Answer: President Trump has been clear about the urgent need to rebalance the international economic system to prioritize the interests of American workers, families, and businesses and to protect U.S. sovereignty as well as economic and national security. If confirmed, I am committed to contributing to a coordinated government effort aimed at advancing these priorities. The effort may include the use of sanctions, tariffs, investment controls, and other tools to promote fair and reciprocal trade, strengthen our economic foundation, and reinforce the strength and stability of the dollar.

Question 13: I’m very concerned about the consequences of tariffs on Georgia businesses and consumers, particularly everyday costs for working families.¹²⁷

- Do you believe that President-elect Trump’s tariff policies will have an inflationary effect?
- Who do you think will ultimately pay for these tariffs?

Answer: During President Trump’s first term, his economic and national security policies—including significant new tariffs—resulted in the fastest real wage growth in decades without creating inflationary pressures. By raising revenue from foreign exporters, tariffs can help fund investments that benefit American workers. Tariffs could also be used to pursue any specific trade negotiation objectives, which would be set forth by President Trump. As I alluded to in the hearing, the effects of tariffs are not linear, and tariffs would be implemented in conjunction with other economic policies—including regulatory relief and income tax adjustments that boost American productivity and prosperity. If confirmed, I look forward to working with you and your office to ensure that the implementation of tariffs supports President Trump’s broader economic policy agenda of supporting the American worker and improving U.S. standards of living.

Question 14: Combating illicit finance is an issue area that was of significant concern to the first Trump Administration. Since then, the need to fight fentanyl trafficking and curb Chinese malign influence have only grown as major illicit finance priorities. The Corporate Transparency Act requires certain businesses to confidentially report their true, or "beneficial", owners to a private database housed at the Treasury Department so that law enforcement and national security

¹²⁷ Savannah Morning News, “How would Trump's tariffs affect Georgians? Studies show they would pay more in indirect taxes,” Amy Paige Condon, November 3, 2024, <https://www.savannahnow.com/story/business/economy/2024/11/03/an-analysis-of-donald-trumps-tariff-proposals-on-georgians/75912076007/>

officials can better secure the U.S. border, fight the opioid crisis, stop America's foreign adversaries, and protect U.S. national security, among many other purposes.¹²⁸

- Do you support fully implementing the Corporate Transparency Act?
- Do you agree that the Corporate Transparency Act has the potential to help stop criminal activity like money laundering and other illegal operations?
- Do you see the Corporate Transparency Act, and its timely and robust implementation by the Treasury Department, as a critical tool to make progress on stopping money laundering and criminals taking advantage of the American financial system?

Answer: Beneficial ownership information can be a valuable tool to assist law enforcement efforts. We also must ensure that regulatory requirements are appropriately tailored to provide such useful information to law enforcement while not creating unnecessary and substantial burdens or disproportionate legal consequences on law-abiding U.S. individuals and small businesses. If confirmed, I will work to ensure that Treasury's efforts to combat illicit finance comply with U.S. laws and are focused on detecting, disrupting, and deterring malign actors while not creating unnecessary regulatory requirements that harm such individuals and businesses.

Question 15: You have been a proponent of cryptocurrency, and, per your disclosures, held funds in a bitcoin ETF until recently.¹²⁹ The Banking and the Agriculture committees will likely be considering legislation that would create a market structure around digital assets.

- What does Congress need to consider as it drafts cryptocurrency legislation to ensure any innovation happens in America, but prioritizes consumer protection?
- How will agencies under your purview, like OFAC and FinCEN respond to potential money laundering or other national security risks associated with cryptocurrency?

Answer: I look forward to working with the appropriate Committees of jurisdiction regarding the regulation of the digital asset marketplace. I believe the best way to protect consumers and ensure that innovation happens in America, and not abroad, is to enact regulatory structures for the digital asset economy and without such foundational law, it will be difficult to protect consumers. I believe that OFAC and FinCEN, which sit within the Terrorism and Financial Intelligence vertical at the Treasury Department, are essential to detecting, disrupting, and deterring all types of illicit financial activity regardless of the asset classification.

