Hearing on the Nomination of Steve Mnuchin to be Secretary of the Treasury

Senate Finance Committee

Questions for the Record

January 2017

Senator Orrin G. Hatch

1. Last year the Finance Committee reported out a bi-partisan retirement reform bill, on a 26-to-0 vote (S. 3471, 114th Cong.), that included reforms such as additional incentives for small businesses that set up retirement plans, authorization for employers to join so-called "multiple employer plans" so that they can join forces to share the costs of offering a plan, and a provision making it easier for employers to provide, and for employees to purchase, retirement annuities in their 401(k)-type plans.

You may not have had a chance to focus on retirement reform legislative issues yet, but retirement reform has been a priority with the Committee for quite some time and has very strong, bipartisan support.

Can you assure me that the Treasury Department will work with the Finance Committee in the 115th Congress to enact retirement reform?

We understand there are issues with multiemployer plans, and we look forward to working with you and your staff on retirement reform.

2. Trade: Financial Services Data

Among my concerns with the Trans-Pacific Partnership, or TPP, agreement is the fact that it failed to prohibit local data storage requirements in the financial services sector. This outcome was inconsistent with the clear direction on data flows that Congress set out in TPA.
These types of localization requirements are a serious problem for U.S. financial services companies, who often face pressure to store their data overseas. This increases costs, reduces data security, and in some cases, makes entering markets unfeasible. In short, these measures mean financial services jobs located in the U.S. may have to be moved overseas to meet foreign data localization requirements.

I wonder whether you can give me your assurance that, if confirmed, you will combat data localization measures for all industry sectors wherever they appear, and not continue the past Administration's practice of excluding financial services from those protections or from future trade negotiations.

I will work with you and your staff to ensure that the versions of future trade agreements include financial services where appropriate.

3. GSEs

As former Treasury Secretary Hank Paulson has stated, the conservatorship of mortgage giants Fannie and Freddie, also known as Government Sponsored Enterprises, or GSEs, were to be a "time out," while the government decides how to restructure the GSEs. Fannie and Freddie went into conservatorship in 2008 which means that the "time out" has lasted for more than eight full years.

Numerous commentators, including analysts at the Federal Reserve, have commented on a need to finally get to restructuring Fannie and Freddie. For example, in a March 2015 Staff Report from the Federal Reserve Bank of New York, analysts wrote that "…there appears to be broad consensus that Fannie Mae and Freddie Mac should be replaced by a private system—perhaps augmented by public reinsurance against extreme tail outcomes…"
You also recently echoed the need to get to finality on restructuring Fannie and Freddie, and I'd expect you, as nominee for Treasury Secretary, to be thinking about such issues. The Obama administration has, for the past eight years, shared the view that Congress should pass legislation to reform our housing-finance system. Do you agree with the views of many that the "time out" on the GSE's ought to end, and Fannie and Freddie need to somehow be restructured or ended?

I agree that the United States needs a comprehensive approach to its housing finance policy. With Fannie Mae and Freddie Mac both in conservatorship it is difficult to articulate their long-term role within our housing finance policy. Eight years passed since they entered conservatorship and there has been a significant recovery of housing prices across the country. So that lends itself to be a good time, in my view, to address the desired future state we seek for housing finance in our country.

I look forward to exploring with Congress and stakeholders across the public and private sector solutions to this important problem.

4. Role of US in OECD

The past several years have seen a focus by the United States and other countries in the OECD to address tax base erosion and profit shifting, or BEPS. Unfortunately, soon after the conclusion of a series of agreed-upon actions to address BEPS, some countries decided to go their own way and take actions that were inconsistent with the agreed-upon actions. Given this, what role, if any, should the United States continue to play at the OECD?

The United States Representative to the OECD must vigorously advance the United States' agenda. As a founding member of the organization, the United States should take a leading role in shaping the agenda of the organization. In instances where other nations choose to take actions inconsistent with agreed upon actions, the United States should act in accordance with our best interests.

5. Treasury Oversight of Customs Revenue Functions

When the legacy agency to U.S. Customs and Border Protection (CBP) was transferred from the Treasury to the Department of Homeland Security (DHS) in 2002, Treasury retained oversight over the customs revenue functions. A recent report by the Treasury's Office of Inspector General, however, has determined that Treasury is not providing proper oversight of the customs revenue functions.

Do I have your commitment that you will work to ensure that Treasury provides the proper oversight of customs revenue functions of CBP?

I will work with you, Mr. Chairman, to ensure that proper oversight occurs of the customs revenue function.

6. Increasing Tariffs

Until recently, I have never heard so much discussion of raising tariffs. I understand and support the desire to improve U.S. trade, but higher tariffs are higher taxes. If we raise tariffs, we have to understand we are taxing American families.

With that in mind, in what situations do you think it is appropriate to raise tariffs?

Congress has created and codified a range of tools that are available to address unfair trade practices and cheating, and in certain tariffs may be appropriate. President Trump has said that our trade policy will ensure that American companies and American workers should benefit.

7. Retirement Policy

Last year the Finance Committee reported out a bi-partisan retirement reform bill, on a 26-to-0 vote in fact, that included reforms such as additional incentives for small businesses that set up retirement plans, authorization for employers to join so-called "multiple employer plans" so that they can join forces to share the costs of offering a plan, and legislation making it easier for employers to provide, and for employees to purchase, retirement annuities in their 401(k)-type plans.

I don't know whether you have had a chance to focus on retirement reform yet, but it has been a priority with the Committee for quite some time and, as you can see, has very strong support.

Can you assure me that the Treasury Department will work with the Finance Committee in the new Congress to enact retirement reform?

Multiemployer plan in many cases are appropriate such that they can join forces and share costs…I look forward to working with you and your staff on this issue

8. IRS Taxpayer Service and Cybersecurity

The IRS has faced significant problems over the past several years in providing quality taxpayer service and protecting taxpayer information from cybercriminals. What actions do you think the agency needs to

take to increase quality taxpayer services and prevent cybercriminals from accessing taxpayer information and engaging in stolen identity refund fraud?

I agree that the IRS can be more effective at providing taxpayer service and protecting taxpayer information. Technology *should be used to* improve the accuracy and security of tax administration. If confirmed, I look forward to working closely with the IRS Commissioner and other federal officials to achieve this goal.

9. Currency Analysis and Reporting by Treasury and the Role of Congress

In order to strengthen the Department of the Treasury's toolbox for addressing international exchange rate issues, the Congress passed the Trade Facilitation and Trade Enforcement Act – also known as the Customs Bill – last year.

This act expanded the Department's currency analysis and reporting requirements; created a bipartisan advisory committee on international exchange rate policies; and requires enhanced engagement with and, when appropriate, remedial actions against countries of chief concern.

Do you agree that in order to address international exchange rate concerns successfully, the Congress and the Administration must work together and within the frameworks of the existing tools that have been authorized?

I agree that it is important for Congress and the Administration to work together, utilizing the tools that are authorized by law.

10. Red Tape

Our current system of regulation and endless red tape has placed many American businesses in a stranglehold, struggling to keep the lights on. Even public investment in infrastructure, as the Obama administration found when it was seeking "shovel ready" projects but struggled to find them, faces regulatory and permitting obstacles that simply don't make sense.

Writing on a need for infrastructure investment in the country, for example, liberal economist and advisor to Democratic administrations Larry Summers recently asked the following question: "How, we ask, could our society have regressed to the point where a bridge that could be built in less than a year one century ago take five times as long to repair today?" He also wrote that: "progressive advocates of more investment should compromise with conservative sceptics and, in the context of increased spending, accept regulatory streamlining, as well as requirements that projects undergo cost-benefit analysis.

As the principal economic advisor to the President, how would you ensure our businesses and those in charge of public infrastructure projects are given the opportunity not just to survive, but to prosper and therefore contribute to our economic growth?

Chairman, I concur with your observations concerning the need for Government to operate more efficiently to serve the public needs. In areas such as our infrastructure plans, implementing viable programs that can be managed effectively but without excessive regulation and bureaucracy is critical.

11. Pass-Through vs. Individual Rates

President Trump campaigned on lowering both the corporate income tax rate and the rate imposed on pass-through business income to 15 percent. Some concerns have been raised about "gaming the system" by high-income individuals to classify income that otherwise would be subject to individual income tax rates as pass-through business income subject to the lower 15 percent rate. What are your thoughts on this issue and the concern raised, and do you believe there are ways to address such concerns while maintaining the lower tax rate for pass-through business income?

We will work with Congress to make sure that the language prevents high income individuals from gaming the system and using pass-throughs. While at the same time we will work with Congress to make sure that pass-throughs have the benefit of the business tax.

12. Currency and International Forums

I certainly understand concerns regarding international exchange rate policies. However, I believe that it will be more effective to address these issues through multilateral and long-term solutions than through unilateral and short-term actions.

As such, I have long supported the Department of the Treasury's efforts, under both Republican and Democratic administrations, to address these issues at the International Monetary Fund, the G-20, and the G-7, and through discussions with countries of chief concern.

Do you agree that the Department should continue to work within these and other forums to seek multilateral and long-term solutions to these concerns?

I fully support the objective of taking effective actions, consistent with our international obligations, to provide a level playing field for American workers and firms. We will address the issue of currency manipulation as an unfair trade practice and will work with the International Monetary Fund, the G-7, the G-20, and with major trading partners.

13. Intellectual Property Rights in Trade

About a year ago, President Obama signed the Trade Facilitation and Trade Enforcement Act of 2015 (Pub. L. 114-125), commonly referred to as the Customs bill, into law. The Customs bill originated out of this committee and contained many important provisions regarding the enforcement of intellectual property rights. Some of these statutes require U.S. Customs and Border Protection (CBP) to promulgate regulations. As the Secretary of the Treasury, you will have the singing authority over these regulations.

Do I have your commitment to ensure that these regulations adhere to Congress' intent?

If confirmed, I intend to fully implement the regulations, consistent with its Congressional intent.

14. Estate Tax

President Trump has called for the repeal of the estate tax and for capital gains held until death to be taxable, with the first $10 million tax free. How do you respond to those who argue that not only should the estate tax NOT be repealed, but in fact it should be expanded through a higher tax rate and lower exemption amounts?

The Administration's goal in eliminating the Estate Tax is to protect small and medium sized businesses and family farms. We look forward to working with Congress on this issue as part of overall tax reform.

15. FSOC

The so-called "Dodd Frank" Act established a Financial Stability Oversight Council—called the FSOC (FSOC).

One notion behind the FSOC was to have regulators talk to each other. Prior to the financial crisis, financial regulators operated in silos and failed miserably in their oversight and regulation of the financial system.

Beyond that, the FSOC was set up with noble goals, such as ending too big to fail and responding to emerging threats to "financial stability," even though the FSOC has no meaningful measure of stability.

Unfortunately, the FSOC has been run under the Obama administration as an opaque roving regulator. Moreover, by its very construction, it is unlikely that the FSOC would ever identify or respond in any meaningful way if monetary or fiscal policy turned out to threaten financial stability.

Indeed, during the debt-limit standoff in 2011, the FSOC failed the U.S. people by withholding information from Congress.

You will, if confirmed, chair the FSOC.

If you become chairman, would you continue the FSOC's existing practices of essentially acting as an opaque roving regulator?

I very much look forward to serving as Chair of the FSOC and working with its group of leaders of important and largely independent regulatory bodies. Having a common forum for key financial regulators to meet, share information and address financial sector industry issues is inherently valuable. If confirmed I will not continue, as you suggest, the FSOC's existing practice of acting as an opaque regulator.

16. Treasury Compliance with Administrative Law

There has been an unfortunate trend in recent decades suggesting that tax regulations are somehow not subject to the normal requirements of administrative law.

That trend has suggested that somehow tax regulations and other rules promulgated by the IRS are not subject to the same notice and comment period as other regulations by other federal agencies, that they are not subject to the same cost-benefit analysis as other federal regulations, that they are not subject to the same OMB Office of Regulatory Affairs Analysis as other federal regulations, and that they are not subject to the same Congressional Review Act requirements as other federal agencies.

The Supreme Court, in its 2011 Mayo decision, and the Tax Court, in its 2015 Altera decision, instructed the IRS that the IRS is not exempt from administrative law requirements. The IRS is subject to the same administrative law requirements as any other federal agency.

Can you assure me that you will make sure that IRS regulations, rules, and guidance comply with administrative law requirements?

If confirmed, I will ensure that the Treasury follows the requirements of administrative law, where applicable.

17. Transparency and Debt Limit

The statutory federal debt limit has been suspended until March of this year. Once we near the debt limit, Treasury has some mechanisms it can use, called "extraordinary measures" even though they have become fairly ordinary, to extend the time it takes to hit the debt limit beyond March. After the extraordinary measures are used up, either the limit is raised or the U.S. would default on some obligations.

During a debt-limit impasse in 2011, Treasury and the Federal Reserve formed contingency plans that included prioritization of payments in the event that Treasury exhausted its borrowing authority. Since July of 2011, I repeatedly asked Treasury and Federal Reserve officials for their plans, only to be told that there were no plans, or that Treasury and the Fed had ideas, but not really plans. Recently, however, transcripts from a special meeting of the Fed's Federal Open Market Committee revealed clearly that the plans I have been requesting were, in fact, formulated. That, of course, means that the Fed and Treasury officials in the Obama administration withheld information from Congress and the American people about the Nation's finances.

If asked by any Member of Congress about any plans formulated by the federal government to handle our Nation's finances, do you pledge to be responsive to Congress and the American people and not withhold information?

As I have stated, and as has been the position of all prior Secretaries of the Treasury, honoring the full faith and credit of our outstanding debt is a critical commitment.

I will work with your office to review the manner of transparency provided by the Department surrounding this topic, including the implications of invoking extraordinary measures.

18. Treasury Office of State and Local Finance

In April of 2014, Treasury established, without notification or discussion with the then-Ranking Member of the Senate Finance Committee which has the responsibility of oversight of Treasury, a new Office of State and Local Finance. That Office has engaged many of its activities in recent years to lobbying Congress for bankruptcy authority for Puerto Rico, including what in my view has been highly politicized rhetoric concerning "austerity" versus creditor "haircuts," where many creditors happen to be innocent residents of Puerto Rico who purchased bonds issued by numerous component units of the Puerto Rico government.

That Office was also provided with authority to provide "technical assistance" to Puerto Rico, and has recently tried to expand that authority, through requests to Congressional appropriators, to include authority for Treasury to provide technical assistance also to states or municipalities. One risk of such an extension would be perceptions that could be created that somehow Treasury's Office of State and Local Finance would be the touchpoint in the Federal government for a teetering State or locality to lobby for a federally backed bailout. The risk is especially pronounced given that the Office of State and Local Finance at Treasury has not been responsive to my staff's repeated requests for briefings to provide transparency with respect to whatever have been the Office's "technical assistance" efforts in Puerto Rico and why at least one Treasury official has signed confidentiality agreements with component units of the Puerto Rico government, including a bond-issuing unit. Numerous troubling press reports suggest that Treasury officials have engaged in activities that may be more political than what Congress would reasonably expect to be "technical" assistance.

a) Will you review the Office of State and Local Finance to determine whether it is necessary for Treasury to have such an office?

I will be pleased to look into the Office of State and Local finance and evaluate both its focus and effectiveness as you suggest.

b) Will you ensure that Treasury officials provide my staff with a briefing, with verifiable data on technical-assistance activities, on technical assistance that Treasury has performed for Puerto Rico?

PROMESA was an important bipartisan piece of legislation to provide for both short and long term solutions to the financial struggles of Puerto Rico. As you know, since it has been enacted, an Independent Board has been appointed to review and validate the feasibility of finance plans of the Government of Puerto Rico. I will provide your staff with a briefing as you've requested.

19. Treasury Commitments in International Forums

Treasury officials frequently meet in international forums, such as the G-7, G-20, IMF, OECD, Financial Stability Board (FSB), and multilateral development banks. Of course, it is important that the United States provide economic and financial leadership and engagement internationally. It is also important, I believe, for the United States to stand against unelected international bureaucracies that promote policies to enlarge and enhance their organizations or promote policies that do not promote the well-being of U.S. workers and taxpayers.

The Obama administration, including the Treasury Secretary, engaged in international "agreements," at times with no substantive discussion with me as I served as either Ranking Member or Chairman of the Finance Committee with responsibilities for oversight of Treasury activities. For example, the Obama administration committed the U.S. to participate in a "New Arrangements to Borrow" at the IMF. That "new arrangement," which was agreed upon by unelected representative of G-20 countries, increased resources available to the IMF by up to $500 billion, thereby tripling total pre-crisis lending or bailout resources of the IMF. The "arrangement," promoted by Obama administration officials, including Treasury officials, without input from many of us in Congress, was subsequently presented to Congress as some sort of international "commitment," even though I had committed to nothing.

The IMF, subsequent to the initial commitments by unelected G-20 officials, notably broke its own rules to bail out Greece, even when the IMF was aware of the possibility that Greece would then require yet more bailouts—that is, that the IMF was making a bad loan, part of which comes from resources provided by U.S. taxpayers. U.S. representatives at the IMF in the Obama administration did not block the rule breaking.
Do I have your commitment that you will closely examine the extent to which U.S. resources placed in international institutions such as the IMF, OECD, and elsewhere are serving the best interests of U.S. workers and taxpayers?

The Administration will ensure that U.S. resources placed in international institutions such as the IMF and multilateral development banks are used to promote policies consistent with the objectives of the United States to the greatest extent possible.

20. Retirement Savings

Treasury officials, acting on an executive order from President Obama, created a scheme called myRA for people who don't have access to employer-sponsored retirement savings plans. It is my understanding that the scheme has received relatively few savers. The scheme was established by the Obama administration in lieu of working with Congress to help Americans save for retirement. That was unfortunate, in my view, since I have solid proposals with bipartisan backing to do just that.

In establishing the myRA scheme, Treasury officials used a permanent, indefinite appropriation to the Treasury that Congress provided to provide administrative ease for ordinary, but variable, costs that the government would incur for things like tax collection. Specifically, the appropriation for "financial agents" allows Treasury to hire private sector firms to provide services on behalf of the Treasury. It is my

concrete view that the appropriation was not established by Congress with any intent of having an administration unilaterally decide to implement a new federally-sponsored saving scheme.

In addition to a permanent, indefinite appropriation for Treasury to retain financial agents, Treasury has a permanent, indefinite appropriation to retain "fiscal agents," with the Federal Reserve (Fed) being a principal example. Through this appropriation, certain services—such as assistance in aggregating tax receipts and processing payments—provided by the Fed are paid for by Treasury. The Obama administration may have misused funds from the permanent, indefinite appropriation for fiscal agents by compensating the Federal Reserve to advertise that myRA scheme that the administration unilaterally decided upon. I write the word "may," because, while I have asked for copies of fiscal agency agreements between the Treasury and Fed, thus far, neither the Treasury nor the Fed has been willing to provide them.

Will you commit to examining the myRA savings scheme that was unilaterally established by the Obama Administration, to determine whether it is an efficient use of taxpayer resources and whether it helps American workers to save?

Yes, I look forward to working with your office and reviewing the myRA savings scheme.

Will you commit to providing copies of fiscal agency agreements between Treasury and the Federal Reserve?

If confirmed, I will provide you and your staff copies of such agreements.

21. Debt Contingency Plans

Since July of 2011, I have asked Treasury officials in the Obama administration and Chairs Bernanke and Yellen of the Federal Reserve Board for copies of contingency plans that Treasury and the Fed constructed during the debt-limit impasse of 2011 to prioritize federal payments in the event that Treasury ran out of an ability to borrow because of the statutory debt limit and had insufficient cash to service all incoming due obligations.

Despite my repeated request for the contingency plans to prioritize payments developed by Treasury officials in the Obama administration and officials at the Federal Reserve, and my oversight responsibilities with respect to Treasury and U.S. debt obligations, I have not received copies of the plans or briefings on the plans. At times, those officials denied that there were contingency plans, or obfuscated on the meaning of the word "plan," at the expense of necessary transparency in government. Upon the Federal Reserve's release, more than five years after the fact, of transcripts of a special conference-call meeting on contingency plans held by the Fed's Federal Open Market Committee, it is readily apparent that detailed contingency plans that I have been asking for since July of 2011 were in fact developed. To date, I have not seen or been briefed on the plans.

That is, Treasury officials in the Obama administration and officials at the Federal Reserve have withheld information from Congress that I have been requesting from as far back as July of 2011. In addition and

as testimony to the opaque nature of the Financial Stability Oversight Council (FSOC), I will note that I had asked every voting member of the FSOC in 2011 for information they may have had with respect to the prioritization contingency plans developed by Treasury officials in the Obama administration and by officials at the Federal Reserve. I have yet to receive the plans or a briefing on the plans.

Will you commit to working with my staff to uncover those plans?

I understand your question and concern and would be pleased to review this matter with you.

22. Mr. Mnuchin, several of my Democratic colleagues described repeal of the Affordable Care Act or ObamaCare as a tax increase on middle and lower income taxpayers. I attach a distribution analysis from the Joint Committee on Taxation, Congress' non-partisan tax legislation scorekeeper, dated May 4, 2010. I ask you to review the tables.

A. Based on your review, do you agree with one Democratic member's assertion that there is not "one dime" of a tax increase on taxpayers with incomes under $200,000?

I have reviewed the tables, and according to Footnote 6, the increase is less than 0.05%.

B. Based on your review, do you agree with the Joint Committee on Taxation that there are several tax increase proposals on taxpayers with incomes under $200,000 that the Joint Committee on Taxation said were present, but which they could not distribute?

Yes.

C. Based on your review, do you agree with the Joint Committee on Taxation that the proposal cutting back the itemized deduction for catastrophic medical losses affects at least one million more taxpayers with incomes under $200,000 than the number of taxpayers in the same cohort who receive exchange credits and other tax subsidies?

Yes.

23. Corporate Integration: I was pleased to hear you say in the hearing, in your dialogue with Senator Scott, that you see the issues of individual and corporate tax reform as linked. As you may know, I am very interested in integrating the individual income tax system and the corporate income tax system. Please share with me your thoughts about corporate integration.

I commend your hard work in reforming the corporate tax system to make the U.S. more competitive. I look forward to working with you in these efforts.

24. Treasury / IRS Compliance with Administrative Law: There has been an unfortunate trend in recent decades suggesting that tax regulations are somehow not subject to the normal requirements of administrative law.

That trend has suggested that somehow tax regulations and other rules promulgated by the IRS are not subject to the same notice and comment period as other regulations by other federal agencies, that they are not subject to the same cost-benefit analysis as other federal regulations, that they are not subject to the same OMB Office of Information & Regulatory Affairs analysis as other federal regulations, and that they are not subject to the same Congressional Review Act requirements as other federal agencies.

The Supreme Court, in its 2011 Mayo decision, and the Tax Court, in its 2015 Altera decision, instructed the IRS that the IRS is not exempt from administrative law requirements. The IRS is subject to the same administrative law requirements as other federal agencies.
Can you assure me that you will make sure that IRS regulations, rules, and guidance comply with administrative law requirements?

If confirmed, I will ensure that the Treasury follows the requirements of administrative law, where applicable.

25. Efficient Taxation: The United States may overly rely on the income tax. A fair amount of study on the topic has suggested that a tax on savings/investment increases the cost to capital, thus, in turn decreasing capital formation, wage growth, and GDP growth. Would either consumption or land-value be a more efficient tax base as compared with income? Could a shift to such a tax base be done in a approximately distributionally-neutral fashion?

The objective of tax reform should be to collect the revenue the government needs to fund the proper functions of government and maximize growth and opportunity for all Americans. If confirmed, I will work with you to find the best and most efficient way to do that.

26. EC State Aid Rulings / Investigations: I appreciated that your predecessor (if you are confirmed), Jack Lew, responding to bipartisan concerns, was vigilant in criticizing and protesting the European Commission State Rulings / Investigations. I'm concerned that the EC State Aid Rulings / Investigations are retroactive in effect, unfairly target US multinational enterprises, call into question the legal stability of the EU, call into question the sovereignty of EU members states as to tax matters, and call into question the stability of the numerous tax treaties the US has with various EU member states. Will you please assure the Committee that you will continue the bipartisan efforts of your predecessor in this regard?

Yes, I assure you I will continue in these efforts.

27. Hidden Effective Tax Rate Increases: I have been concerned that there are numerous hidden effective tax rate increases throughout the Internal Revenue Code. To name just a few: The section 32 Earned Income Tax Credit phase-out, the section 24(b)(1) Child Tax Credit limitation, the section 68 Pease limitation on itemized deductions, and the section 151(d)(3) Personal Exemption Phaseout (PEP). I'm concerned about these effective tax rates for two different reasons:
1) they are hidden, taxpayers don't know about them, and thus imposing these tax rate increases is contrary to principles of transparent government; and

2) to the extent taxpayers do know about these tax-rate increases, they discourage further income production.

Perhaps the reality is somewhere in between these two – most taxpayers don't quite understand that there are these hidden tax-rate increases, but they do know that somehow, despite harder work, and higher pre-tax pay, they find it difficult to get move up the economic ladder. Whatever the case, what are your thoughts? Will you work with me to combat creation of additional hidden effective tax rate increases? Would you work with the Committee to reduce / eliminate hidden effective tax rate increases?

I look forward to working with you to give Americans a tax code that is fair, transparent and rewards hard work, saving, and investment.

If confirmed I will work with you to eliminate or minimize "hidden effective tax rates."

28. QUESTION REMOVED

29. Congressional Review Act
a) Do you agree that before a Treasury rule takes effect, the Treasury Department, pursuant to the Congressional Review Act, must submit to Congress a report, which among other things must state whether the rule is a major or non-major rule?
b) Do you agree that only the Administrator of the Office of Information and Regulatory Affairs of the Office of Management and Budget may make a finding that a rule is a major rule within the meaning of 5 USC section 804(2)? If yes, then does this imply that all Treasury rules must be reviewed by the Administrator of OIRA to determine whether it is major?

I am aware that there is an agreement between Treasury and OMB that dates back to 1983 with regard to review of certain Treasury rules. If confirmed, I pledge to review that agreement in order to learn more about its purpose and history.

30. Last year the Finance Committee reported out a bi-partisan retirement reform bill, on a 26-to-0 vote (S. 3471, 114th Cong.), that included reforms such as additional incentives for small businesses that set up retirement plans, authorization for employers to join so-called "multiple employer plans" so that they can join forces to share the costs of offering a plan, and a provision making it easier for employers to provide, and for employees to purchase, retirement annuities in their 401(k)-type plans.

You may not have had a chance to focus on retirement reform legislative issues yet, but retirement reform has been a priority with the Committee for quite some time and has very strong, bipartisan support.

Can you assure me that the Treasury Department will work with the Finance Committee in the 115th Congress to enact retirement reform?

I look forward to working with the finance committee on retirement reform.

Senator Ron Wyden

IRS Resources

Mr. Mnuchin, over the years, the IRS budget has been cut. The IRS FY 2016 budget was $11.235 billion, including an additional $290 million marked specifically for customer service, combating stolen identity refund fraud, and cybersecurity. This budget is 7% lower than its high-water mark funding level in FY 2010 ($12.146 billion), or 17%, adjusted for inflation. The cut in resources has impacted taxpayer services and enforcement of the tax laws.

1.Do you see this as a problem?

If confirmed I will review the appropriate resources for the IRS and see how these cuts have impacted taxpayer services and enforcement of the tax laws.

2. What are your plans for fixing this issue? You told Finance Committee staff that you were surprised IRS staffing had fallen over time. Indeed, IRS full-time equivalents have declined from 94,618 employees in FY 2010 to 82,705 in FY 2016, a decrease of 12.6 percent. Do your plans possibly include hiring more IRS employees? How would IRS hiring be affected by President Trump's planned federal employee hiring freeze?

To the extent that additional resources are needed to increase revenues and improve taxpayer services, I will commit to work with the President to exempt the IRS from a hiring freeze.

3. Recent attacks on IRS's IP PIN and the IRS Get Transcript applications highlight the inadequacy of IRS systems and electronic authentication procedures. Are you concerned about IRS's antiquated systems and technology? What about their cyber-security? Would you give IRS additional resources to address these chronic issues?

Based upon the information I have seen I am concerned about the IRS's technology and cybersecurity resources. I would work with the IRS commissioner to ensure that we have the necessary resources.

4. It's also no secret that you need more resources to stay ahead of the crooks, starting with having the right cybersecurity and IT experts. Many of those experts were hired using "Streamlined Critical Pay" authority. The ability to fill the Chief Technology Officer position using this authority already expired in June of last year and the remaining positions are scheduled to expire during the course of 2017. IRS will face mounting IT and cybersecurity threats if Congress fails to renew streamlined critical pay authority for the agency. Is this an authority you will push for as Treasury Secretary?

By way of background, in 1998, Congress gave the IRS streamlined critical pay authority, which allowed the Secretary of Treasury to appoint individuals to critical positions within the IRS. The initial authority expired in 2008, but Congress extended it to September 30, 2013, but not thereafter. Over the period, the IRS has created 168 positions using this authority. The largest number of these positions has been in IT

(a total of 93). The purpose of the streamlined critical pay authority was to give the IRS the ability to attract and hire expertise that wasn't available within the agency. Streamlined critical pay authority allows higher compensation than the typical GS schedule. In addition, the time to process the candidate is shorter – four to six weeks rather than three to four months. Currently, the IRS has 13 streamlined critical pay positions. The IRS' Chief Technology Officer position, however, expired in June of last year, and the remaining positions expire in 2017.

This issue is of tremendous importance and I propose to address it very seriously. You rightly note that human resources are a critical part of achieving ambitious goals within a complex IT environment. If confirmed I will work to address these issues.

Tax Reform

5. Mr. Mnuchin, when it comes to tax reform, it is easy to propose lowering rates and broadening the base. But it clearly matters how one broadens the base. There are provisions in the tax code that have broad bipartisan support, and if repealed, could damage our economy, get rid of jobs, and harm communities in Oregon and across the country. For example, the low-income housing tax credit has financed nearly 3 million affordable homes for low-income working families since its creation in the last comprehensive tax reform, and sustains nearly 100,000 jobs annually. Are you committed to ensuring that the low-income housing tax credit program is maintained as a part of tax reform?

President Trump's objective is to pass tax reform that grows the economy and benefits all Americans. If confirmed, I look forward to working with Congress on a review of the housing tax credit programs.

6. The President's tax reform plan would cut the business tax rate to 15 percent for both corporations and pass-throughs – such as partnerships, sole proprietors and S corporations. But then the reform proposal states that the distribution from 'large' pass-throughs would be treated as dividends and taxed again.

Are you saying that large pass-through businesses would be treated as corporations – taxed once at the entity level and then again at the owner level? If not, can you please clarify what you mean when you say that 'large partnerships will be taxed'? How would you define 'large'? Would you provide any exceptions such as for Master Limited Partnerships (MLPs) or Real Estate Investment Trusts (REITs)?

The President has previously stated his support for tax reform that benefits all Americans. If confirmed, I look forward to work with you to ensure that no individual or business organization is unfairly treated in comparison to others.

7. Here's a scenario for you to consider. A salaried employee rather than taking her income as wages instead sets up a sole proprietorship that provides labor services to the company. That employee of the company now pays a 15 percent tax rate instead of paying a 33 percent tax rate. That's an advantage for the taxpayer. How would the President's tax plan prevent gaming like this?

If confirmed, I will work with Congress to insure that we prevent people from 'gaming' the system.

8. During the confirmation hearing before the Finance Committee, when questioned by the Ranking Member about how ACA repeal would take premium tax credits away from the middle class to fund payroll and investment tax cuts for the wealthy, you said that we had to look at tax reform as a whole. But according to an analysis by the Tax Policy Center (TPC), the Trump tax reform plan by itself would also raise taxes on middle class families with children, in large part because it would repeal the personal exemption for children and force single parents with children to file as singles and so forfeit the more generous standard deduction they currently receive. Please note that the Trump proposal does this while also delivering massive tax cuts to the highest-income taxpayers and businesses. TPC's analysis also notes that the President's proposed child care deduction and tax credit fails to compensate families for these other lost tax benefits.

a. Mr. Mnuchin, does the President intend to raise taxes on middle income families on net?

President Trump made it clear throughout the campaign that his commitment was to tax relief for the middle class. If confirmed, I will work with President Trump and Congress to ensure that middle class families are not further burdened by higher taxes.

b. You keep saying that a middle-class tax cut is the centerpiece of your tax reform agenda – what middle class taxes do you actually intend to cut?

President Trump has outlined a bold tax reform agenda that will include relief for the middle class. If confirmed, I will work with the President to implement these reforms for the American middle class.

c. Will these middle-class tax cuts make up for the premium tax credits that will be lost to ACA repeal?

If confirmed, I will work with the Secretary of Health and Human Services to determine the economic impact of any changes to ACA.

9. During the campaign, the President often expressed his intention to bring jobs and investment back to low income, high unemployment rural communities, and urban areas. Over the last 15 years, the New Markets Tax Credit has demonstrated that it is an important tool for revitalization. As the Administration assembles its tax reform package, I hope you will take a serious look at making the New Markets Tax Credit permanent.

Since the credit was launched in 2001, $38 billion in direct New Markets Tax Credit investments were made in businesses and these New Markets Tax Credit investments leveraged over $75 billion in total capital investment to businesses and revitalization projects in communities with high rates of poverty and unemployment.

This financing has resulted in the creation of 750,000 jobs and the financing of commercial and industrial facilities, day care and health care centers, mixed use facilities and small business loans, all of which improve local economies and the quality of life in distressed neighborhoods.

In Oregon, $843 million in New Markets Tax Credit capital has leveraged a total of $1.73 billion in financing for a range of projects and created nearly 15,000 construction jobs and more than 16,000 permanent jobs.

For example, Chaucer Foods created about 73 new jobs in Forest Grove, Oregon with the opening of a new freeze-dried food processing facility.

NMTC financing helped Advantage Dental, one of Oregon's largest dental health care providers for low-income persons within the state serving over 200,000 patients, finance seven additional dental clinics providing dental services to the uninsured and low income individuals.

In Ontario, OR, $4 million New Markets Tax Credit allocation facilitated the purchase and necessary improvements of a factory for Fry Foods, Inc., bringing needed jobs to the area.

And in Dillard, Oregon, the NMTC helped Roseburg Forest Products, a manufacturer of wood products, obtain working capital for capital improvements needed to remain competitive and retain critical manufacturing jobs. The influx of working capital allowed RFP to install new equipment and expand its facilities so that RFP can capitalize on the timber industry's recovery and retain 971 jobs.

The New Markets Tax Credit has bipartisan support, and has been very successful in leveraging private sector capital for investment on some of the poorest urban and rural areas of the America. It will be a valuable tool in your efforts to bring jobs back to communities left behind by the economic recovery. Do I have your commitment that you will work with me to make permanent this important program?

I share your commitment to bring back jobs to these communities that have been so gravely affected by economic conditions for which they had no part in creating. If confirmed I will work with you to make sure that poorest and rural areas of American are no longer left behind.

Debt Ceiling

10. The current debt limit suspension is set to expire March 17. The responsible course for the new Congress would be to raise the debt limit without drama or brinksmanship. Unfortunately, if recent history is any indication, we may once again hear calls to block raising the debt limit. With extraordinary measures, the Treasury Secretary can lengthen this time to possibly summer, if necessary.

What are your plans for dealing with the debt ceiling?

As I have stated, and as has been the position of prior Secretaries of the Treasury, honoring the full faith and credit of our outstanding debt is a critical commitment.

If confirmed, I look forward to working with President Trump and Congress before the mid-March deadline.

11. Do you support using extraordinary measures, if necessary, while the White House and Congress pursue negotiations to raise the debt limit?

I do support using whatever powers are within the Treasury to honor our commitments.

12. Would you be willing to work with the bipartisan group in Congress and the financial institutions that have supported the collection of meaningful beneficial ownership information by authorities at the time of incorporation?

If confirmed, I will work with your office to understand this issue.

Mnuchin Foundation

13. Do you maintain this foundation maintained with your father and your former wife?

Yes.

Based on publicly available filings it appears that despite making more than $1.5 million in 2003, your foundation failed to distribute the required 5 percent to charities. Could you explain why you chose to not give those funds to charity as required by law?

The Foundation did not earn more than $1.5 million in 2003, nor did its fair market value increase by that figure. A comparison of the originally filed 2002 return and the amended 2003 return actually shows a decrease in fair market value of approximately $150,000. In addition, the Foundation had realized income in 2003 of $37,775.

A foundation is required to distribute 5% of the average fair market value of a given fiscal year by the close of the next fiscal year. Therefore, the distribution requirement related to 2003 needed to be made by the close of the 2004 fiscal year. In 2004, the Foundation was required to distribute $259,917 related to Fiscal Year 2003; however, it only distributed $221,034. The short-fall of $38,883 was an oversight by the Trustees and was not done intentionally. Please note that in the approximately 19 years that the foundation has been in existence this was the only year the Foundation failed to meet that requirement.

14. By failing to make the required minimum distribution from your foundation, you would have been required to pay an excise tax penalty. Later in 2003 it appears your foundation filed an amended tax return that revalued one of your investments in the ESL Limited hedge fund, the effect of which was to reduce the amount subject to the excise tax penalty by more than $40,000. This revaluation appears potentially inconsistent with your accounting in other years' filings. Could you please explain this discrepancy?

The originally filed return in 2003 used an incorrect fair market value for ESL Limited. When the error was discovered, the return was amended.

House Blueprint

15. The House Blueprint resembles a 20% subtraction method VAT. A 20% subtraction method VAT is equivalent to a 25% credit invoice method VAT, the type used in Europe. Wouldn't that mean that the U.S. would go from having the highest corporate income tax rate in the world to the second highest VAT rate on consumers in the world (without taking into account sales and use taxes at the state and local level)? Do you think that would be wise?

I confirmed, I am committed to working with Congress on a tax reform proposal that increases the competitive position of our nation by encouraging growth in investment, and simplification for personal taxes.

16. Some proponents of the House Blueprint argue that the U.S. dollar will immediately strengthen to offset the impact of border adjustments. Even if true (which many experts doubt), are there downsides that should be considered? For example, if the U.S. dollar suddenly appreciates 25%, doesn't that mean that there is a sudden wealth transfer away from U.S. persons with foreign assets (denominated in dollars) to foreign persons with U.S. assets (denominated in foreign currencies)? Won't this harm U.S. multinationals with large foreign subsidiaries, other U.S. investors with significant foreign holdings, and debtors with dollar-denominated debt? Aren't the Chinese likely to be the largest beneficiaries of this wealth shift since they hold large amounts of U.S. debt and assets?

If confirmed, I am committed to working with Congress to craft the best possible tax reform plan to serve all Americans.

17. Also, won't inflation in the value of the dollar discourage foreign direct investment, by making purchases of U.S. assets relatively more expensive for foreign buyers?

If confirmed, I am committed to working with Congress to craft the best possible tax reform plan to serve all Americans.

18. Some economists have argued that there will be no impact on trade of the border tax adjustments in the House Blueprint because exchange rate changes will neutralize their effect. Several of the money center banks that are close to foreign currency markets have raised doubts that these economic assumptions are true in the real world. For example, Morgan Stanley said that a 25% increase in the dollar "would be extreme to say the least" and is not very likely to happen. They said, "we are skeptical of a full offset, particularly on a short time horizon, as it usually takes a long time for exchange rates to fully react to changes in trade flows." Do you share their concerns that exchange rate adjustments may not fully offset the trade effect of the border tax adjustments?

If confirmed, I am committed to working with Congress to craft the best possible tax reform plan to serve all Americans.

For background, there are several reasons exist why exchange rate adjustments may not resolve these trade barrier concerns. First, it is unclear whether these adjustments would be instantaneous. It may take

time for exchange rates to adjust to changes in trade flows. Second, a number of cases exist where foreign currencies or prices of commodities are pegged to the dollar and thus may not be flexible, in the short or long term, for exchange rate adjustment. Third, assuming exchange rates adjust to offset the effects of border adjustments across the economy as a whole these changes would be general in nature and would not account for differences between industry sectors or business circumstances. A sector that was impacted more heavily than the economy could remain disadvantaged. Fourth, it is important to note that, in the House Blueprint, the border tax adjustment for imports is not equivalent to the adjustment for exports. This disparate treatment could affect the exchange rate adjustment that theoretically should occur with full border tax adjustments. Finally, other factors affect exchange rates that could have countervailing effects. These include, interest rates, levels of inflation, growth in public debt, economic capacity, and political and economic stability.