Question 16: Fannie Mae and Freddie Mac have been in government conservatorship since September 2008 and there has been debate about whether and how to release them. I'm very

¹²⁸ U.S. Department of Treasury, "FACT SHEET: U.S. Department of the Treasury Actions to Prevent and Disrupt Corruption," December 11, 2023, <https://home.treasury.gov/news/press-releases/jy1974>

¹²⁹ CoinDesk, "Trump's Treasury Pick to Divest Bitcoin ETF Holdings to Eliminate Conflict of Interest: Report," Omkar Godbole, January 13, 2025, <https://www.coindesk.com/markets/2025/01/13/trumps-treasury-pick-to-divest-bitcoin-etf-holdings-to-eliminate-conflict-of-interest-report>

concerned about existing capital levels at Fannie and Freddie should they be released from government conservatorship. The Department of Treasury and the Federal Housing Finance Agency recently announced a change in policy so that Treasury would have to agree to end the conservatorship and there would be a role for public input and market impact assessment.¹³⁰

- Do you believe the GSEs are prepared to be released from conservatorship?
- What metrics must Fannie and Freddie meet in order to be released from conservatorship?
- What role do you think Congress should play on this issue?
- If this happens, what steps will you, along with other financial regulators, take to prevent a repeat the 2008 housing crisis?

Answer: If I am confirmed and such a decision is made, I look forward to engaging with you and your staff on this matter. Treasury should take care to execute the will of the law, which includes the statutory allowance of the GSEs to provide ongoing assistance to the secondary market for residential mortgages. If confirmed, I look forward to working with all interested parties, including the Director of the FHFA, to understand the potential implications of a release from conservatorship of the GSEs, including potential impacts on their credit ratings and the downstream effects.

Question 17: For Americans to have confidence that public officials serve the public interest, not their own interest, it's important to avoid both a conflict of interest and the appearance of a conflict of interest. You have stated you plan to wind down the hedge fund you manage, Key Square, by March and more generally divest if confirmed.¹³¹

- How will winding down Key Square and your divestment from other assets work?
- Will you commit to following the ethics advice of the career Treasury Department agency ethics officials—including on recusals—to avoid the appearance of conflicts?

Answer: As part of my confirmation process, I have worked with officials from the Treasury Department and the Office of Government Ethics to prevent any conflicts of interests and items that might give rise to the appearance of a conflict of interest during my tenure, should I be confirmed. As part of that process, I have consented to an ethics agreement, resigned from positions, and divested a number of assets where legally and ethically necessary or appropriate, including by winding down Key Square Group and liquidating its fund's holdings in Q4 2024.

¹³⁰ U.S. Department of Treasury, "Treasury Department and Federal Housing Finance Agency Amend Preferred Stock Purchase Agreements for Fannie Mae and Freddie Mac," January 2, 2025, <https://home.treasury.gov/news/press-releases/jy2767>

¹³¹ Washington Post, "Trump's treasury pick, Scott Bessent, to divest from assets," Andrew Ackerman, January 12, 2025, <https://www.washingtonpost.com/business/2025/01/12/bessent-treasury-divest-assets/>

Question 18: In your written testimony prepared for the Finance Committee, you call for a “new economic golden age.”¹³²

- In your opinion, when was the last “economic golden age” in the United States?
- Who, in your view, were the winners and losers of the last “economic golden age” in the United States?
- What other “economic golden ages” has the United States experienced since our nation’s founding?

Answer: If confirmed, I look forward to working with Congress to unlock American economic growth through a variety of venues, including deregulation. A whole-of-government approach that couples deregulation with tax reform and other economic levers, such as implementing strong trade policy, will unleash unprecedented growth. If confirmed, I look forward to working towards this goal and ushering in a new era of prosperity that will lift up all Americans and rebuild communities and families across the country.

Question 19: During our exchange at your Finance Committee hearing, you said that most of the benefits of Tax Cuts and Jobs Act “accrued for the working and middle people as opposed to the upper ends.” However, data from the Congressional Budget Office shows that families in the top 10% saw their wealth increase 11 times more than families in the bottom 50% from 2016 to 2019.¹³³

- Do you agree that the wealthiest families were the primary beneficiaries of the TCJA?
- If confirmed, what policies would you support to ensure that families with lower levels of wealth receive a greater share of the gains?