19. Under the Blueprint, no tax would be imposed on exports. Consequently, we would be ceding the right to tax foreign income from value-creating activities in the United States. Because we have relinquished our right to tax such income, would other countries react to this change by adopting similar tax systems or otherwise increasing taxes on U.S. companies with respect to such income? Wouldn't you expect foreign countries to "make up the difference" by taxing US multinationals overseas income as was done in the EU state aid cases?

If confirmed, I am committed to working with Congress to craft the best possible tax reform plan to serve all Americans.

20. Many trade law experts believe that the border adjustable tax embodied in the House Blueprint is not WTO compliant. Are you concerned that it would be challenged by our trading partners and subject U.S. companies to potential retaliation of a magnitude we haven't seen before?

I agree with the President that we have to take an America First approach to everything we do. This is another issue that will need to be evaluated fully before proceeding.

21. The General Agreement on Tariffs and Trade (GATT) imposes several limitations on the ability to provide border adjustments to a tax. First, as indicated in the "Illustrative List of Export Subsidies," relief of any "direct" tax (under a border adjustment) will constitute a prohibited export subsidy. For this purpose, a direct tax is a tax imposed on all forms of income, wealth, and ownership of property. Second, while relief of an indirect tax through a border adjustment generally would be allowed, the amount of the rebate cannot exceed the amount of tax levied on the same good or service when sold for domestic consumption. Finally, the border adjustment applicable to imports is subject to "national treatment" requirements, generally requiring that imported and domestically-produced goods and services be treated equally once the foreign goods have entered the market. Are you concerned that the business cash flow tax under the House Blueprint would be subject to challenge at the WTO (1) as a direct tax, (2) because the deduction for wages could cause the resulting rebate to exceed taxes paid on the exported goods, and (3) that national treatment requirements will be violated because a deduction would be allowed for wages for work performed in the United States but not with respect to imported goods?

If confirmed, I am committed to working with Congress to craft the best possible tax reform plan to serve all Americans.

22. As proposed, the import border tax adjustment proposed in the House Blueprint would be difficult to enforce against foreign sellers who sell directly to U.S. consumers (similar to states' difficulties in collecting sales and use taxes on sales made by out-of-state sellers to in-state consumers)? Is it possible to close this loophole effectively? Wouldn't any enforcement mechanism require us to abrogate all of our tax treaties?

If confirmed, I am committed to working with Congress to craft the best possible tax reform plan to serve all Americans.

23. I'm concerned, as the Joint Tax Committee staff has previously stated, that if we replace our current income tax with a consumption-type tax like the House Blueprint, our current tax treaty system may not "be still applicable or desirable." Among the issues that would potentially need to be rethought under existing treaties are: (1) would the permanent establishment rules need to be changed or scrapped in a shift to a destination-based system; (2) whether foreign countries will refuse to give credit for U.S. taxes because the system is no longer an income tax; and (3) will reduced withholding rates continue to be respected? Until these and other similar issues are resolved under each existing treaty, won't taxpayers face considerable uncertainty?

If confirmed, I am committed to working with Congress to craft the best possible tax reform plan to serve all Americans.

Retirement Savings

24. Today the U.S. is in the midst of a retirement savings crisis. In 2013, the National Institute on Retirement Security estimated that the retirement savings deficit is between $6.8 and $14.0 trillion. Furthermore, the Employee Benefit Research Institute reports that in 2016, 26 percent of all workers surveyed had less than $1,000 in retirement savings and 68 percent of workers with household income less than $35,000 a year had less than $1,000 in retirement savings. What would you do as Treasury Secretary to address our country's retirement savings crisis?

Senator, you rightfully raise a concern about underfunded retirement savings of many Americans. If confirmed, I look forward to exploring this issue further with you.

a. Last September I released a discussion draft titled, the Retirement Improvements and Savings Enhancements (RISE) Act of 2015. This bill would among other things encourage retirement savings. For example, the bill would allow employers to make matching contributions to their 401(k) retirement plans on behalf of their employees who made student loan payments but were unable to afford to also contribute to their 401(k) plans. It is difficult for many Americans, especially younger workers, to save for retirement while also paying off their student loans. However, those employees miss out on essentially "free money" by not taking advantage of employer matching contributions to 401(k) plans.

Do I have your commitment that you will work with me to enact this important provision and help young people save for retirement?

If confirmed, I look forward to working with you on solutions to encourage retirement savings.

b. A recent Wall Street Journal article reported that, "the largest generation in U.S. history has to start pulling its retirement money this year." This is because of the required minimum distribution (RMD) rules that generally require participants to begin taking distributions from their retirement plan at age 70 ½. The policy behind this rule is to ensure that individuals spend their retirement savings during their lifetime and not use their retirement plans for estate planning purposes to transfer wealth to beneficiaries. However, the age 70 ½ was first applied in the retirement plan context in the early 1960s and has never been adjusted to take into account increases in life expectancy. To address this issue, the RISE Act would increase the RMD age from 70 ½ to 71 in 2018. The age would be increased further to 72 in 2023, 73 in 2028 and, thereafter, would be adjusted in a manner proportional to increases in life expectancy. Do I have your commitment that you will work with me on this issue?

If confirmed, I look forward to working with you on solutions to encourage retirement savings.

25. I'd like to get your views on the so-called "mega IRAs." As of 2011, 2,000 to 5,000 taxpayers had aggregated IRA balances over $5 million, which also include Roth IRAs. The estimated fair market value of their Roth IRAs totaled $8-13 billion as of 2011. There are even press reports of executives in the high tech industry with Roth IRAs with balances $30 million to more than $90 million. Yet contrast that with the account balances of most Americans. In 2013, the median IRA account balance was $25,438.

I just don't think that's fair. Do you? My bill, the RISE Act, includes some common sense reforms to address the mega IRA issue. For example, the bill would prohibit further contributions to a Roth IRA if the total value of an individual's Roth IRA exceeds the greater of (i) $5 million or (ii) the balance as of December 31, 2016. Do I have your commitment to work with me to create more fairness in our retirement system and address the mega IRA issue?

Senator, I understand your concern. I look forward to the opportunity of further exploring this issue with you.

26. One area where I see a lot of unfairness in our tax system is executive compensation. According to the Economic Policy Institute, top CEOs were paid 276 times more than the typical worker in 2015. Do you think that's fair? In many ways, the Tax Code encourages employers to pay their employees large sums of money on a tax-preferred basis. Do you agree? Do you commit to working with me to shut down executive compensation loopholes?

I am committed to work with Congress to ensure that the tax code is fair. I believe these issues need to be addressed in the context of broad tax reform. As to the issue of what executives are paid,

I believe this is for shareholders to determine. I don't think it is the proper role of the federal government to prescribe limitations.

27. There are more than a thousand multiemployer pension plans around the country, and millions of Americans rely on them for economic security in retirement. But many of those pension plans are in dire financial straits. With the livelihoods of so many Americans on the line, it's vital that Democrats and Republicans come together to find solutions to this crisis. Do I have your commitment that you will work with me to address the multiemployer pension crisis?

If confirmed, you have my commitment to work with you to find solutions to the multiemployer pension crisis.

28. Since 2006, an enhanced income tax deduction has allowed family farmers, ranchers and forest landowners to get an important tax benefit for donating a conservation easement on their land. This temporary provision was made permanent by the PATH Act on December 18, 2015.

This enhanced tax incentive boasts a long history of bipartisan congressional and Administration support. It is clear that policy makers value the conservation of land protection by private landowners through the charitable contribution of conservation easements. Unfortunately, the availability of significant tax benefits can also attract those who would abuse the provision.

Recently, the Treasury Department and IRS have become aware of certain syndicated conservation easement transactions that purport to give so-called "investors" the opportunity to obtain charitable contribution deductions in amounts that significantly exceed the amount invested.

On December 23, 2016, Notice 2017-10 was issued alerting taxpayers and their representatives that certain, very specific syndicated conservation easement transactions are tax avoidance transactions requiring those who participate in such transactions to make a disclosure to the IRS. Congress provided these reporting tools to the IRS to help identify and deal with abusive transactions, such as those covered in the notice.

Members of Congress and the land trust community support this effort by Treasury and the IRS to protect the integrity of this important conservation program. Will you commit to work with this Committee to protect the integrity of the conservation easement program? Will you keep this Committee informed about these abuses and whether additional enforcement tools are needed to curb these abuses?

If confirmed, I commit that I will work with the committee to protect the integrity of the conservation easement program and will keep the committee informed about potential abuses and enforcement tools that are needed.

Tobacco Tax

29. In 2009, Congress raised tobacco taxes to help fund the State Children's Health Insurance Program. The taxes on cigarettes and roll-your-own tobacco were raised to the equivalent of $10.07 per carton. At the same time, the tax on pipe tobacco was raised only marginally – to $1.15 per carton equivalent.

In July 2014, this Committee held a hearing on "Tobacco: Taxes Owed, Avoided, and Evaded." At that hearing, we received testimony that the Federal Treasury had, to that date, lost over $2 billion due to tax evasion by certain tobacco companies who responded to the 2009 tax increase by selling roll-your-own tobacco in bags mislabeled as (and thus taxed as) "pipe" tobacco.

According to GAO, sales of pipe tobacco rose over 740% following the tax increase while sales of roll-your-own fell by more than 80%. Clearly the number of pipe tobacco smokers in our country did not increase more than 7-fold during that same period.

In 2010, the Alcohol and Tobacco Tax and Trade Bureau issued an Advanced Notice of Proposed Rulemaking to stem this abuse. It extended the comment period in 2011. Now, running on six years later, TTB has yet to issue the Proposed Rule, despite the fact the Administrator of TTB testified at our July 2014 hearing, that "[w]e are going to air a rulemaking in January [2015]." Will you assure this Committee that the Proposed Rule will be finally issued expeditiously if you are confirmed?

If confirmed, I will work with the committee on the proposed rule.

Mnuchin Rule

30. Every time an American earns even one dollar, a Medicare tax is taken out to fund the program. However, in 2015, Congressional Republicans – as part of their reconciliation bill – decided that the wealthy should see that tax cut. That means multimillionaires who still earn a paycheck – you may know a few – will get a tax cut, while teachers, nurses, police officers, firefighters and other middle income workers will continue to pay full freight. Do you support that policy?

a. That doesn't seem to square with your comments about "no absolute tax cut" for the rich. To be clear, this tax cut for the wealthy shortens the life of the Medicare program by three years.
b. Am I understanding you correctly that you support a tax cut for the wealthy at the expense of the Medicare program?
c. Would you advise President Trump to veto any legislation that reduces revenue going into the Medicare Trust Fund in order to maintain the solvency of the Medicare program?

The President is committed to protecting the integrity of Medicare. He also is committed to addressing the negative economic effects of many of the provisions, including tax provisions, enacted as part of the Affordable Care Act. If confirmed I will work with Congress to insure that we meet these objectives.

31. To move forward on tax reform, Congress needs to be streamlining rules to stop the wealthy and well-connected from gaming the system while making sure working Americans get a fair shake. On that basis, please answer the following questions.

a. You have said that the President's tax reform proposal will not include an absolute tax cut for the wealthy. Is this correct?

b. Will the President's tax proposals keep the tax system at least as progressive as it is currently?

c. If it's done right, tax reform can put more money back into the pockets of hardworking Americans, so that they can meet their bottom line. How will you cut taxes for working families without adding to America's debt?

d. You have said that you want to lower marginal tax rates. You have also said that you are considering capping or repealing most itemized deductions. Is this correct?

i. This will result in a net tax cut for the highest-income taxpayers. Someone making $10 million a year has maxed out most of their tax deductions, but they will benefit tremendously from the marginal rate cut. Doesn't this seem to go against your pledge that there will be no tax cut for high income earners?

As I noted earlier, the President supports tax reform that will grow the economy and put more money in the pockets of hardworking Americans. If confirmed I will work with Congress to maintain an appropriate level of progressivity in the tax code.

President's Tax Returns

32. President Trump has said many times that his tax returns are under audit. The President has also said he will not divest himself of his investments and the businesses he owns, but rather transfer control to his family. As the President's campaign Finance chairman who became the Treasury Secretary nominee, how can the American people ensure that the audit of the President's tax returns and his business dealings will be free of political interference?

If confirmed, I am committed to uphold the laws of the United States and to defend the Constitution. That pledge will extend to all the duties I would undertake including maintaining the relationship of the Treasury and the IRS.

33. Senator Wyden introduced legislation earlier this month that would require all sitting Presidents to release their most recent 3 years of tax returns to the Office of Government Ethics. If the bill becomes law and you are confirmed, will you make Mr. Trump's tax returns public despite the continued objections from your future boss?

If confirmed, I am committed to uphold the laws of the United States.

Tax Reform Process

34. Mr. Mnuchin, the House is already drafting the Republican tax reform proposal, which includes some brand new ideas such as their border adjustability tax. There are legitimate concerns this new tax may rest solely on the shoulders of consumers. Regardless, the House plans to rush this new tax through under special procedural protections, allowing them to do so in a partisan way and with very limited debate. Do you think President Trump's voters deserve to have a proper vetting and regular order process before any new tax goes into place on the things they buy?

If confirmed, I am committed to working with Congress to craft the best possible tax reform plan to serve all Americans.

U.S. Territories

35. There have been press articles regarding the activities of "Best Sunshine" corporation in the Commonwealth of the Northern Mariana Islands. Would you please review these articles and let me know what action, if any, should be taken by the Treasury Department and other Departments?

If confirmed, I will ensure that the Department reviews this information and gets back to you.

Currency, the U.S. Dollar, and Sanctions toward Russia and Cuba
36. Mr. Mnuchin, if confirmed it will be up to you to administer the nation's laws that relate to combating currency manipulation. It will also be your job to represent the United States at the IMF, the OECD, the G-7 and the G-20. The nation will rely on you to use these fora to work with other countries to ensure that global currencies are valued by the markets, not distorted by government intervention.

The President, before and after the campaign, has promised that he is going to instruct you to label China a currency manipulator. This Committee has put into law several important pieces of legislation to defend American jobs by combatting currency manipulation. While we all agree that China has in the past manipulated its currency—and may well do so in the future—China appears to have stopped intervening to devalue its currency in recent years and may even be taking steps to prevent depreciation.

Do you disagree with that assessment?

If confirmed I intend to review the issue of Chinese currency manipulation.

It is possible that the incoming President could issue an executive order instructing you to name China a currency manipulator even though China doesn't meet the statutory criteria as a manipulator. It seems to me that taking this action would undermine your credibility and the credibility of the U.S. when we seek to take on currency manipulation in the future. Are you advising the President to avoid taking actions that undermines the credibility of the United States?

Currency manipulation is a serious infraction of free trade principles and needs to be effectively addressed. As Treasury Secretary, I will ensure that we defend American jobs by combatting currency devaluation utilizing the reporting and monitoring functions of the Treasury and legislative processes established by Congress.

37. The President in recent days described the dollar as being too strong, and there were also reports that a senior advisor to the Trump Administration expressed concern at Davos about the strength of the dollar. Shortly after those remarks were reported, the value of the dollar declined. As Treasury Secretary, will you use public statements as a tool influence the value of the dollar?

As Treasury Secretary, I will maintain the position that long-term, a strong and dependable dollar is in the best interests of the United States, while recognizing that at times over the long-term, that may not be the case.

38. Mr. Mnuchin, the outgoing administration put in place economic and trade sanctions to respond to Russia's actions to undermine the security and territorial integrity of Ukraine. These sanctions include cutting off U.S. trade with the Crimea region of Ukraine after Russia's annexation.

Do you agree with me that the United States must hold Russia accountable for such actions, and if confirmed, would you support continuing these sanctions as a counter to Russian aggression?

I agree that the United States must hold Russia accountable for its actions, and if confirmed I will continue to support and enforce the existing sanctions against Russia to the fullest extent. The President has indicated he would consider sanctions relief in return for other commitments from Russia.

39. Mr. Mnuchin, the outgoing administration has taken a number of steps to ease the decades-long trade and economic sanctions imposed on Cuba. Those sanctions have had no positive results for the goals of the United States, and I strongly support the Obama administration's recognition that it is time for a new strategy—engagement—to make Cuba a more free and open society. In addition, there is real economic opportunity for U.S. producers in Cuba. A study by the International Trade Commission released last year points to particular opportunities for American agriculture, including dairy and wheat from the Pacific Northwest, and for goods manufactured in America, like construction machinery and building materials.

Given the lack of progress under the old strategy, and the substantial opportunities for U.S. producers, do you support past and future easing of the sanctions?

If confirmed as Secretary, I will implement and enforce Cuba sanctions pursuant to their statutory construct.

Financial Crimes Enforcement Network (FinCEN)

40. According to news reports, U.S. law enforcement and intelligence agencies, including the Treasury Department's Financial Crimes Unit, are conducting an investigation into possible links between Russian officials and at least 3 associates of President Trump. If confirmed as the Treasury Secretary, how will you ensure that the Treasury Department Financial Crimes Unit's investigation will be free of political interference by the President or others in his Administration? What measure will you put in place to

ensure that the financial crimes unit fully assists the FBI's investigation, notwithstanding any potential ties to the President?

It is critical that all law enforcement investigations proceed without political interference from either the Executive or Legislative branches of the government. If confirmed, I will direct the leadership at FinCEN to continue assisting with every law enforcement investigation that it is supporting. I will not attempt to influence, direct, or prevent any outcome to a law enforcement investigation other than what the facts and evidence support. And I would direct my staff to do the same.

False Claims Act

41. You have been on the board of Kmart and Sears, respectively, since 2003. During that time, there have been four False Claims Act complaints filed against these companies contending that Kmart pharmacies defrauded federal health care programs, including Medicaid and Medicare. Three of these complaints have been settled. The complaints in these three cases alleged that Kmart offered improper incentives to beneficiaries to fill their prescriptions at Kmart. The complaint in the fourth case alleges that Kmart overcharged federal health programs for drugs purchased by beneficiaries through its pharmacies. All four complaints allege that the Kmart pharmacy policies in question were approved at the corporate level. What was your role, as a board member, in reviewing and approving Kmart pharmacy policies? Did you have any role in the review or approval of the Kmart pharmacy program that is the subject of the pending False Claims Act litigation?

The Kmart-Sears board of directors did not review the policies or practices at issue in the false claims act. Those policies and practices were conceived and implemented by Kmart Pharmacy executives. Kmart elected to settle these false claim act lawsuits without conceding any liability of wrongdoing whatsoever.

Sanctions Enforcement

42. As Secretary of the Treasury, you will oversee the Office of Foreign Assets Control (OFAC) which is responsible for enforcement of U.S. sanctions against persons and entities, including those in Russia. Sanctions currently exist related to Russia's actions in Ukraine. President Trump's business enterprises have reportedly included investments and overtures to Russian investors. What measures will you put in place to ensure that OFAC fully enforces U.S. sanctions notwithstanding any business interests the President may have?

As I stated during my hearing, I intend to fully enforce the existing sanctions imposed against Russia to the maximum extent. To the extent OFAC conducts Russia-related sanctions enforcement activities and investigations I will not, nor will any political appointee in the Treasury Department under my watch, attempt to influence, direct, or prevent any outcome to a law enforcement investigation other than what the facts and evidence support.

43. Analysis of the beneficial ownership of anonymous shell companies place an important role in OFAC sanctions enforcement. There have been numerous examples of terrorists, human traffickers, drug cartels and other crooks abusing anonymous U.S. shell companies to hide illicit assets and launder money with impunity. Last year I introduced legislation to stop these abuses by requiring the disclosure of beneficial ownership information to each State's Secretary of State or law enforcement at the time those entities are created.

The law enforcement community, including the Federal Law Enforcement Officers Association, Fraternal Order of Police, National Association of Assistant U.S. Attorneys, and the National District Attorneys Association, have all called on Congress to pass this type of legislation. Similarly, financial institutions of all sizes—including the Clearing House Association and the Independent Community Bankers of America—have urged the government to assist them in their customer due diligence obligations by collecting beneficial ownership information at the time of incorporation.

Do you agree that better enabling law enforcement to obtain the identities of the beneficial owners of shell companies would assist sanctions enforcement and help law enforcement to uncover and dismantle criminal networks? Would you be willing to work with the bipartisan group in Congress and the financial institutions who have supported the collection of meaningful beneficial ownership information by authorities at the time of incorporation?

I agree that law enforcement anti-money laundering efforts face serious challenges if they are unable to determine the beneficial ownership of the various companies and entities that utilize the U.S. financial system. It can be a real vulnerability that various bad actors, including terrorists and criminals, can exploit. I understand that FinCEN recently passed new customer due diligence requirements that are intended in part to address beneficial ownership identification, and I will direct FinCEN to steadfastly enforce these regulations. If confirmed I will be willing to work with the U.S. Congress and the various equities impacted by beneficial ownership due diligence requirements to address this challenge.

CFIUS

44. As Secretary of the Treasury, you will oversee the Committee on Foreign Investment in the United States (CFIUS). CFIUS is authorized to review transactions that could result in control of a U.S. business by a foreign person in order to determine the effect of such transactions on the national security of the United States. A substantial amount of indebtedness incurred by the President's business enterprises is reportedly held by foreign entities. What measures will you put in place to ensure that CFIUS is able to review any transactions related to the President's business enterprises?

As Treasury Secretary, I will ensure that the Committee on Foreign Investment in the United States (CFIUS) is fully authorized to review transactions as deemed necessary and appropriate in conducting investigations.

PBGC

45. As Secretary of the Treasury, you will be one of the Board of Directors overseeing the functions of the Pension Benefit Guarantee Corporation (PBGC). As discussed during the confirmation hearing, PBGC has already been engaged with Sears in actions to try to preserve the viability of the Sears pension plan covering an estimated 200,000 employees. While you have agreed to divest yourself of a number of Sears-related holdings, your ethics agreement does not include divestiture of your holdings in ESL Partners, which continues to have substantial holdings in Sears. What measures will you take concerning your personal involvement in any actions before the PBGC related to Sears or any related entity?

If confirmed as Secretary of the Treasury I will abide by the advice of the ethics officials at the Department and will take all steps necessary to comply with that advice.

Relativity Media

46. While you were co-chairman of Relativity Media, did you ever participate in any meetings intended to solicit potential investors on behalf of Relativity? If so, how many such meetings did you participate in between March 1, 2015 and May 29, 2015?

In the period you indicated I may have sat in with management in certain meetings to solicit potential investors in Relativity. I do not have records that indicate how many meetings that I may have participated in.

Senator Chuck Grassley

1. Over the last several years, we have seen an increase in the amount of Foreign Direct Investment (FDI) in the United States, specifically by China. In general, I do not oppose FDI, when people outside the U.S. invest here and create jobs, I generally think that is a very good thing. However, the rise of State Owned Enterprises (SOE) which operate in many cases on behalf of their governments, has changed the traditional FDI model. Today, we read about Chinese SOE's buying American companies specifically to acquire technology and intellectual property.

I know others in Congress have the same concerns I have about this practice. Many of us are looking at modernizing the role of the Committee on Foreign Investment or CFIUS to give it more defined powers to review and potentially block investment by SOEs.

How do you view the rise of SOEs in the global economy over the last decade?

If confirmed I would take the responsibilities entrusted to the Treasury Secretary under the Defense Production Act very seriously and I look forward to working with Congress to review, modernizing, and potentially expand the powers as needed in respect to SOEs.

2. In August, the Obama Administration proposed regulations that generally eliminate the ability of family farms and businesses to use common valuation discounts when transferring interests to the next generation. As proposed, these regulations could increase estate and gift taxes for family owned farms and businesses by 30 percent or more. I joined Senator Thune, Chairman Hatch and several others in a letter to Secretary Lew calling for the withdrawal of the proposed regulations. As Treasury Secretary, will you review these proposed regulations and consider their withdrawal?

As was announced following the inauguration President Trump issued a freeze on new regulations, in order to allow for further review.

Senator Mike Crapo

1. Mr. Mnuchin, as you may be aware, just a few weeks ago the IRS released new regulations regarding the donation of land for conservation purposes. And some of the stories we've seen about improper appraisals and valuations of the land in some of these deals do raise some concerns. On the other hand, we also know that the government has a long history of overreaching and causing unintended consequences when trying to address a very specific issue. Along those lines, can I have your assurance that you will work with me to ensure that IRS oversight efforts on these matters do not have the unintended consequences of discouraging legitimate land and water conservation efforts?

If confirmed, I commit that I will work with the committee to review the integrity of the conservation easement program and will keep the committee informed about potential abuses and enforcement tools that are needed.

Senator Pat Roberts

1. Mr. Mnuchin, if you are confirmed, will you pledge to work with this committee to implement systems, controls, and procedures to make sure that the tax collection agency of the federal government can never again be used as a weapon against political opponents of any presidential administration?

If confirmed, I pledge to oversee a Treasury Department that follows the laws enacted by Congress and respects the rights of all taxpayers and organizations. I confirmed, I intend to work with the Administration to establish an efficient and simple tax code that will provide equal opportunity to all and encourage growth and prosperity.

2. What are your thoughts on how to make sure small business also benefit from tax reform? Do you have a proposal under development to create a lower business rate for pass-through entities? Are you considering a bifurcated rate, depending on the size of the business entity?

President Trump wants tax reform that benefits all Americans. If confirmed, I look forward to working with Congress to ensure that no individual or business organization is treated unfairly in comparison to others.

3. A 2007 Treasury study during the Bush administration concluded that more-rapid write-offs of the cost of business investment would spur investment and growth more efficiently and effectively than cuts in the corporate tax rate. The reason was that cuts in the rate would give a windfall reward to investments made in the past. But improvements in cost recovery would apply to new investments. Also, as you know, higher depreciation deductions up front would be made up by reduced deductions and larger tax collections in the future. Do you agree that rapid cost recovery is a particularly efficient way to promote domestic investment?

I do agree that at times rapid cost recovery is an effective way to promote domestic investment. Growth in private business investment is a key driver of private sector job growth and must be a component of successful tax reform.

4. The new President's tax proposals would give manufacturers an election to expense their capital investments, at the price of the loss of the interest deduction. Is there any compelling reason why such an election should be limited to manufacturers? How about transportation companies or communications companies or farms or extractive industries or others? Shouldn't tax reform eliminate narrow tax provisions, rather than add to them?

President Trump's proposal during the campaign should be viewed as our administration's strong kickoff in the discussion of how to best reform the broken tax code. If confirmed, I will work with Congress to craft the legislation in a manner that ensures maximum fairness and economic growth.

5. Like-kind exchanges (LKEs) are integral to the efficient operation and ongoing vitality of thousands of American farms, ranches and businesses, which in turn strengthen the US economy and create jobs. LKEs allow taxpayers to exchange their property for more productive like-kind property, to diversify or consolidate holdings, and to transition to meet changing business needs because they are not required to immediately recognize a tax gain or loss when they exchange assets for "like-kind" property that will be used in their trade or business - importantly, the tax on any gain is not forgiven, only deferred. Although the use of LKEs has been allowed by the tax code since 1921, they are often mischaracterized as a "loophole," and some recent tax reform proposals would limit or repeal the use of LKEs. This would have a significantly negative impact on our economy by increasing the cost of capital, slowing the rate of investment, and reducing transactional activity, resulting in a decline in GDP by up to $13.1 billion annually, according to a recent economic study by Ernst & Young.

Do you agree that farmers, ranchers and businesses should continue to be able to use like-kind exchanges for real and personal property in order to operate efficiently, and to grow, create jobs and strengthen the US economy?

I agree that farmers, ranchers, and small business should be able to use like-kind exchanges for real and personal property in order to operate efficiently, create jobs, and strengthen the US economy.

Senator Michael Enzi

1. Our nation is on an unsustainable fiscal path. The Congressional Budget Office (CBO) makes it clear that if current laws governing taxes and spending did not change, the United States will face steadily increasing federal budget deficits and debt over the next 30 years. In CBO's projections, federal debt rises to 86 percent of GDP in 2026 and to 141 percent in 2046—exceeding the historical peak of 106 percent that occurred just after World War II. The prospect of such large debt poses substantial risks for the nation and presents policymakers with significant challenges. We need to take steps now to reform our entitlement programs and our broken tax code – to lay the foundation for long-term prosperity for all Americans.

As Budget Committee Chairman, I have been working to reduce the deficit and federal debt. How do you expect to get the economy back to consistent 3 to 4 percent annual growth?

President Trump's plan to get the economy growing at 3 to 4 percent is based on tax reform, regulatory reform, and negotiating better trade deals.

What role does tax reform play in revitalizing our nation's economy?

Tax reform is essential to revitalizing our economy.

Do you support comprehensive tax reform or tax reform for business only?

The Administration supports comprehensive tax reform.

Senator John Cornyn

No Questions Submitted

Senator John Thune

1. In the last Congress, Senator Wyden and I introduced the Charities Helping Americans Regularly Throughout the Year Act or the CHARITY Act for short. That legislation would make a number of improvements to the tax code to help charities and foundation conduct their charitable missions. But it is also based on the premise that charitable giving in this country is fundamental to our society and that Americans are among the most generous people in the world.

Question: Mr. Mnuchin, our current tax code for all its flaws and complexity seeks to encourage that generosity by allowing individuals and businesses to deduct gifts to charitable organizations. Will you join me and my colleagues in ensuring that tax reform legislation preserves an effective incentive for charitable giving?

If confirmed, I will work with Congress to make sure that tax reform preserves appropriate incentives for charitable giving.

2. Last September, 40 of my colleagues and I wrote to Treasury Secretary Lew to ask that he withdraws proposed regulations relating to valuation discounts under the estate tax. We stressed that if finalized, the proposed regulations would make it more difficult for owners of family farms and businesses to pass their businesses on to future generation. As a result, the proposed regulations would significantly increase the estate-tax burden on family businesses. I am hopeful that we will not see any final regulations on this issue coming out of the Treasury Department today or tomorrow.

Question: Mr. Mnuchin, may we have your commitment that once you are sworn in as Treasury Secretary you and your staff will withdraw these valuation-discount regulations? While I share the President-elect's desire to repeal the estate tax, in the interim, I would further ask that before any new regulations are proposed on valuation discounts the Treasury Department conduct a thorough evaluation of the perceived abuses and work with the small farm and business community to develop rules that directly target the abuses without hindering the ability of the owners to pass the business on to the next generation and keep it in the family.

As you know, the President has issued a freeze on new regulations. If confirmed, I will work with Congress on the issue of valuation discounts such that it does not make it more difficult for owners of family farms and businesses to pass their businesses on to future generations.

3. The Obama Administration has been widely criticized for the volume and breadth of regulations its agencies imposed on Americans, and with good reason. In the tax space, the Treasury Department and IRS have imposed some of the most far-reaching and burdensome regulations, which has fallen particularly hard on businesses in this country. The poster child for many is the recently finalized debt and equity regulations under section 385. And, just yesterday, with less than 48 hours left in office, the Obama Administration dropped 277 pages of proposed regulations on partnership audit rules that will have a broad impact on pass-through businesses in this country.

Question: Mr. Mnuchin, as we work to fundamentally reform the current tax code into a less complex system for collecting the nation's tax revenues, will you work with the Finance Committee to review the Obama Administration tax regulations and other guidance and withdraw those that are unnecessarily burdensome or inconsistent with the law?

The President has stated his commitment to reforming the tax code, and if confirmed, I will work with Congress on this issue.

4. In addition to tax regulations, financial-services regulations following the passage of Dodd-Frank have affected not just Wall Street banks, but main street banks as well. These lenders play an important role in the communities they serve providing access to credit for small businesses, homeowners, and agriculture producers. In my home state of South Dakota, if not for community banks, 36 of South Dakota's 66 counties would be without traditional banking services. Yet compliance burdens for small- and medium-size banks continue to grow. In South Dakota, since 2010, 17 community banks have merged or been acquired.

Question: In your testimony you discuss your experience in the financial-services sector and, very appropriately, your commitment to careful industry oversight. What approach will your Treasury Department take in evaluating current and future financial-services regulations and the impact they have on banks of varying sizes—and in particular community banks?

I am of the view that taking a fresh look at all aspects of the Dodd Frank legislation should be one of our highest priorities and if confirmed I look forward to working with Congress on this important priority. It is important that we have a regulatory environment that support credit flows to all aspects of our economy, particularly in rural and less populated areas, and that small- and mid-sized institutions are not suffering from an inappropriate regulatory burden

Senator Richard Burr

No Questions Submitted

Senator Johnny Isakson

1. The Internal Revenue Service has issued a number of regulations, guidance documents, and notices over the last several months. For example, on October 4, 2016, the IRS issued a revised notice of proposed rulemaking (REG-163113-02) concerning the valuation of interests in corporations and partnerships for purposes of estate, gift, and generation-skipping taxes. On November 1, the IRS issued Notice 2016-66 requiring taxpayers to submit additional information regarding certain captive insurance transactions. This notice originally set an effective date of January 30, 2017, although I was pleased that the IRS agreed to extend this deadline by 90 days to allow for consideration of feedback from taxpayers. Additionally, on December 23, 2016, the IRS issued Notice 2017-10, effectively prohibiting certain types of syndicated conservation easement transactions by designating them as listed transactions. I have heard from several of my constituents who have questions or concerns about each of these IRS actions and are interested in knowing whether they will be carried over by the new administration.

If confirmed as Secretary, what would be your approach to proceeding forward with regulations and sub-regulatory guidance issued by the IRS or other Treasury Department agencies in the final months of the outgoing administration?

On Day One, President Trump issued a freeze on new regulations to allow for further review.

Senator Rob Portman

No Questions Submitted

Senator Patrick J. Toomey

No Questions Submitted

Senator Dean Heller

1. How many Nevada homes were in OneWest Bank's portfolio?

Because I am no longer employed by or affiliated with CIT Group, I do not have access to this information.

2. How many Nevadan's did OneWest Bank foreclose on while you owned the bank?

Because I am no longer employed by or affiliated with CIT Group, I do not have access to this information.

3. How many Nevadan's did OneWest Bank provide assistance to through loan modifications or forgiveness?

Based on public information published in the MHA Servicer Assessment, in the period from 2009 to mid-2013 One West offered a total of 101,000 modifications to customers nationally. This period commences in the beginning of 2009 when the HAMP program commenced (which is approximately One West was acquired in March 2009). Based on the percentage of loans modified nationally in the MHA Service Assessment that are in Nevada being 2.1%, that would indicate that we would reasonably estimate would be that One West modified 2,150 loans in Nevada in the period from 2009 to mid-2013.

4. Did OneWest Bank specifically target minority communities in Nevada for foreclosures?

No. During my tenure, OneWest Bank completed fair lending examinations (including examinations of our servicing and loss mitigation activities) conducted by both the Office of the Comptroller of the Currency ("OCC") and the Consumer Financial Protection Bureau. In

addition, an OCC examination of the Community Reinvestment Act compliance of OneWest Bank under my leadership found that our "geographic distribution of loans [was] "excellent," our performance under the OCC's Lending Test was "high satisfactory," both home mortgage refinance and home purchase lending were "excellent, and our multifamily lending activities were "good." Overall, "the OCC did not identify any evidence of discriminatory or other illegal credit practices with respect to" OneWest Bank.

5. Was it an objective of OneWest Bank to foreclose on Nevadans in order to receive compensation from the Federal Deposit Insurance Corporation shared loss agreement?

No, it was not the objective of OneWest to foreclose on Nevadans in order to receive compensation from the FDIC. We were strongly incentivized to modify every loan we possibly could. As I indicated in my testimony before the Committee, anyone who asserts that we profited from foreclosures over loan modifications does not understand the issues.

6. Why was OneWest Bank slow to reach out to distressed Nevada homeowners to offer loan modifications or forgiveness?

OneWest was not slow to reach out -- on the contrary, OneWest has been singled out by housing advocates and others as one of the earliest adopters of loan modification programs, before other banks began modifying loans at scale. As the former executive director of HOPE NOW noted in supporting my nomination, OneWest under my leadership was one of the first banks to adopt principal reductions as a modification option, and we were also one of the first banks to agree to modify second mortgages, which were of particular concern in Nevada.

7. How will you help Nevadans who lost their home during the housing crisis become homeowners again?

As Treasury Secretary if confirmed, I will work with bank regulators where appropriate to make sure that banks continue loan modification programs.

8. What will you be doing to help Nevadans who continue to struggle to make payments on their mortgages?

I will work with your staff to discuss what tools, if any, the Treasury may have to address this issue.

9. During your confirmation hearing you mentioned several federal regulations that prevented you and OneWest Bank from offering loan modifications. As the U.S. Treasury Secretary will you actively fight to change some of the regulations you believe could help Nevada homeowners who are currently struggling to stay in their homes?

The impediments I mentioned before the Committee were not federal regulations *per se*, but contractual limitations in investor agreements and Fannie Mae and Freddie Mac guidelines that

limited the ability of servicers to modify mortgage loans. I will work with the bank regulators, where appropriate, to encourage and allow loan modifications going forward.

10. What reforms do you plan to undertake to protect lower income and minority neighborhoods from another housing crisis?

I favor developing a clear housing finance policy which should include clarification of the role of the federal government in lending and oversight of lending practices. I support the Administration's strategies that will promote economic growth which will help drive demand for housing and support housing prices.

11. What policies will you promote that will help boost home values and ensure middle-class homebuyers have access to affordable mortgage financing?

As I have mentioned previously, I am favor of reforming our housing finance policy to assure consumers access to mortgage credit, while protecting the interests of taxpayers in federal programs.

12. What initiatives will you propose that encourage the development of affordable housing in Nevada?

As appropriate as Treasury Secretary if confirmed, I will review affordable housing programs in Nevada and elsewhere.

13. What specific changes to Dodd-Frank would be your top priority and do you believe that reforms will lead to economic growth that will create more jobs?

My top priority for regulatory reform with Dodd-Frank are addressing regulatory issues that limit banks abilities to lend to small and medium sized business that will create economic growth and create more jobs.

14. Will you pledge that you will never allow taxpayer dollars to ever be used to bailout failed large financial or Wall Street firms?

I favor shifting the burden of risk to shareholders and other creditors without the expectation that the federal government will act to bail them out.

15. What do you believe should be done with Fannie Mae and Freddie Mac?
What is your vision for housing finance reform?

As I have previously mentioned, I am in favor of a clear housing finance policy to benefit both homeowners and renters. Important elements of my vision for housing finance reform include increasing private sector participation and protecting taxpayers. The passage of over eight years since entering conservatorship combined with the broad recovery in housing prices make this a

very good time to relook at the GSEs and adopt a clearer, long-term housing finance policy. I look forward to having the opportunity to work with Congress on this important goal.

16. It's not a secret that I strongly oppose the Obama Administration's nuclear deal with Iran and expect action on that issue from the incoming Administration. Iran is a state sponsor of terrorism that threatens Israel's right to exist, continues to test ballistic missiles in violation of UN resolutions, and now has access to billions of dollars that it can freely provide to terrorist groups.

- What tools as Treasury Secretary will you use, whether it is through the tax code or through sanctions, to hold Iran accountable for its state sponsorship of terrorism and other illicit activities?

If confirmed as Treasury Secretary I will commit to enforce all sanctions or other tools that are in place with Iran to the maximum extent allowable by law.

17. I would like to discuss the IRS's abysmal service record. For the 2015 filing tax season, only 38 percent of callers were able to reach an IRS representative. Additionally, the IRS has not developed any plans for a comprehensive customer service strategy to address these problems. Last year, I asked Secretary Lew this question, but I would like to understand from you, as the ultimate overseer of this agency, how will you plan to improve this record?

As I mentioned in my testimony in the confirmation hearing, I believe that the IRS is under-resourced to perform its duties. Once in office I would endeavor to work with the Commissioner to better understand the deficits in the organization, which may well include factors that contribute to the customer service issues that you note. While it is an independent Bureau I would endeavor to work with the Commissioner and Congress, as necessary, to improve the performance of the IRS including advocating for additional resources, if necessary.

18. I am deeply concerned about the continual reports of U.S. companies relocating overseas. I believe this is another example of our burdensome tax code hurting the U.S. economy. With the rest of our foreign competitors lowering their corporate tax rates while implementing a more competitive international tax system, the U.S. is falling further behind in its ability to provide U.S. businesses and workers the tools they need to compete in the global marketplace. This is why I believe we need to address fundamental tax reform, including overhauling the international tax code, immediately. As a member of this Committee, I have repeatedly called on the Committee to address this issue and am pleased to see they have held several hearings in regards to international tax reform.