Answer: I do not agree that the wealthiest Americans were the primary beneficiaries of TCJA. Following passage of TCJA, high earners actually paid a greater share of taxes, making the tax code more progressive. Further, the unemployment rate hit multi-decade lows, more than 6 million Americans were lifted out of poverty, and lower-income workers saw some of the fastest wage growth of all Americans following passage of TCJA.

Question 20: If the Trump Administration decides to move forward on OECD Pillar 1, it is imperative that U.S. companies are treated fairly. Notwithstanding that the world’s largest franchisors are U.S.-based companies, Pillar One’s proposed marketing and distribution safe harbor would fail to adequately account for taxes paid in market jurisdictions under franchise or split-ownership structures. This failure would force U.S. companies to over-allocate profits to

¹³² Politico, “Bessent will pitch plan for ‘new economic golden age’ at Senate hearing,” Michael Stratford, January 15, 2025, <https://subscriber.politicopro.com/article/2025/01/bessent-will-pitch-plan-for-new-economic-golden-age-at-senate-hearing-00198563>

¹³³ Congressional Budget Office, “Trends in the Distribution of Family Wealth, 1989 to 2022,” October 2, 2024, <https://www.cbo.gov/publication/60343>

market jurisdictions resulting in more tax paid to foreign governments and less tax paid to the United States.¹³⁴

I have heard from one U.S. company that the failure to properly protect franchise or split-ownership structures would result in the annual reallocation of \$500 million to \$1 billion of U.S. revenue to over 100 foreign countries. Over 30-percent of the reallocated revenue would go to 24 European countries with Germany and Spain receiving the largest share of this U.S. revenue.

- If the United States decides to move ahead with a Pillar 1 Agreement, can I have your assurance that any such agreement would be modified to fully account for taxes paid in market jurisdictions and ensure that our US companies are treated fairly?

Answer: I appreciate you raising this important issue about the disparate treatment of certain business models under OECD Pillar One. At the OECD, the U.S. should aggressively promote the interests of U.S. workers and businesses. If confirmed, I commit to working with Congress and ensuring that the United States is not disadvantaged by policies at the OECD.

Question 21: During his first term in office, President-elect Trump created the Task Force on the United States Postal Service (USPS), led by the Secretary of the Treasury, to evaluate the operations and finances of USPS and submit recommendations for operational improvements. In December 2018, the Task Force released its report, which outlines the financial health of USPS and offers recommendations to modify the Postal Service’s business model to return it to sustainability.¹³⁵

Six years after the Task Force report, in Fiscal Year 2024, the Postal Service experienced a net loss of over \$9.5 billion in operating revenue and has a total net deficiency of over \$32.6 billion, according to USPS’s annual report to Congress.¹³⁶ This comes as many Georgians experience delays and disruptions in essential mail service since the opening of the Atlanta Regional Processing and Distribution Center (RPDC) in Palmetto, Georgia.¹³⁷

I am concerned that financial challenges at USPS and persistent service disruptions resulting from issues at the Atlanta RPDC will continue to negatively and disproportionately affect vulnerable communities in Georgia that rely on USPS to deliver everything from essential medication to important tax documents.

¹³⁴ Bipartisan Policy Center, “The 2025 Tax Debate: International Taxes Under Pillars 1 and 2,” Andrew Lutz, August 26, 2024, <https://bipartisanpolicy.org/explainer/the-2025-tax-debate-international-taxes-under-pillars-1-and-2/>

¹³⁵ U.S. Department of Treasury, “United States Postal Service: A Sustainable Path Forward,” December 2018, https://home.treasury.gov/system/files/136/USPS_A_Sustainable_Path_Forward_report_12-04-2018.pdf

¹³⁶ U.S. Postal Service, “U.S. Postal Service Reports Fiscal Year 2024 Results,” November 14, 2024, <https://about.usps.com/newsroom/national-releases/2024/1114-usps-reports-fiscal-year-2024-results.htm>