- Question - What policies do you believe are critical to address our outdated international tax code?

Our tax and international trade policies must work together to ensure that companies stay here in the U.S., create new jobs, and return production to the US. Our companies cannot be competitive if our tax and trade policy encourages them to move production outside the U.S. It must be the objective of our tax and trade policy to return those jobs to our shores.

Senator Tim Scott

No Questions Submitted

Senator Bill Cassidy

Historic Tax Credit

1. While the historic rehabilitation tax credit is administered by the Department of Interior, the economic and fiscal activity this incentive generates has positive impacts for our economy as a whole, which you, as Treasury Secretary, will be helping to oversee. Forty percent of historic tax credit projects are in smaller communities of less than 25,000 people. My home state of Louisiana has led the nation in number of projects that have been assisted by this successful public-private economic development incentive, and I'm proud to report it has been used in 33 towns and cities throughout my state, including dozens of smaller communities. Furthermore, a number of projects in smaller communities throughout Louisiana are currently underway. The historic credit is a major generator of jobs and leads to economic revitalization in main street communities, rural towns, and downtowns. A study commissioned by the National Park Service found the credit delivers $1.25 in new tax revenue for every $1.00 of credit, which shows that on a dynamic basis, the program is more than paying for itself.

As Treasury Secretary, will you give special attention to this proven and successful public-private economic development incentive that is having a very positive impact in smaller communities throughout America and in the urban areas that President-Elect Trump spoke of reviving during the election?

If confirmed, I pledge to follow the community improvement initiatives. President Trump is committed to a comprehensive tax reform plan and, if confirmed, I will work with Congress to incorporate proposals that will have a positive impact on the largest number of Americans.

Section 170(h)

2. The tax code provides an incentive for the donation of easements that preserve land. This incentive, which has facilitated the protection of over 50 million acres of American land, was permanently increased on a bipartisan basis in 2015. On December 23, 2016, without the opportunity for public comment, the IRS and Treasury published Notice 2017-10 that designates a very broad category of these donations as "tax avoidance transactions." Because the Notice does not distinguish between legitimate donations and the instances of taxpayer abuse, the Notice will chill land preservation donations and will thwart this important Congressional effort to join private resources with a public incentive. This issuance of this Notice seems to fit into the pattern of 11th hour regulations and actions taken by the Obama Administration across the board, without giving the incoming Administration an opportunity to review them.

Are you willing to delay the effective date of this Notice so that a thorough review can occur?

On Day One, President Trump issued a freeze on regulatory actions. If confirmed, one of my

priorities will be to assess any "11th hour" regulations to ensure that they comply with President Trump's policies.

Senator Debbie Stabenow

1. When countries break international law and artificially undervalue their currency, it has real consequences for the United States. Currency manipulation has harmed manufacturers in states like Michigan and cost American workers millions of jobs. During consideration of Trade Promotion Authority in 2015, I introduced an amendment with my colleague, Senator Portman, to add clear language requiring our trade agreements to include enforceable currency provisions.

Will you commit to supporting the inclusion of strong and enforceable currency provisions in future trade agreements?

Yes, I support the inclusion of strong enforcement provisions in future trade agreements.

What specific steps will you take on currency manipulation issues?

Existing U.S. laws provide the procedures whereby the U.S. Treasury is to evaluate the currency policies of foreign nations. If I am confirmed I will follow the procedures and recommend changes to those procedures if needed.

2. You have said trade reform is a top agenda item for the incoming Administration. As you know, the Treasury and Commerce Departments work with the Office of the U.S. Trade Representative on trade enforcement efforts. As I have stated before, if we don't toughen enforcement of our existing trade agreements, then we're letting other countries get away with illegal and abusive foreign trade practices and gain an anti-competitive upper hand. I worked hard to make sure President Obama's Interagency Trade Enforcement Center at USTR would be made a permanent institution to enforce our trade agreements and address unfair trade practices.

What specific steps are you going to take to enhance trade enforcement?

Enforcement of commitments under international trade agreements is critical. I will work closely with the Secretary of Commerce, the Director of the White House National Trade Council and the U.S. Trade Representative to ensure our trade agreements put American interests first. and work to enhance trade enforcement as appropriate.

Will you continue to support the work of the Interagency Trade Enforcement Center?

As indicated above, we will use whatever tools necessary to enforce trade agreements.

3. Last year, volunteer tax preparers helped return $74 million in refunds, including $22 million in EITC benefits, to nearly 92,000 Michiganders. They do this with an exceptionally high accuracy rate – about 94 percent.

Do you support volunteer income tax preparation programs?

I will work with your office to review the issues associated with volunteer income tax assistance grant programs.

Will you support authorization of the Volunteer Income Tax Assistance grant program?

I will work with your office to review the issues associated with volunteer income tax assistance grant programs.

4. The data shows that moderate and low income families need a more effective and better targeted tool so that the tax code helps unlock homeownership for them. In Michigan, only 10% of households below $75,000 claim the mortgage interest deduction – but more than half of households above $75,000 do.

How do you propose we use the tax code so that it more effectively promotes homeownership for more middle class and lower income families?

With comprehensive tax reform and housing reform we will work to promote home ownership for middle and lower income families, as appropriate.

5. Since 1917, the tax code has included incentives to encourage taxpayers to engage in charitable giving to causes that benefit their communities and causes that are important to them.

Do you support maintaining existing incentives for charitable giving in the tax code, such as the charitable deduction?

Senator, I would generally support the traditional attributes of tax policy related to charitable giving.

6. Some tax reform proposals to date have suggested eliminating Last In, First Out (LIFO) accounting. Many Michigan businesses - large and small, publicly held and privately owned - rely on the Last In, First Out (LIFO) accounting method. However, LIFO repeal would result in a one time realization of revenue and retroactively punish taxpaying businesses that have complied with current tax law.

Do you support maintaining LIFO accounting?

As part of any comprehensive tax reform we will study and consider the impact of this issue.

7. If confirmed, you will become the head of The Committee on Foreign Investment in the United States (CFIUS) – an interagency committee that serves the President in overseeing the national security implications of foreign investment in the economy.

Do you believe the CFIUS process needs to be reformed?

If yes, are you committed to working with Members of Congress to reform and modernize the CFIUS process to ensure all sectors of the economy are represented?

As Treasury Secretary, I will ensure that the Committee on Foreign Investment in the United States (CFIUS) is fully authorized to review transactions as deemed necessary and appropriate in conducting investigations.As Treasury Secretary, I will ensure that the Committee on Foreign Investment in the United States (CFIUS) is fully authorized to review transactions as deemed necessary and appropriate in conducting investigations.

8. Another difficult issue you will play a leadership role in if you are confirmed as Treasury Secretary is pensions. This is an incredibly important issue to my state, particularly because we have about 47,000 workers and retirees who have been paying into the Central States Pension Fund, which is in serious trouble.

What is your position on the Multiemployer Pension Reform Act, which Treasury is responsible for administering?

How do you propose to shore up our multiemployer pension system?

You have my commitment to work with you to find solutions to the multiemployer pension crisis.

9. Our tax code clearly provides too many loopholes that allow companies and wealthy individuals to avoid paying their fair share through tax planning.

What do you think is the best strategy for preventing tax reform from creating new loopholes that companies and individuals will abuse?

How would the incoming Administration's tax plan close loopholes?

As part of our overall plan for tax reform we will consider this issue, and I look forward to consulting with Congress on the matter if confirmed

10. I firmly believe that we cannot have a robust economy if we do not grow things here and make things here.

How would the incoming Administration's tax plan specifically help the manufacturing and agriculture sectors?

How would you contrast that with how the House Republicans' tax plan would affect the manufacturing and agriculture sectors specifically?
From your perspective, how would eliminating the deductibility of business interest expenses impact these sectors?

I entirely agree with your belief that we must improve the prospects of domestic manufacturing if we are to have a robust and dynamically growing economy. I look forward to working with Congress to examine and include tax provisions that will allow us to reach our common objective of growing the economy.

11. We can all agree that the lockout effect is a major problem with respect to international tax reform.

Do you support using revenue from a one-time deemed repatriation to pay for infrastructure?

President Trump has set forth a robust tax reform proposal which includes provisions to encourage American businesses to repatriate earnings. President Trump is committed to the need for infrastructure investments and we will be reviewing various alternatives to fund this. We look forward to working with Congress to review various alternatives to fund this.

What is the source for your suggestion that there might be as much as $3 trillion or $4 trillion in unrepatriated earnings overseas?

In August 2016, the Joint Committee on Taxation estimated that there were $2.6 trillion of post-1986 profits held offshore in 2015. I believe that given growth that number now likely exceeds $3.0 trillion. (JS)

12. Back in November, you said that you want to get tax reform passed in the first 90 days of Donald Trump's presidency.

Do you still think this is realistic?

If confirmed, my first priority shall be to work with Congress to pass tax reform as quickly as possible.

Do you think it is possible to meet this aggressive timeline and still have a bipartisan process that Members of Congress will have opportunities for input into?

If confirmed, I will immediately seek input on a bipartisan basis.

Do you think the Treasury Department, including the Tax Policy Office will be adequately staffed in time to meet that objective?

It will be our priority to make sure that we have the resources to accomplish this.

13. For years, I have called for toughening toughen enforcement of existing trade agreements. If we don't enhance enforcement, then we are allowing countries to get away with abusive trade practices and we're letting them gain an anti-competitive upper-hand.

I have worked for several years to improve monitoring and enforcement at USTR to protect the interests of U.S. manufacturers. We now have an Interagency Trade Enforcement Center that monitors our trade agreements.

What specific steps would you take in your role to enhance trade enforcement?

Enforcement of commitments under international trade agreements is critical. We must also negotiate trade agreements that focus specifically on benefitting American companies, American jobs and American economic growth. I will work closely with the Secretary of Commerce, the Director of the White House National Trade Council and the U.S. Trade Representative to ensure our trade agreements put American interests first, and that they are enforceable.

How do you plan to stand up to abusive trade practices and cheating?

I will work with the Secretary of Commerce, the Director of the White House National Trade Council and the U.S. Trade Representative to examine all of our trade policies and current trade agreements. Those agreements that do not adequately address the interests of American companies and American jobs must be re-negotiated. There are numerous tools, created by Congress, that can be and must be more effectively used to address unfair trade practices and end trade cheating.

14. Since 2006, an enhanced income tax deduction has allowed family farmers, ranchers and forest landowners to get an important tax benefit for donating a conservation easement on their land. This enhanced incentive was made permanent on December 18, 2015.

These incentives have a long history of bipartisan congressional and Administration support. Unfortunately, the availability of these tax benefits can attract those who seek to take advantage of the provision for tax avoidance.

On December 23, 2016, the IRS issued Notice 2017-10 to make certain syndicated conservation easement transactions "listed transactions" and require them to be disclosed to the government.

It is clear that we need to strike an appropriate balance between making sure that conservation easements cannot be abused while still making sure that landowners who want to engage in legitimate transactions are not deterred from doing so.

Will you commit to work with us to protect the integrity of the conservation easement incentive?

Will you keep this committee informed about any abuses and whether additional enforcement tools are needed to curb these abuses?

Will you work with this committee to ensure that any abuses of the conservation easement incentive will be appropriately addressed?

I commit that I will work with the committee to protect the integrity of the conservation easement program and will keep the committee informed about potential abuses and enforcement tools that are needed.

Senator Maria Cantwell

1. During the hearing, you stated that the Administration does not support a return to Glass-Steagall, but rather supports a "21st Century Glass-Steagall."

a. I have cosponsored, along with Senators Warren and McCain, the *21st Century Glass-Steagall Act,* which builds on the original law's bright line separation of commercial and investment banking and expands it to include separation of derivatives trading and other shadow banking activities. Does the Administration support this legislation?

The Administration believes that any new financial services legislation should reflect the reality of today's financial institutions and markets.

b. If not, can you please clarify, in detail, the Administration's definition of a "21st Century Glass-Steagall?"

I look forward to working with your office as we work on the appropriate legislation.

2. At your hearing, you stated that you support the Volcker rule and "believe the concept of proprietary trading does not belong in banks with FDIC insurance." The risks to our economy posed by proprietary trading and banks making risky bets on behalf of customers cannot be mitigated by merely separating proprietary trading from FDIC-insured institutions. As we saw during the financial crisis, when non-banking affiliates of FDIC insured banks failed, they were rescued by their insured affiliates, which in turn were forced to be rescued by taxpayers. This was the case with State Street Bank, and your former employer, Goldman Sachs, which converted to a bank holding company in order to be eligible for federal bailout funds.

Do you believe that a legal distinction between two entities, one insured and the other not, would keep the risky activities from one from impacting another in a crisis? Would a bright-line between these activities not better mitigate these risks?

I am supportive of the Volcker Rule to mitigate the impact that proprietary risk taking may have on a bank that benefits from federal deposit insurance. However, as I indicated we need to provide a proper definition of proprietary trading, such that we do not limit liquidity in needed markets, as indicated by the recent Fed report.

3. In your response to me regarding the Volcker Rule, you stated, "I support the Volcker rule but there

needs to be proper definition around the Volcker rule so that banks can understand exactly what they can do and what they can't do and that they can." You have also called the Volcker rule "too complicated" in previous comments to the media.

a. Would a bright line between commercial and investment banking not be significantly less complicated and allow banks to understand exactly what they can and cannot do?

A bright line between commercial and investment banking, although less complicated, may inhibit the necessary lending and capital markets activities to support a robust economy. This is why we have suggested a 21st Century Glass-Steagall may be appropriate.

b. Do you plan to repeal, further delay or significantly modify the Volcker Rule?

As Chair of FSOC I would plan to address the issue of the definition of the Volcker Rule to make sure that banks can provide the necessary liquidity for customer markets and address the issues in the Fed report.

c. If you plan to repeal or modify the Volcker Rule, will you commit that Congress will have the chance to review your replacement proposal at the same time, so that we may ensure that it credibly protects investors and taxpayers?

I would expect to review with Congress any proposed changes to the law.

d. What additional actions will you take as Treasury Secretary to ensure market/financial stability? What other regulations would help market stability? Do you believe that additional regulations to ensure market stability and prevent financial crisis are in the interest of "public safety?"

I do not believe at this time that additional regulations are needed to ensure market stability, however I expect that we will review this issue at FSOC on an ongoing basis.

4. In 2014, Congress slipped a repeal of Section 716 of the Dodd-Frank Act in the "Cromibus" legislation. This provision ensured that big banks making risky derivative bets wouldn't be done out of insured deposits. These trades increase risks for these banks and for taxpayers, and is anti-competitive, as these banks are free to market and trade these products knowing they are subject to a federal backstop. You mentioned that you "believe the concept of proprietary trading does not belong in banks with FDIC insurance."

Would you support a reinstatement of this provision?

I think relooking at the nature of the regulation of trading and proprietary risk taking at banks is an important objective. I look forward to studying this particular issue in detail.

5. The Senate's Permanent Subcommittee on Investigations, as well as the Financial Crisis Inquiry Commission, both found that one of the more insidious causes of the financial crisis was that some Wall Street banks, and particularly Goldman Sachs, had created securities that were designed to fail for their investors, and then bet against them by going short. Goldman created and sold billions of dollars in securities that they knew were, in their own words "crap", but told their customers that these securities were the safest of the safe. Those customers lost big while Goldman won big.

I worked with Senators Merkley and Levin to add Section 621 to the Dodd-Frank Act to prevent this from

happening again. It prohibits a bank from betting against an asset-backed security that it creates. Despite being proposed more than five years ago, the rule is not yet finalized.

a. If confirmed, will you commit to finalizing this rule, and if not, how would you plan to restore trust in our markets when this sort of self-dealing behavior is allowed?

I do understand the issue that you are trying to address by such rule. I do believe that "short selling" is an integral part of risk management. The specific reference to developing "short positions" as part of structured securities offerings, particularly when linked with a proprietary bet by the arranger of such transactions, is certainly worth considering when developing adequate investor protections and robust investor disclosure.

b. Do you believe your former employer, Goldman Sachs, acted responsibly and ethically when it bet against the same securities it was selling to its customers?

As I mentioned in my testimony, I left Goldman Sachs nearly fifteen years ago and prior to the financial crisis and the period of time in question. I am not in a position to comment on these actions.

6. We have had a long tradition in this country that banking activities should be separated from physical commerce. Recently, the Federal Reserve issued a report required under Section 620 of the Dodd-Frank Act report, recommending that Congress take action to prohibit banks from engaging in merchant banking activities and owning certain physical commodities.

Would you support restoration of separation between banking activities and commerce to support competition and reduce risks?

If confirmed I would further study Section 620 to address the issues of your concern.

7. Many of us were disappointed when the Commodities Futures Trading Corporation chose in December to repropose its position limits rule, which was required under Section 737 of the Dodd-Frank Act.

a. Do you believe that in the absence of a position limits rule, an individual would have the potential to control or manipulate a market and lead to excessive speculation and unwarranted price fluctuations in important markets like energy?

If confirmed I would further study Section 737 to address the issues of your concern.

b. Do you believe there should be a strong position limits rule in order to prevent market manipulation? Will you work with the CFTC to ensure a strong rule is finalized?

It is clear that there should be no opportunity for market manipulation in any of our equity, fixed income, commodities or derivative markets. I would of course work with all members of the FSOC, including the CFTC, to enforce regulatory practices that reinforce this view.

c. In your role on the Financial Stability Oversight Council, will this an issue that will priority for you?

See answer to question 7 (b) above

8. You stated in your response to me that "the unemployment rate is not real."

a. Can you clarify what you meant by this statement?

The official unemployment rate (total unemployed, as a percentage of the civilian labor force), taken alone, is not a sufficient indicator of labor market health. A real understanding of labor market health necessitates taking into account various Bureau of Labor Statistics (BLS) measures of labor underutilization, including U-5 (defined by the BLS as "total unemployed, plus discouraged workers, plus all other persons marginally attached to the labor force, as a percent of the civilian labor force plus all persons marginally attached to the labor force"). Another critical tool to determining the real state of labor market health is BLS's labor force participation rate.

b. Do you believe that the United States should use a different measure of unemployment than the U-3 rate? If so, why?

In order to inform fiscal policy decisions, the U.S. should employ a variety of metrics to gauge the health of the economy and the broader labor market. Currently, excessive influence appears to be placed by U.S. policymakers on one metric -- U-3 (total unemployed, as a percentage of the civilian labor force), which ignores the massive drop in labor force participation that occurred during the Obama Administration, and fails to include discouraged workers or persons just marginally attached to the labor force.

c. Isn't it true that by any measure that the Bureau of Labor Statistics uses to track unemployment, the rate has fallen dramatically over the last eight years?.

Both the labor market participation rate and the unemployment rate have fallen dramatically over the last eight years, which suggests many Americans have given up looking for work. To be "unemployed," according to BLS's definition, only includes "people who are jobless, actively seeking work, and available to take a job." If an individual ceases to actively seek work, then both the labor force and the number of unemployed Americans decreases by one. So while the unemployment rate has fallen, given the concurrent drop in labor force participation to near-historic lows, the downward trend in unemployment does not necessarily reflect improving labor market health.

d. During the campaign, President Trump said the unemployment rate was a "phony number" and stated that the real rate could be closer to 42 percent. Do you agree with this statement? Do you believe that official government unemployment statistics should count retirees, college students and stay-at-home parents as unemployed?

If one hopes to gain a clear picture of American labor market vitality, then using one metric - whether that be the U-3 unemployment rate or the labor force participation rate - is not sufficient. Various unemployment metrics, including those which take into account part-time employment for economic reasons, as well as persons who are marginally attached to the labor force, must be used, along with the labor market participation rate, which takes into account those who drop out of the labor force.

9. In 2014, the United States and our European partners put targeted sanctions on Russian individuals and entities responsible for violating the sovereignty and territorial integrity of Ukraine. These sanctions came after Russia had invaded and occupied Crimea and was supporting conflict in Eastern Ukraine. These sanctions were intended to promote a resolution to that conflict and over the last several years the U.S.

and Europeans have expanded the list of Russian individuals, companies, and banks that are sanctioned to ramp up pressure.

Recently, Mr. Trump has said he would consider reducing sanctions on Russia if it significantly reduces its nuclear stockpile. He said nothing about working to end the conflict in Ukraine.

a. Our European allies have maintained sanctions against Russia even when it has come at a direct impact on their businesses and economies. If we lift them before the Ukraine conflict is resolved or for reasons unrelated to that conflict, what message are we sending to our allies? What message are we sending to Russia?

I agree that the United States must hold Russia accountable for its actions, and if confirmed I will continue to support and enforce the existing sanctions against Russia to the fullest extent. The President has indicated he would consider sanctions relief in return for other commitments from Russia.

b. While we all want to work towards reducing nuclear weapons stockpiles around the world, including in Russia, but will the Trump Administration maintain sanctions related to the Ukrainian conflict until that actual conflict is resolved? If not, why not? What has changed that should change U.S. policy that has been strongly supported by the U.S. Congress?

As I stated during my hearing, I intend to fully enforce the existing sanctions imposed against Russia to the maximum extent. To the extent OFAC conducts Russia-related sanctions enforcement activities and investigations I will not, nor will any political appointee in the Treasury Department under my watch, attempt to influence, direct, or prevent any outcome to a law enforcement investigation other than what the facts and evidence support.

10. The Export-Import Bank, the export credit agency of the U.S., is without a quorum on the Board of Directors and therefore unable to do deals over $10 million. In 2014, the Bank authorized more than $20 billion in export financing and supported almost 165,000 American jobs. However, last year, because it did not have a quorum, it was only able to do a fraction – authorizing $5 billion in financing and supporting 52,000 jobs. The Bank has been without a quorum despite having broad bipartisan support in both chambers as demonstrated when it was reauthorized by a supermajority in 2015.

Given the Bank's ability to reduce risk and help American manufacturers stay globally competitive, do you agree that the Export-Import Bank should be fully operational? Do you agree that a working quorum is needed as soon as possible for American job growth?

I do believe that a quorum is necessary to properly use the Export-Import Bank. A critical focus of the Administration will be to support an America First trade agenda, including supporting small and medium sized business.

11. Last year, volunteer tax preparers helped return $97 million in refunds, including $26 million in EITC benefits, to nearly 76,000 Washingtonians

a. Do you support volunteer income tax preparation programs?

I will work with your office to review the issues associated with volunteer income tax assistance grant programs.

b. VITA volunteers have a 94% return accuracy rate. Will you support authorization of the Volunteer Income Tax Assistance grant program, as passed by the Finance Committee last year?

I will work with your office to review the issues associated with volunteer income tax assistance grant programs.

12. I understand the Administration plans to pay for tax reform, in part by eliminating "special interest deductions." As we discussed at the hearing, while I share the goal of a competitive tax code, competitiveness for me is not just measured by what the top rate is. It's a measurement of how much we are using the tax code to incentivize investments in our workers and our country.

Please tell me if you consider the following provisions of tax code special interest deductions:

a. The Low Income Housing Tax Credit – a provision the Chairman, Ranking Member and I strongly support expanding, that has financed nearly 3 million affordable homes for low-income working families since its creation in the last comprehensive tax reform, that sustains nearly 100,000 jobs annually.

If confirmed, I will work with Congress to determine which tax credits or deductions warrant retention, modification, or elimination in order to maximize economic growth and job creation.

b. The New Markets Tax Credit – which has leveraged nearly $75 billion in total capital investment in low-income urban and rural communities across the country.

If confirmed, I will work with your office to review the New Markets Tax Credit program.

c. The Deduction for Charitable Giving – which has since 1917 incentivized Americans to support charitable causes.

If confirmed, I will work with Congress to make sure that tax reform preserves appropriate incentives for charitable giving.

d. The Exclusion for Municipal Bond Interest – which lowers borrowing rates for our local communities, allowing them to invest more in the infrastructure that we need.

The President is committed to rebuilding America's infrastructure. If confirmed I will work with Congress to determine the role of tax exempt financing vehicles under that plan and as part of broader tax reform.

e. The Research and Development Tax Credit- to incentivize the important technological innovation that creates good paying jobs here in America.

The Research and Development Tax Credit can be an important tool for technological innovations and creating good paying jobs in America, where appropriate.

f. The Exclusion of State Sales Tax – My state is one of only seven states that does not have an income tax. We struggled to make this provision permanent until we succeeded in 2015.The deduction delivers about $600 on average to each of my constituents who file Federal income tax returns.

I know this is an important issue in many states. I will work with you and your colleagues on this issue.

g. Conservation Easements – which allow a deduction for the donation of easements that preserve land. This incentive, which has led to the protection of over 50 million acres of American land, was increased and made permanent on a bipartisan basis in 2015. Do you believe that golf courses should be eligible for conservation easements?

I commit that I will work with the committee to protect the integrity of the conservation easement program and will keep the committee informed about potential abuses and enforcement tools that our needed.

13. You have stated that there will be "no absolute tax cut for the upper class" through tax reform. Will you support a tax cut for the upper class outside of tax reform, such as the potential repeal of the Affordable Car Act's additional Medicare Hospital Insurance tax of 0.9% on earnings over $250,000 a year and the Medicare surtax of 3.8% on unearned income above $250,000 a year?

As you are probably aware, the President has proposed eliminating the Medicare surtax. If confirmed I will work with Congress to reach an appropriate resolution to this issue.

14. Do you believe that climate change is real and that human activity is the primary driver of it?

I believe that climate change is a complex issue, but not one primarily driven by the Treasury Department.

15. Do you believe that tax policy and tax reform should play a significant role in the continuing development of clean energy technologies to prevent climate change?

I will work with Congress to review the role of tax policy in continuing the development of clean energy techniques.

16. Do you support a repeal of tax incentives for oil companies, including the Section 199 deduction for oil and gas companies, expensing of intangible drilling costs, and percentage depletion?

If confirmed, I will work with you and members of Congress to determine which provisions of the tax code should be retained, eliminated or revised.

17. Do you believe that tar sands oil should be included in the definition of crude oil that is subject to the Oil Spill Liability Trust Fund tax?

If confirmed, I will work with Congress and the President on how these definitions should be properly applied.

18. Do you support Notice 2013-60 issued by the IRS on September 20th, 2016 to clarify the commence construction/continuous construction safe harbor for the production and investment tax credits?

If confirmed, I will work with Congress to determine which provisions of the current tax code should be retained, revised or eliminated.

19. Do you support efforts to improve the ability of developers to monetize the Section 45 and Section 48 production and investment tax credits? Do you think the need for improved monetization will increase as these credits phase down?

If confirmed, I will work with Congress to determine which provisions of the current tax code should be retained, revised or eliminated.

20. During the first 11 months of 2016, U.S. biodiesel imports totaled 597.74 million gallons, up 93% from the same period in 2015. Do you support bipartisan legislation introduced by Senator Grassley and me to convert the Biodiesel Tax Credit from a blender's tax credit to a production tax credit to stop the subsidy of foreign biodiesel and create jobs in America?

If confirmed, I will work with Congress to determine which provisions of the current tax code should be retained, revised or eliminated.

21. Do you support the extension of expired clean energy tax breaks, including incentives for fuels, energy efficient new home and commercial building construction, and building retrofits?

If confirmed, I look forward to working with Congress on the role of energy credits.

22. Do you believe all technologies, including hydropower, should receive the same tax credit rate under the production tax credit?

If confirmed, I look forward to working with Congress and the President to determine which technologies should be eligible for the production credit and what the appropriate levels for those credits should be.

23. In 2012, the people of Washington state chose, by popular vote, for our state to implement an adult-use marijuana system. Seven more states passed similar laws on their ballots this past November.

a. Will you commit to maintaining the 2014 Financial Crimes Enforcement Network (FinCEN) guidance to financial institutions that allows them to work with regulated marijuana-related businesses, while increasing transparency and improving public safety?

If confirmed I will work with your office to review the 2014 FinCEN guidance.

b. Do you support further changes to the tax code and banking law to ensure that these business can operate on a level playing field with other industries?

This is a very important issue. If confirmed, I will work with Congress and the President to determine which provisions of the current tax code should be retained, revised or eliminated to ensure that all individuals and businesses compete on a level playing field.

24. Washington state is one of seven states without an income tax. Because of decisions by the courts, we are prohibited from requiring out-of-state retailers to collect and remit sales tax on purchases shipped to Washington state. This gap in our tax collection is estimated to cost our state government hundreds of millions of dollars in revenues per year and disadvantages brick and mortar small businesses in Washington state, who must compete with out-of-state, online retailers that do not collect sales tax.

a. Do you support legislation to require out of state retailers to collect and remit sales tax to customers in other states?

This is a very important and complicated issue. If confirmed, I will work with Congress and the President to ensure legislation considered by Congress is consistent with the President's tax policy objectives.

b. Should the tax remitted be destination based or origin based?

If confirmed, I will work with Congress and the President to determine the best approach to this issue.

25. Mr. Mnuchin, you have stated that the offshore hedge funds you failed to initially report were set up not for tax avoidance but to let pensions and non-profits invest.

a. Please provide the ratio of the amount of investment in these offshore funds, at their peak, that were made by pension fund and non-profits versus other investors.

Since many of the investors in our offshore fund consisted of fund of funds, I do not have the exact characterization of the underlying investors. However, I do know that approximately 20% of the fund consisted of individuals, family companies, or trusts that were true foreign entities.

b. Did any of your marketing materials for your Anguilla or Cayman Island funds express or advertise the tax benefits of their offshore location?

The offering document for Dune Capital International contained normal tax consideration disclosures as well as ERISA and other regulatory considerations.

c. Please provide to the Finance Committee any and all marketing materials and letters.

As indicated in the preceding response, the confidential offering memorandum describes the tax consequences of the investment but does not express or advertise "tax benefits" from the investment. The description of tax consequences in the confidential offering documents is typical for such investments, including a description of U.S. and Anguilla tax rules.

Senator Bill Nelson

1. As you know, the Treasury Secretary heads the Financial Stability Oversight Council (FSOC), which is responsible for rooting out systemic risk in our financial system. If confirmed, what would be your top three priorities for FSOC?

Dodd-Frank Act requires the FSOC to conduct activities to execute three responsibilities: to identify risks to the financial stability of the United States; to promote market discipline; and to respond to emerging threats to the stability of the United States financial system. If nominated, I will work to fulfill these three statutory responsibilities.

2. Do you believe large nonbank financial companies, like AIG, should be left alone or do you believe they should be subject to closer scrutiny if they pose a significant risk to the financial system?

If confirmed, I look forward to working with FSOC and understanding the work that they have done on this issue before reaching a judgment.

3. Do you think Goldman Sachs did anything wrong in the lead up to the 2008 financial crisis? If so, please explain.

Senator as I left Goldman Sachs in 2002 I am not in a position to offer judgment on their activities after that time.

4. The Treasury Department is responsible for combating terrorism financing. This has taken on increasing importance over the years as terrorist groups like ISIS increasingly rely on access to global financial networks to carry out their acts of terror. What do you believe you could contribute to this critical area of our national security?

If confirmed as Treasury Secretary, I will use the many tools the Treasury Department has to combat terrorist financing to the maximum amount allowable by law.

5. Some Members of Congress, including myself, have proposed giving the Treasury Secretary the ability to establish minimum competency standards for tax preparers—to ensure they are actually fit to do your taxes and not criminals. The lack of quality control in the tax preparer industry has been known to contribute to the proliferation of identity theft-related tax fraud and tax scams. Do you think it makes sense to make sure paid tax preparers are qualified to do your taxes? If so, what do you plan to do to make this issue a priority? If not, why?

I agree that tax preparers should be qualified. I am committed to reviewing any proposals addressing this area.

6. The National Taxpayer Advocate recently reported that Hispanic Americans are most at risk to abuse by disreputable tax preparers, stating: "Given language barriers and less education, Hispanics may be especially vulnerable to unscrupulous return preparers who promote high interest loans and charge high

fees." What can you say to Hispanic Americans to give them some comfort about the next four years in relation to this issue? How would you reach out to this community and ensure they are not forgotten?

If confirmed, I look forward to working with Congress, the National Taxpayer Advocate, and the Internal Revenue Service to identify ways to make sure all Americans have the ability to comply with our tax laws. In addition, the IRS website is available in Spanish, and we will continue to make information available to help educate the Hispanic community.

7. What can you tell us about your commitment to making sure tax reform is fully paid for and not reliant on budget gimmicks, such as timing shifts or one-time revenue for permanent changes?

We are committed enacting tax reform that grows the economy, jobs, and incomes for hardworking Americans. We believe that the higher growth resulting from tax reform, reduced regulation and eliminating the trade deficit will generate significant additional revenue. (JS)

8. Do you believe a tax reform plan that provides the lion's share of its tax cuts to the top 1 percent of income earners and large corporations is better for the economy than a plan that makes the tax code more progressive and provides the majority of its benefits to the middle class and working poor?

Maximizing economic growth, allowing working people to keep more of their money, and creating jobs and greater opportunity for all Americans is our objective. We are committed to working with Congress to maintain an appropriate level of progressivity in the tax code. (JS)

9. Are you familiar with the details of what House leaders are planning for tax reform? If so, do you have any concerns about any provisions within the plan?

I am very familiar with the Blueprint, titled "A Better Way For Tax Reform." I will work closely with the Leadership in the House and Senate on needed tax reform.

10. Separate from the Joint Comprehensive Plan of Action, which relates to Iran's nuclear program, we have long imposed sanctions on Iran unrelated to its nuclear program. They were put in place in response to Iran's weapons trafficking, support for terrorism, money laundering, and ballistic missile testing. Until those activities cease, those sanctions should remain in effect. What commitment can you make to ensure Iran is not gaining access to the U.S. financial system without making drastic changes to its behavior?

I will act to fully enforce all existing sanctions against Iran—including with respect to its sponsorship of terrorism and other illicit activities. I am fully committed to bringing every available Treasury tool and authority to bear to prevent Iran from accessing the U.S. financial system.

11. If confirmed, you will be in charge of overseeing foreign assets blocked by the Treasury Department, including the assets of the Revolutionary Armed Forces of Colombia, better known as FARC, a terrorist organization and drug syndicate. Last year, I introduced a bill with Senator Rubio to help the Americans that were murdered and held hostage by the FARC, and their families, gain access to more assets blocked by the Treasury Department, as restitution for their harrowing ordeal. Can you commit to ensuring FARC

victims and their families gain access to assets blocked under the Kingpin Act and work with me to help get my legislation enacted into law?

I am committed to utilizing all of Treasury's assets to confront terrorism and narcotrafficking networks. If confirmed, I would look forward to working with you on this issue and welcome any suggestions toward that goal.

12. How do you think we should address the problem of currency manipulation—when other countries intervene in their currency markets to control the value of their currency and gain a trade advantage? Do you think it is something we can solve unilaterally, or do we need to work within the G20 to find a global solution?

Existing U.S. laws provide the procedures whereby the U.S. Treasury is to evaluate the currency policies of foreign nations. If I am confirmed I will follow the procedures and recommend changes to those procedures if needed.

13. If confirmed, what would you like to accomplish by the end of your term?

As Treasury Secretary, my primary objective will be to increase U.S. economic growth through significant tax, regulatory and trade reform. I believe, together with the President, that America has unlimited potential; through sound policies aimed at achieving solid finances and a dependable dollar, we can establish a firm foundation for productive growth and new levels of prosperity.

14. Are you familiar with the trademark dispute related to the Cuban government's theft of the Havana Club Rum trademark? If so, what are your thoughts on reviewing the decision that allowed the Cuban-based beneficiaries of the theft to pay the fee that allows them to renew the trademark in the U.S.? If not, can you commit to looking into this dispute and meeting with U.S. stakeholders to fully understand the issue?

Although I am not familiar with this it, it is long-standing U.S. law and policy to prevent the registration or renewal of trademarks obtained through confiscations, without compensation to the original owners. Thus, if confirmed, I would look forward to working with your office to learn more about this dispute and meeting with the U.S. stakeholders.

15. What are your thoughts about politicizing decisions made by the Federal Reserve Board of Governors and the benefits of an independent central bank?

As you know, the Federal Reserve is organized with sufficient independence to conduct monetary policy and open market operations. I endorse the increased transparency we have seen from the Federal Reserve Board over recent years.

16. As you know, if you are confirmed as Treasury Secretary, you would serve as the chair of the Committee on Foreign Investment in the United States (CFIUS). CFIUS has the important responsibility of reviewing foreign investment transactions to ensure they do not threaten our national security. What do

you believe are the most pressing challenges facing CFIUS today? What would be your approach to dealing with those challenges, and how would you approach any conflicts of interest that come before CFIUS?

If confirmed, I would ensure that CFIUS is fully able, to the maximum amount allowable by law, perform its important responsibilities in assessing whether foreign investment transactions pose a threat to U.S. national security.

17. In 2015, Congress made the conservation easement tax deduction permanent, reinforcing our commitment to conservation. What are your thoughts on conservation easements? Do you believe tax reform should preserve the incentive for conservation easements?

I commit that I will work with the committee to protect the integrity of the conservation easement program and will keep the committee informed about potential abuses and enforcement tools that our needed.

Senator Robert Menendez

1. Shortly after then President-elect Trump announced your nomination, you told CNBC that you would focus on rolling back parts of the Dodd-Frank Wall Street Reform Act. Specifically, you said, "the number one problem with Dodd-Frank is that it's way too complicated and cuts back lending."
· What specific provisions would you advise the President and Republicans in Congress to change, repeal, or unwind?

I would advise the President and members of Congress on rules that undermine economic growth and job creation. A particular focus should be placed on reducing the regulatory costs faced by community financial institutions, and making sure that small and medium sized business have access to credit.

2. During your confirmation hearing, you appeared to be supportive of the Volcker Rule for FDIC-insured institutions, though you also mentioned complications with the implementation of the rule. While the Department of the Treasury was not responsible for writing the rule, it was responsible for coordinating the rulemaking.
(a) What is your view on Treasury's role in making any changes to the Volcker Rule?

I am supportive of the Volcker Rule to mitigate the impact that proprietary risk taking may have on a bank that benefits from federal deposit insurance. However, as I indicated we need to provide a proper definition of proprietary trading, such that we do not limit liquidity in needed markets, as indicated by the recent Fed report.

(b) How do you plan to engage with the other financial regulators on this issue, and what specific changes would you like to see made?

I would encourage the regulators to define the Volcker rule in a way that does not hinder liquidity and customer trading as outlined in the Fed report.

3. During your confirmation hearing, you said, "regulation is killing community banks." According to data released by the FDIC on November 29, 2016, community banks reported net income rose $593 million, or 11.8 percent from the 2015 period.[1] The FDIC also reported that community banks' net operating revenue totaled $23 billion, an increase of 8.5 percent from a year earlier. Chair Gruenberg said, "community banks, which account for 43% of the industry's small loans to businesses, continued to grow their small business loans at a faster pace than the rest of the industry."

· What specific regulations do you believe are particularly detrimental to the community banking industry, and what changes would you recommend?

I look forward to working with banking regulators and Congress to determine what particular regulations could be reformed to better serve customers and create a flow of credit while preserving key capital adequacy and safety and soundness standards.

4. Mr. Mnuchin, you have extensive experience as a board member of a large regional bank. As you know, there have been a number of proposals in Congress to change the Dodd-Frank created enhanced prudential regulatory regime administered by the Federal Reserve for banks with more than $50 billion in assets.

· What is your view on the role of regulation in overseeing large regional banks?

I endorse rethinking regulatory requirements facing large regional banks in order to regulate the banking sector in a more effective manner. In particular, we should examine whether it is appropriate for financial institutions that engage almost exclusively in traditional banking activities with consumers and businesses to be subject to measures intended for our largest and most complex financial institutions.

5. As Treasury Secretary, you will Chair the Financial Stability Oversight Council (FSOC), and you will have the responsibility of overseeing efforts to address systemic risks to the system.

· Will you continue FSOC's efforts to identify and address the risk that so-called shadow banks and other non-banks may pose to the economy?

If confirmed, I will review the work that has been done on the so-called shadow banks and other non-banks that pose risk to the economy.

6. As you know, the FSOC can set aside a CFPB final regulation with the vote of two-thirds of its members if the regulation would put the safety and soundness of the U.S. banking system or U.S. financial stability at risk, a process that begins with the petition of a single member of the Council.

(a) What is your view on the FSOC's role in overseeing the work of the CFPB?

If confirmed, I will review the work and governance of FSOC and will look forward to following-up with your office.

(b) Some in Congress have pushed for changes that would make it even easier for FSOC to overturn CFPB rules. Do you support those proposals? If so, why?