¹³⁷ 11 Alive News, “6 months later: Issues continue for troubled USPS facility in Atlanta,” Liza Lucas, August 26, 2024, <https://www.11alive.com/article/news/special-reports/postal-problems/atlanta-postal-problems-regional-processing-distribution-center/85-1ae6c5f6-4e8a-4749-8ce5-bbf948fce65>

- If you were to be confirmed, how would you partner with the United States Postal Service to manage its financial challenges?
- Do you intend to follow up on any of the recommendations outlined in the December 2018 report produced by the Task Force on the United States Postal Service?

Answer: The United States Postal Service continues to face significant challenges in a changing technological and economic environment. If confirmed, I would seek to develop plans to put USPS on a sounder financial footing, working with the Postmaster General, the Board of Governors and this Committee to eliminate waste and inefficiency. If confirmed, I would review the December 2018 Task Force Report and its recommendations for administrative and legislative reforms. I am committed to working with this Committee to ensure that USPS is able to fulfill its mission effectively and responsibly.

Senator Welch

Question 1: In response to Russia's relentless war on Ukraine, the Biden Administration has instituted sweeping sanctions against Russia. Over the course of his presidency, President Biden has imposed over 5,000 sanctions and export controls against Russia. Ultimately, the sanctions against Russian individuals and entities did not handicap their finances enough to end the war.

Why do you think the sanctions against Russia were not impactful enough to end the war? If confirmed as Treasury Secretary, what would you do to increase the impact of sanctions against foreign governments?

Answer: If confirmed, and at President Trump's direction as part of his strategy to end the war in Ukraine, I will work to ensure that sanctions are aligned with broader U.S. foreign policy objectives. If confirmed, I will work with our allies and partners as appropriate to ensure all of our economic sanctions programs effectively serve our national security.

Question 2: On the campaign trail, President-elect Trump promised to cut Americans' energy bills in half within the first 18 months of his term. Weatherization and improving home energy efficiency are both valuable tools to reduce wasted energy and save ratepayers money. The 25C Energy Efficient Home Improvement Credit allows households to claim a tax credit of up to \$3,200 for qualified improvements in a given year. By lowering the upfront cost of these investments, this tax credit enables low- and middle-income American to enjoy the long-term benefits of lower energy bills.

Do you support maintaining the 25C tax credit to directly lower energy costs for American ratepayers? How else can tax policy be leveraged to support common-sense investments in efficiency to reduce energy waste?

Answer: If confirmed, I commit to working with you to implement policies that promote American energy dominance and help lower prices for American consumers.

Question 3: As a member of the House of Representatives, I was the lead sponsor of the Electric CARS Act (H.R.1271 – 117th Congress) to extend and enhance the electric vehicle (EV) tax credit. A version of this legislation was passed in the Inflation Reduction Act, becoming the 30D Clean Vehicle Credit. This tax credit allows consumers to claim up to \$7,500 towards new and \$4,000 towards used qualifying EVs and is available immediately at the point of sale. While the average cost of new EVs continues to reach parity with gas-powered vehicles, the upfront purchase price is still one of the greatest barriers to EV adoption. Research has shown, however, that the lifetime cost of owning an EV is lower than that of a gas vehicle. EVs are up to 4.8 times more efficient per mile, allowing driver to spend up to 60% less on fuel, and incur lower maintenance costs.

Transportation costs are a significant burden for working families. In Vermont, the average household spends more than \$7,000 on energy each year, with more than 45% of those costs spent on transportation.

As Treasury Secretary, how would you work to implement and maintain the clean vehicle tax credit, lowering costs for working Americans, in the face of political attacks?

Answer: President Trump has expressed concerns about Biden-era climate spending, including those that attack the automotive industry, limit consumer choice in the marketplace, and ultimately benefit wealthy taxpayers. As part of President Trump's agenda, I will commit to implementing our nation's tax laws consistently and work with Congress on tax reform that generates broad economic growth and lower costs for working Americans. I will also work with other Executive Branch agencies and Congress to ensure American energy dominance.