If confirmed, I will review the work and governance of FSOC and will look forward to following-up with your office.

7. As you know, the Office of Financial Research (OFR) was created to, unlike any other existing agency, look across the entire financial system to fill critical data and information gaps that policymakers and the public sorely needed following the Great Recession. Congress realized the need for an independent team of experts at the Treasury Department that would have the capacity to perform high-level data-collection and analysis on potential risks to U.S. financial stability. The OFR can also help reduce regulatory burdens and reporting requirements for financial institutions by ensuring data standardization. As someone who has served in many different roles in the financial services industry, you have witnessed firsthand the need for the OFR.

· Will you support the OFR and its research and data collection activities to ensure we identify and can appropriately address future potential threats and minimize duplicative data reporting as soon as practicable?

More needs to be done to minimize duplicative data reporting. I support efforts to revisit the Dodd-Frank framework in order to ensure policymakers have the right information to address future potential threats to the U.S. financial system.

8. In November 2016, the California Reinvestment Coalition and the Fair Housing Advocates of Northern California filed a complaint with the U.S. Department of Housing and Urban Development asking the Department to investigate allegations that CIT Bank, as a successor to OneWest, violated the Fair Housing Act. Specifically, the complaint alleges that the bank failed to locate branches in communities of color, extended few or no mortgage loans to borrowers of color, and maintained and marketed real estate owned homes in predominantly white neighborhoods better than in neighborhoods of color.

· What are your views on the importance of fair lending and fair housing laws?

In my opinion, lending and housing discrimination have no place in a well-functioning economy, and I have always been committed to compliance with fair lending laws. During my tenure, OneWest Bank completed fair lending examinations (including examinations of our servicing and loss mitigation activities) conducted by both the Office of the Comptroller of the Currency ("OCC") and the Consumer Financial Protection Bureau. In addition, an OCC examination of the Community Reinvestment Act compliance of OneWest Bank under my leadership found that our "geographic distribution of loans [was] excellent," our performance under the OCC's Lending Test was "high satisfactory," both home mortgage refinance and home purchase lending were "excellent, and our multifamily lending activities were "good." Overall, "the OCC did not identify any evidence of discriminatory or other illegal credit practices with respect to" OneWest Bank.

And while two community groups have made unfounded allegations about OneWest, I am proud to have received the support of the former executive director of HOPE NOW, the President and CEO of the National Asian American Coalition, and multiple former state and federal bank regulators.

9. The Obama Administration has issued a series of regulations and licenses that allow American businesses to engage in business transactions with entities that are owned by the Cuban military, which in practice is nearly impossible to separate from the Castro regime. Although the Administration has touted these investments as supporting the Cuban people, the truth is the regime and the military have a tight grip on just about every industry. In fact, in December, the president of a major travel company lamenting the lack of infrastructure in Cuba told NBC full stop that: "Tours and experiences are controlled by the government tour company."

Additionally, the Treasury's Office of Foreign Asset Control has granted licenses for businesses and companies to transact with properties and assets that the Cuban government has confiscated from its own citizens and even from American citizens. Both of these transactions are inconsistent with U.S. statutes and in fact blatantly contradict the intention of the LIBERTAD Act – and I know because I wrote that law.

(a) Will you commit to reversing decisions that allow American businesses to engage in transactions with Cuban-military owned entities or properties that were stolen from American citizens?

If confirmed, I commit to fully and effectively enforcing all sanctions prescribed by the LIBERTAD Act and other Cuba sanctions legislation. Moreover, I would look forward to working with you and your office to review and ensure that all prior licenses and current regulations are consistent with statutory intent.

On October 12, 2016, Donald Trump said, "the people of Cuba have struggled too long. Will reverse Obama's Executive Orders and concessions towards Cuba until freedoms are restored."

(b) Do you stand by that statement? As many of the Executive Orders and regulations that impact our relationship with Cuba have gone through the Treasury Department, will you commit to reversing those "concessions" and regulations?

If confirmed, I will enforce all statutorily-mandated Cuba sanctions to the fullest extent of the law. I will also implement any revisions to the current regulations pursuant to President Trump's policy.

10. Mr. Mnuchin, I'm disappointed that you wouldn't support new sanctions on Russia for, among other things, interfering in our election. Moreover, Mr. Trump said that he would potentially lift sanctions against Russia quickly, unilaterally, and without input from Congress. For those of us who have both authored much of the laws putting the architecture for comprehensive and effective sanctions in place, and those of us who believe that the legislative branch must be an effective check on the Executive, this is alarming. Sanctions that carry the full weight of law are a critical component of our national security strategy.

· Would you support efforts of the President to ignore the will of Congress and unilaterally lift sanctions currently in place on Russian individuals and actors?

If confirmed, I will continue to support and enforce the existing sanctions against Russia to the fullest extent, as I stated during my confirmation hearing. To the extent that the President and his national security advisors determine that it is in the best interest of the United States to modify the sanctions or impose others, I will fully enforce those sanctions in support of the President's national security strategy.

11. Due to President Maduro's failed policies and lack of respect for the rule of law, Venezuela is currently facing a dire humanitarian and economic crisis. Its state owned oil company PdVSA, (Pedevesa) and its subsidiary Citgo, are under extreme financial pressure may not be able to pay their bills in the near future. Under a recent deal, 49.9% of Citgo was mortgaged to Rosneft, the Russian government-owned oil company run by Vladimir Putin crony Igor Sechin. It is also possible that Rosneft acquired other PdVSA bonds on the open market what could bring their ownership potential to over 50%. If Citgo defaults on its debts, Rosneft, an entity currently under American sanctions because of Russia's belligerent behavior, could come to own a majority stake in strategic US energy infrastructure including 3 refineries and several pipelines.

(a) Given the close ties between Rosneft and Putin, Putin's interest in undermining the United States, and Putin's willingness to use energy as a weapon, does this potential deal concern you?

Rosneft is currently subject to "sectoral sanctions" under Directives 1 and 2, which were issued pursuant to Executive Order 13662 of March 20, 2014. Given that the Treasury Department is responsible for the implementation and enforcement of economic sanctions imposed by the United States, if confirmed as Treasury Secretary I will ensure that any transaction by Rosneft that potentially impacts U.S. strategic energy interests is carefully monitored and will advise the President accordingly.

(b) Do you think that is in our national interest?

Rosneft is currently subject to "sectoral sanctions" under Directives 1 and 2, which were issued pursuant to Executive Order 13662 of March 20, 2014. Given that the Treasury Department is responsible for the implementation and enforcement of economic sanctions imposed by the United States, if confirmed as Treasury Secretary I will ensure that any transaction by Rosneft that potentially impacts U.S. strategic energy interests is carefully monitored and will advise the President accordingly.

(c) Should a sanctioned Russian company have control over critical US energy infrastructure?

Rosneft is currently subject to "sectoral sanctions" under Directives 1 and 2, which were issued pursuant to Executive Order 13662 of March 20, 2014. Given that the Treasury Department is responsible for the implementation and enforcement of economic sanctions imposed by the United States, if confirmed as Treasury Secretary I will ensure that any transaction by Rosneft that potentially impacts U.S. strategic energy interests is carefully monitored and will advise the President accordingly.

(d) Will you initiate a CFIUS review?

If confirmed, after reviewing the work of CFIUS, I would determine whether I believe a CFIUS review if needed. I am happy to review this issue with your office.

(e) Does ExxonMobil's involvement in deals with Rosneft present any concern for you given our potential new Secretary of State?

I believe the President's decision to nominate Rex Tillerson is an excellent choice for Secretary of State and have every confidence that he will hold paramount the interests of the United States and the American people.

12. Iran remains designated by the Department of State as the leading state sponsor of terrorism and it continues to aid terrorist groups like Hezbollah and Hamas that directly threaten the United States, our interests, and our allies. Congress and the Executive Branch have imposed a comprehensive and restrictive network of sanctions designed to stop the flow of cash to and from known individuals and entities involved in Iran's sponsorship of terrorist networks, weapons trafficking, and nuclear proliferation and human rights abusers.

(a) How will you ensure that these sanctions are enforced?

As Treasury Secretary, I will act to vigilantly enforce all existing sanctions against Iran—including with respect to its sponsorship of terrorism, nuclear proliferation, abuse of human rights, and other illicit activities. I will ensure that the Office of Terrorism and Financial Intelligence is making every effort to enforce existing sanctions and coordinating with the U.S. Department of Justice and other U.S. law enforcement agencies and the Intelligence Community to execute a "whole of government" approach to enforcement of existing sanctions against Iran.

(b) What steps will you take to strengthen these sanctions and ensure that American companies comply with laws put in place to stop money from going to sponsors of terrorism?

I will ensure that the Office of Terrorism and Financial Intelligence is making every effort to enforce existing sanctions and coordinating with the U.S. Department of Justice and other U.S. law enforcement agencies and the Intelligence Community to execute a "whole of government" approach to enforcement of existing sanctions against Iran. I will also work with the President to ensure that Treasury is engaged in meaningful consultation with the Congress to the extent existing sanctions require modification or strengthening to combat sponsors of terrorism.

(c) As the Departments of State and Treasury continue to make determinations about known sponsors of terrorism or human rights violators, will you impose further sanctions on individuals and entities?

The Iran's Islamic Revolutionary Guard Corps (IRGC) plays an outsized role in virtually every sector of the Iranian economy. Numerous sanctions remain in place on the IRGC and affiliated entities related to proliferation concerns, human rights violations, and ballistic missile development. Last October, the Treasury Department issued guidance stating that it is "not necessarily sanctionable" for foreign persons

to engage in transactions with an entity that is "controlled in whole or in part" by the IRGC. Do you support this position? Or would you look to revises the guidance?
Last year, Treasury finalized a rule requiring banks to identify the beneficial ownership of companies they do business with. As part of the rule, an entity that has a 25% stake in the company must be identified. When it comes to the IRGC, the standard to determine ownership or control of a company is still 51%. Do you agree with this threshold?

If confirmed, I intend to vigilantly enforce existing sanctions, including continuing to make determinations and imposing sanctions on individuals and entities as appropriate under Treasury's authorities.

Secondary sanctions proved to be one of the most effective mechanisms we have to fully isolate countries like Iran from gaining access not only to American financial markets capitol, but also to European markets and companies.

(d) How will you work with our allies to ensure that they comply with existing networks even as they seek to do business with Iran?

If confirmed, I intend to coordinate with the Secretary of State on the Administration's efforts to engage with the international community regarding the need to vigilantly enforce the Joint Comprehensive Plan of Action, and to remind other nations that waived secondary sanctions remain available for re-imposition by the United States in the event that Iran fails to comply with its commitments. The Congress' December 2016 reauthorization of the Iran Sanctions Act with overwhelming bipartisan majorities emphasized to the international community that powerful secondary sanctions remain a viable and available tool for the foreseeable future with respect to Iran's compliance with the JCPOA. I will also coordinate with finance ministers around the globe and continuously remind them of their respective nations' obligations to assist the United States in effectively enforcing the JCPOA.

In November 2011, the U.S. government designated Iran and its entire financial sector – including its central bank – a "jurisdiction of primary money laundering concern."

(e) Has anything fundamentally changed in how Iran behaves regarding money laundering?

If confirmed, I will carefully consider all available information and make an assessment as to whether anything has fundamentally changed with respect to the 2011 designation of Iran as a jurisdiction of primary laundering concern.

(f) Has Iran addressed the concerns we laid out in 2011?

If confirmed, I will carefully consider all information and make an assessment regarding whether Iran has fully and effectively addressed the concerns set forth by the United States in 2011.

(g) What actions would Iran have to take in order to alleviate the concern that its financial institutions were engaging in illicit activity?

If confirmed, I will make a careful and deliberate assessment of the actions required for Iran to alleviate concerns about illicit activity by its financial institutions and advise the President and National Security Council accordingly.

(h) How would you classify the level of financial crimes and sanctions risk of doing business in and with Iran?

I am not in a position at this time to provide a classification of financial crimes and sanctions risk of doing business with Iran, but commit that if I am confirmed as Treasury Secretary I will assess all information available to me to make such an assessment and advise the President and the National Security Council in that regard.

(i) Given the designation as a "primary money laundering concern" we're talking about the need for Enhanced Due Diligence for any and all financial activities, at a minimum, correct?

Given the designation of Iran as a primary money laundering concern, it is prudent for any individuals or entities engaging in authorized dealings with Iran to ensure they have adequately assessed the risks of such activity and take all appropriate steps to mitigate those risks accordingly.

(j) How do we plan to ensure that Iran doesn't game the FATF system and simply go through the motions of compliance with no real impact on the risks of their financial system and effectiveness of their aml/cft regime?

I am not in a position at this time to describe the Administration's plans to ensure that Iran is not gaming the system or is instead undertaking steps to provide transparency in its financial system, but commit that if confirmed as Treasury Secretary to dedicate all of Treasury's tools and resources to the Administration's efforts in that regard. Transparency in the Iranian financial system is critical to verifying an effective anti-money laundering and counter terror finance regime.

(k) Can a state sponsor of terror ever be a trusted financial player in the international financial system?

If confirmed, I will coordinate with the President and the National Security Council to vigilantly enforce all existing sanctions against Iran—including with respect to its sponsorship of terrorism, until such time as the United States determines that Iran is no longer a state sponsor of terror.

13. Glencore, a Swiss-based commodity trading and mining company and Qatar's sovereign wealth fund in December bought 19.5 percent of Russian state-owned and American-sanctioned company Rosneft. We are still learning details of the transaction, but it appears there was a bond sale by Rosneft to raise money which was then reinvested as loans issued by Russian banks to the foreign investors. Depending on how the deal was structured, this could have created a tremendous financial windfall for the Putin regime.

(a) Given that our Treasury Department is currently investigating whether the sale, would you commit to continuing this investigation?

I am not in a position to comment on the details of an ongoing investigation by the Treasury Department. However, if confirmed as Treasury Secretary, to the extent the Treasury Department is in the course of an investigation related to economic sanctions I will not, nor will any political appointee in the Treasury Department under my watch, attempt to influence, direct, or prevent any outcome to a law enforcement investigation other than what the facts and evidence support.

(b) If the transaction is ultimately found not to have violated U.S. sanctions, would you agree with me that we need to tighten the statute to ensure that Russia is unable to access foreign financing unless it reverses the belligerent actions which spurred the sanctions in the first place?

I am not in a position to comment on the details of an ongoing investigation by the Treasury Department and whether or not a particular transaction may be found to violate U.S. sanctions. As Treasury Secretary, I will work with the President to implement and enforce sanctions as necessary to promote the President's national security objectives.

14. Treasury's Under Secretary for Terrorism and Financial Intelligence David Cohen indicated in 2014 that Qatar and Kuwait were permissive jurisdictions for terror finance and that Qatar was granting legal impunity to US-designed al-Qaeda financiers. Since then, there is no visible indication that either government has convicted even a single individual, in person or in absentia, who is under counterterrorism sanctions by the US or the UN.

· What would you do as Treasury Secretary to motivate US allies that refuse to take effective legal action against a broad swathe of terrorist financiers who have operated inside their territory?

The President has indicated his intent to undertake every effort to defeat ISIS, and as Treasury Secretary I will ensure the Department is focused on detecting, exposing, and eliminating terror groups' funding networks--including by engaging and collaborating through the Office of Terrorism and Financial Intelligence with other nations' financial intelligence units to expose and eliminate these networks. I will coordinate with finance ministers around the globe to work with the United States on dedicating their respective nations' resources to isolating these terror financiers and bringing them to justice. We will also coordinate with the U.S. Department of Justice, the IC, and other parts of the United States national security apparatus to execute a "whole of government" approach to paralyzing terror groups' financing activities.

15. There is an ongoing debate on how reliable an ally China is in countering North Korean weapons proliferation. Do you believe that we should work through Beijing to stop North Korea's nuclear weapons and ballistic missile programs or should we look to sanction persons and banks in China aiding these programs?

A "whole of government" approach by the United States will be most effective in countering North Korea's nuclear weapons and ballistic missile programs. Among other things, this approach must include vigilant enforcement of all existing sanctions imposed by Executive order and/or legislation involving North Korea; examination and development by the Office of Terrorism and Financial Intelligence of additional potential sanctions targets; diplomatic engagement with China to assist the United States in deterring and impeding these North Korean activities; and consultation and collaboration with the Congress regarding other steps that might be taken in this regard.

16.While responding to questions regarding then President-elect Trump's Tax Plan that you helped craft, you stated that: "…there will be no absolute tax cut for the upper class…" Despite this pledge, estimates by both the Tax Foundation and Tax Policy Center indicate that the top one-tenth of one percent of the nation would receive a huge windfall.

- Do you plan to revise the President's tax plan so it is consistent with this pledge?

In working with Congress we will make sure that the primary focus of the tax plan is a middle income tax cut, tax simplification, and more competitive tax rates for US business so they can compete effectively.

17. You have advocated changing the way the cost of tax legislation is calculated or "scored" for the purposes of analyzing its impact on the budget. But as you know, different so-called "dynamic scoring" models produce a wide range of results depending on what assumptions are made. The Joint Committee on Taxation (JCT) is a non-partisan, highly respected institution that provides Members of Congress and the general public with objective analysis regarding the "cost" of tax legislation.
(a) Do you commit to respecting their independence and pledge to refrain from exerting any pressure on JCT and their chosen model of scoring?

The Joint Committee on Taxation has been an important participant in and contributor to the tax reform process. I will work with all Congressional Committees, including JTC and the Committee on Ways and Means, the Committee on Finance, and the Leadership of the House and Senate, to develop tax legislation.

(b) Do you commit to accepting JCT's model as the final say for scoring purposes?

I will work with all Congressional Committees, including JTC and the Committee on Ways and Means, the Committee on Finance, and the Leadership of the House and Senate, to develop tax legislation.

18. In terms of distributional impact of a tax plan, one large variable is who bears the burden of the corporate tax: the worker or the shareholder.
- Do you believe workers or shareholders effectively pay a larger portion of the U.S. corporate tax?

The shareholder pays the tax, however the burden of high taxes also impacts workers, jobs, and wages.

19. Sometime next year, Congress will face a decision whether or not to increase the nation's debt limit in order for Treasury Department to continue paying our nation's bills. Back in 2011 when Congressional Republicans held the debt limit hostage, we saw a downgrade in the U.S. credit rating, and consumer confidence plummeted. When I questioned Federal Reserve Chair Janet Yellen last year about the consequences of what would happen if we didn't pay our debts in full, she responded clearly and forcefully warned us of the dire consequences. I quote:

"U.S. Treasury securities are the safest and most liquid benchmark security in the global financial system. They play a critical role in our financial markets, and the consequences of such a default, while they're uncertain, I think there can be no doubt that it would be in the long run harmful to U.S. interests. At a minimum, it would result in much higher borrowing costs."

(a) Is it possible for the U.S. to renegotiate its sovereign debt without defaulting?
(b) Will you go to Congress and advocate to have the Debt Limit increased so we can pay our debts?

As I stated during my confirmation hearing, I believe the debt limit should be raised. I believe the United States should honor its debts.

20. President Trump has previously boasted that his Presidency would result in four to five percent GDP growth per year and create 25 million jobs in the next decade.
(a) What is your prediction for annual GDP growth and job creation over the next four years?
(b) Do you believe President Trump will create as many jobs as President Obama did on an annual basis?

It is my belief that our economy will grow significantly in this Administration, and will benefit American families and workers that have been displaced and left behind under previous policies.

Senator Thomas Carper

1. President Trump has proposed several tax reform plans, all of which would drastically cut taxes on wealthy individuals. Studies of President Trump's revised tax reform plan found that the largest benefits, both in dollar amounts and in percentage terms, would accrue to the highest-income households. According to an analysis by the Tax Policy Center, the Trump tax reform plan by itself would also raise taxes on middle class families with children, in large part because it would repeal the personal exemption for children and force single parents with children to file as singles and so forfeit the more generous standard deduction they currently receive. The Trump proposal does this while simultaneously delivering massive tax cuts to the highest-income taxpayers and businesses. TPC's analysis also notes that the incoming President's proposed child care deduction and tax credit fails to compensate families for these other lost tax benefits.

At the same time, Mr. Mnuchin, you have stated that "Any reductions we have in upper-income taxes will be offset by less deductions so that there will be no absolute tax cut for the upper class." Can you explain precisely what you mean—regarding both the definition and your proposed policy framework—by "absolute" tax cut?

If confirmed, I look forward to working on measures that lower the tax burden on the middle-class and working families.

2. You have repeatedly mentioned that a middle class tax cut is the centerpiece of your tax reform. What middle class taxes do you actually intend to cut?

President Trump made it clear throughout the campaign that his commitment was to tax relief for the middle class. If confirmed, I will work with President Trump and Congress to ensure that middle class families are not further burdened by higher taxes.

3. As noted above, you have repeatedly mentioned that a middle class tax cut is the centerpiece of your tax reform. Will these middle class tax cuts make up for the premium tax credits that will be lost to ACA repeal?

If confirmed, I will work with the Secretary of Health and Human Services to determine the economic impact of any changes to ACA.

4. The incoming administration has promised to repeal the Affordable Care Act. To help leverage health coverage for 20 million Americans who would otherwise go without health care, the ACA levies a number of taxes on couples who earn more than $250,000. This includes a 0.9 percent payroll surtax on income earned over $250,000 and a similar 3.8 percent surtax on net investment income. Do you agree that eliminating these specific tax provisions within the ACA would reduce the taxes paid by high income individuals—while depriving the ACA with a source of funding and providing no tax relief to working families?

The President's top priorities include tax relief for the middle class and health care that is both affordable to working men and women and for which deductibles are no longer prohibitive to their ability to access it. I share the president's commitment and will work diligently with him and Congress to ensure that these goals are met.

5. President Trump's plan indicated that itemized deductions for high-income individuals would be limited somehow. Could you please state three specific tax deductions or tax breaks that you plan to eliminate, which would help achieve the stated goal of avoiding "absolute tax cuts for the upper class"?

If confirmed I will work with the tax-writing committees, Congress, and the staff at Treasury to advise the President on the best course of action for the American taxpayer.

6. Unlike political campaigns, we in Congress are constrained by budgetary reality, however painful. The budgetary reality is, any reasonable limit on popular high-income tax deductions for wealthy people doesn't provide nearly enough revenue to offset the scale of the tax rates you're proposing for those same wealthy taxpayers.

If, as Congress and the Administration are crafting tax reform, it turns out that curtailing deductions neither raises sufficient revenue nor ensures that the tax code remains as progressive as it is now, what will be your proposed solution?

I will work with Congress to make sure that Tax Reform's primary focus grows the economy, jobs, and incomes for hardworking Americans.

7. If Congress ultimately passes a tax reform package that includes proportionately more tax cuts for wealthy individuals relative to middle class families—either as a percentage of the tax cut or as a percentage of after-tax income of individuals or couples filing jointly—will you recommend to President Trump that he veto that legislation?

We are committed enacting tax reform that grows the economy, jobs, and incomes for hardworking Americans. We believe that the higher growth resulting from tax reform, reduced regulation and eliminating the trade deficit will generate significant additional revenue.

8. As noted above, President Trump has proposed several tax reform plans, all of which would substantially increase annual deficits and total U.S. debt. The plans released would increase the public debt between $2.6 and $10 trillion, even after accounting for macroeconomic effects. A likely result from this massive expansion in debt is an increase in interest rates. What is the Administration's plan to address the increase in borrowing costs for homebuyers, college students, and businesses?

Several of the President's economic proposals have addressed the current and anticipated problems caused by yearly deficits and increased federal debt on American taxpayers. If confirmed, I plan to work with the President and Congress to see that taxpayers are not forced to bear an incessant burden from an ever-increasing federal debt load.

9. Given that President Trump has repeatedly expressed concern over the public debt, would the Administration reconsider deficit-financed tax cuts when confronted with the reality that an increase in borrowing costs will also affect the Federal government, which would be required to allocate a larger and larger portion of current revenues to financing debt?

The President has spoken frequently about the problems associated with increased borrowing costs, and I share your and the President's concerns about this issue. If confirmed, I will work with all stakeholders to make sure that this issue is less of a burden to taxpayers.

10. Last year, President Trump offered a range of comments regarding the national debt. After first suggesting that as President he would "renegotiate" the national debt, he then later variously suggested that Treasury bonds might be alternately "discounted" or subject to a "buy back" or even "refinanced" with longer terms. As Treasury Secretary, you may be the official who is tasked by President Trump with somehow restructuring U.S. debt. Do you believe that renegotiating or otherwise restructuring U.S. debt would be perceived as a default?

I am confident that the President supports the full faith and credit of the debt of the United States as do I.

11. With reference to the preceding question: It is difficult to predict with certainty what the actions of any President will be. If President Trump orders you to somehow restructure or renegotiate U.S. debt, what will your response be? Will you comply with such a request?

As I have indicated in my proceeding response, I am confident that the President and the Treasury will support the full faith and credit of the United States and hence commenting on this hypothetical circumstance is not necessary.

12. With reference to the preceding two questions: If you were to receive and attempt comply with such an order from President Trump to somehow restructure U.S. debt, would such debt-restructuring be limited to addressing debt held by other sovereign nations, or would Treasury bonds held by Americans also be subject to changes?

The United States has always treated domestic and non-domestic holders of our debt equally as part of our commitment to our full faith and credit support of our obligations. As a result I do not see the need to offer further comment on this hypothetical circumstance.

13. With reference to questions #10, #11, and #12: If you were to receive and attempt comply with such an order from President Trump to somehow restructure U.S. debt, please outline a concrete plan as to how you would proceed, step-by-step, to restructure U.S. debt.

Please see responses to questions 11 & 12.

14. The suspension in the debt ceiling enacted in 2015 is set to be reinstated on March 16 of this year. It is crucial that the Federal government be able to meet its legal, financial obligations in full and on time. However, one of your fellow nominees, Mick Mulvaney, who President Trump has nominated to be OMB Director, disagrees, arguing that breaching the debt ceiling is not much of a concern.

Can you tell us, will President Trump call upon Congress to enact a clean increase in the debt ceiling at the appropriate time?

The timely enactment of the debt ceiling limit in early 2017 is an important priority for the Administration. Delay on this matter should not be linked to budgetary and other considerations facing Congress, as the debt limit merely addresses funding the obligations that the United States has already incurred and does not address future budgetary commitments.

15. If Congress does pass a clean increase in the debt ceiling, what will be your advice to President Trump? Will you recommend he sign or veto such legislation?

See response to Question 14.

16. If the debt ceiling is not raised at the appropriate time—either because of a Presidential veto or Congress fails act—what specific actions will you as the Secretary of the Treasury take to ensure the full faith and credit of the United States?

If confirmed, my responsibility as Secretary would be to pursue all means available to the Treasury to meet this commitment, including historic extraordinary measures that have been employed by necessity in the past.

17. In September and October of last year, President Trump stated, "It's time to establish a national goal of reaching 4 percent economic growth" per year, and at other times suggested that "I actually think we can go higher than 4 percent. I think you can go to 5 percent or 6 percent." Can you briefly outline for us the Administration's detailed proposals that can be shown empirically to achieve such high rates of growth?

We have abundant examples from American history about what works and does not work. To achieve high rates of real, sustainable economic growth, tax and regulatory reform must be pro-growth in design and execution.

18. As noted above, President Trump has set a national goal of no less than 4 percent economic growth. You have indicated 3-to-4 percent growth. The single percentage point difference between President Trump's minimum threshold (4 percent) and your minimum threshold (3 percent) is no small matter, but rather, is a difference of $180 billion per year. My question has three parts:

First, are you in disagreement with President Trump as to how much growth is possible?

I agree fully with President Trump about America's economic potential. It's time that we reform our broken tax code and our dysfunctional regulatory system to unleash that potential.

Second, what proposed policies or circumstances would account for such a large 1 percent difference in economic growth rates?

We have seen many circumstances at 4% or higher.

Third, can you articulate a rationale for why President Trump is revising downward the growth levels that he articulated in during 2016?

Nothing has changed. Predicting economic growth is always difficult. But again, we know what works and doesn't work and we are committed to unleashing the potential of the American economy to achieve high and sustainable rates of growth.

19. With reference to questions #17 and #18: Is the incoming Administration targeting 3-to-4 percent growth in each of the next few years, once which President Trump-signed legislation goes into effect?

To benefit all Americans, President Trump is committed to maximizing the economy's long-run, sustainable growth rate.

20. With reference to questions #17, #18, and #19: If the Trump Administration fails to achieve 4 percent, or even 3 percent, growth that's been promised in each year, will it be your assessment that the Administration has failed to achieve one of its central policy objectives? How should the American people hold the Administration accountable for such a failure?

Our goal is to maximize economic growth.

21. As noted above, the incoming Administration has stated a goal of achieving 3-to-4 percent economic growth per year. As you know, population growth is a major component in GDP, and so slowing population growth therefore present a significant constraint on achieving higher growth rates. One solution to this problem is providing sufficient legal channels for immigrants to come or stay and work in this country through immigration reform.

As you may know, the nonpartisan Congressional Budget Office projected that the comprehensive immigration reform bill that passed the Senate in 2013 would increase GDP by 3.3 percent in ten years, and by 5.4 percent in twenty years. Yet, despite the economic growth potential represented by an increase in immigration levels, some in the incoming Administration have demonstrated antipathy toward immigration and immigrants from a broad range of nationalities and backgrounds.

Would you agree that boosting immigration levels could help achieve a higher economic growth rate?

The President has repeatedly stated his support for legal immigration.

22. In reference to the immigration question above: Setting aside the many moral and decency arguments in favor of immigration reform, and focusing solely on the economy for a moment, how would you work to reconcile the incoming Administration's antipathy toward higher levels of immigration with the goal of achieving high rates of economic growth?

The President has reiterated his belief that American sovereignty requires adherence to immigration laws that have been passed by Congress. If confirmed, I will work with Congress and the professionals at Treasury to help make sure that the economy works for all US citizens.

23. I'm a strong proponent of clean energy technologies, both as a source of job creation and as means of reducing dependence on fossil fuels. In 2015, the tax credits supporting solar and large wind technologies were extended. However, left behind were companion technologies also found in Section 48 of the tax code, including advanced fuel cells, combined heat and power, geothermal heat pumps, small wind technologies, and microturbines.

These tax credits were designed to support manufacturing jobs by offering economically efficient incentives at a relatively low revenue cost. Yet, these credits have been allowed to expire.

Emerging, cutting-edge energy companies require predictable tax incentives for research and development, capitalization, and cash flow reasons.

This is especially true for transitioning technologies that have a long lead time to installation—such as fuel cells, which provide reliable, off-grid power for first responders, manufacturers and retail companies. Because of the tax uncertainty created by Congress, new energy technologies are seeing a boom and bust investment cycle, which is not good for economic growth or for our energy infrastructure.

Can you tell us how will you work with Congress to extend the credits for these crucial technologies that have bipartisan support?

If confirmed, I will get fully briefed on these bipartisan proposals and will work with the professional staff at Treasury and with Congress to support solutions.

24. The incoming administration has promised to repeal the Affordable Care Act, which provides a tax credit to small businesses for providing health insurance to their workers. Do you agree that eliminating this tax credit would increase taxes for small businesses who are trying to do the right thing by helping their workers secure health insurance?

The President has made affordable, accessible health care a priority in his administration, and I look forward to working with Congress and the President to achieve this goal.

25. As noted above, the incoming administration has promised to repeal the Affordable Care Act, which provides a tax credit to small businesses for providing health insurance to their workers. Before eliminating this tax credit, do you agree that we should ensure that the workers employed by the small

businesses using this credit to provide health insurance will not be left in the cold without access to insurance and health care?

If confirmed, I will work with the President to ensure that Treasury's role in any change to current law is supportive to these goals.

26. In an interview shortly after your selection as the President's nominee for Treasury Secretary, you said that you looked forward to working with House Financial Services Chairman Jeb Hensarling on Dodd-Frank issues. Chairman Hensarling has been quoted as saying that he believes Dodd-Frank has been a failure. Do you believe that Dodd-Frank has failed to make the financial system safer?

If confirmed, I look forward to working with Chairman Hensarling and other members of the House and Senate to develop legislative solutions that improve U.S. financial system stability.

27. Last year, Mr. Hensarling introduced a bill, the Financial Choice Act, to roll back some of Dodd-Frank's most important provisions. Mr. Hensarling has given every indication that he plans to reintroduce the Financial Choice Act in the 115th Congress. Do you support the Financial Choice Act as introduced last Congress? If sent to the President's desk would you recommend he sign such legislation?

If confirmed, I look forward to working with Chairman Hensarling in discussing his bill and working with members of Congress to ensure that financial regulatory reform legislation consistent with the President's objectives is signed into law.

28. Throughout the campaign, now-President Trump vowed to dismantle Dodd-Frank. What parts of Dodd-Frank would you recommend the President dismantle?

I would advise the President and members of Congress on rules that undermine economic growth and job creation. A particular focus should be placed on reducing the regulatory costs faced by community financial institutions, and making sure that small and medium sized business have access to credit.

29. Do you support the current Dodd-Frank provision eliminating the ability of the government to dismantle failed banks?

I am supportive of comprehensively reviewing all bank resolution regulations and practices in order to ensure the costs of failure are appropriately shifted to bank equity and subordinated debt investors and away from the taxpayers.

30. Do you support repealing the Consumer Financial Protection Bureau's explicit authority to protect consumers from abusive acts and practices?

If confirmed, as Chair of FSOC, I look forward to addressing this regulatory issue.

31. Do you support curtailing the powers of the Financial Stability Oversight Council, a council you would chair if confirmed?

I support a comprehensive review of the FSOC's powers and institutional processes in order to identify opportunities to improve the Council's ability to achieve its statutory responsibilities to identify risks to the financial stability of the United States, promote market discipline, and respond to emerging threats to the stability of the United States financial system.

32. As Chairman of the Financial Stability Oversight Council (FSOC), what sorts of changes would you seek in how the Council operates?

The Council's operations are guided by statutory responsibilities to identify risks to the financial stability of the United States, to promote market discipline, and to respond to emerging threats to the stability of the United States financial system. If confirmed, I will work with colleagues on the Council to ensure these objectives are met, as well as, consider any needed changes.

33. The Treasury Department exerts considerable influence both directly and indirectly over significant portions of the U.S. economy, including areas that affect the emissions of greenhouse gases. As such, major problems can be partially address via Treasury actions. If you become Secretary, what measures will Treasury take in order to address the significantly and growing problem of climate change?

If confirmed, I will work with Congress to ensure that Treasury's work is consistent with the Administration's goals on the environment.

34. Economic studies are increasingly finding a growing disparity between the "return on capital" and the "return on labor," what is your assessment of tax reform plans that would further exacerbate the rate differential between capital gains and ordinary income. Would a cut to the top capital gain tax rate, relative to the top ordinary income rate, exacerbate the disparity between different types of income?

How do capital gains tax cuts benefit working families in, for example, the manufacturing sector?

Lower taxes on capital serve to increase private business investment which is a key driver of private-sector job creation.

35. The last time the United States achieved greater that 4 percent growth was during four consecutive years from 1997 through 2000, as well as in 1994. These periods of high growth all followed the significant increase in marginal tax rates for high-income taxpayers, as well as other revenue increases, most of which were enacted in 1993. Similarly, revenue increases on high-income taxpayers that resulted from the "fiscal cliff" have not negatively affected growth. By contrast, in the years after the 2001 and 2003 tax cuts, the average annual growth rate hovered around 2.7 percent—before the financial crisis. These are real-world examples that provide supporting evidence for the nonpartisan findings of most economists that tax rates have a minor-to-nonexistent effect on growth. Yet the centerpiece of the incoming Administration's plans for growth is tax reform—centered mainly on rate reductions.

If tax rate-reducing tax reform is enacted, and if in the years that follow growth rates do not reach the 3-to-4 percent growth rate that you and President Trump has suggested, what conclusions would you draw about the relationship between marginal tax rates and economic growth.

In addition, if tax rate-reducing tax reform is enacted, and if in the years that follow growth rates do not reach the 3-to-4 percent growth rate that you and President Trump has suggested, then as the Cabinet's chief economic policymaker, what will your counsel be to President Trump if further tax rate cuts are suggested? Will you continue to press for additional tax cuts?

I agree that the President Trump's plan of lower taxes, reduced regulation, and better trade deals will generate sufficient growth.

36. The current-law Estate Tax has the lowest tax rate and smallest tax base in decades. In 2013, estates valued above $20 million paid an average tax rate of 18.8 percent—many achieving a lower effective rate through tax-planning strategies. That same year, only 120 of the 3,780 estates subject to the tax were farms and businesses—little more than 3 percent. What is the Trump Administration's plan regarding the Estate Tax?

Furthermore, how does reduction or repeal of the Estate Tax—a windfall for individuals at the very top of the income spectrum—benefit hardworking employees in the manufacturing sector?

We will work closely with Congress on the Estate Tax as part of overall tax reform.

37. If confirmed, it will be up to you to administer the nation's laws that relate to combating currency manipulation. It will also be your job to represent the United States at the IMF, the OECD, the G-7 and the G-20. The nation will rely on you to use these fora to work with other countries to ensure that global currencies are not distorted by government intervention.

The President, before and after the campaign, has promised that he is going to instruct you to label China a currency manipulator. This Committee has put into law several important pieces of legislation to defend American jobs by combatting currency manipulation. While we all agree that China has in the past manipulated its currency—and may well do so in the future—China appears to have stopped intervening to devalue its currency in recent years and may even be taking steps to prevent depreciation. Do you disagree with that assessment?

Currency manipulation is a serious infraction of free trade principles and needs to be effectively addressed. As Treasury Secretary, I will ensure that we defend American jobs by combatting currency devaluation through legislative processes established by Congress.

38. It is possible that the incoming President could issue an executive order instructing you to name China a currency manipulator. This action runs the risk of undermining your credibility and the credibility of the U.S. when we seek to take on currency manipulation in the future. Would you advise President Trump to avoid taking actions that undermine the credibility of the United States?

If confirmed, I will carry out the responsibilities of the Treasury in identifying currency manipulation by U.S. trading partners.

39. Mr. Mnuchin, as you know, the President has the authority to waive certain U.S. sanctions against Iran's energy sector and other industries if he believes Iran is complying with the Iran nuclear deal. As part of the deal, President Obama has exercised his authority to waive these sanctions. What factors would you weigh or encourage President Trump to consider when advising if he should waive sanctions as part of the Iran nuclear deal?

The President has stated his intent to enforce the Joint Comprehensive Plan of Action ("JCPOA"). In December 2016, Congress reauthorized the Iran Sanctions Act, extending the President's authority to enforce sanctions against Iran for another ten years. As Treasury Secretary, and in consultation with the Secretary of State, I will act to fully enforce all existing sanctions against Iran—including with respect to its sponsorship of terrorism and other illicit activities. In the course of the President's national security advisors providing him information indicating the degree to which Iran is complying with the terms of the JCPOA, I will advise the President on the options available to him under the various Iran-related sanctions authorities to either continue waiving certain sanctions or to reimpose waived sanctions.

40. The U.S. intelligence community and the International Atomic Energy Agency continue to monitor Iran's compliance of the nuclear deal. If both of these entities assess that Iran is largely upholding its obligations, would you recommend the United States continue to waive U.S. sanctions currently waived under the nuclear deal?

The President has stated his intent to enforce the JCPOA. As Treasury Secretary, and in consultation with the Secretary of State, I will act to fully enforce all existing sanctions against Iran—including with respect to its sponsorship of terrorism and other illicit activities. To the extent the President's national security advisors have information from the IAEA or the IC indicating that Iran is complying with the terms of the JCPOA, then I will advise the President accordingly on whether currently waived sanctions should remain as such.

41. Broadly speaking, beyond the Iran nuclear deal, do you believe it is within U.S. national security interests to levy additional or fewer sanctions Iran at this time?

The President has stated his intent to enforce the JCPOA and Congress recently extended for another ten years the authorities to impose and enforce sanctions against Iran in the Iran Sanctions Act. As Treasury Secretary, and in consultation with the Secretary of State, I will act to fully enforce all existing sanctions against Iran—including with respect to its sponsorship of terrorism and other illicit activities—and to advise the President on whether additional actions may be necessary to combat Iran's activities outside the scope of the JCPOA.

Senator Benjamin L. Cardin

1. During the confirmation hearing, I asked you about President Trump's potential conflicts of interest. I would like to follow up on that question. As you know, I am very concerned about possible conflicts of interest with our foreign economic policy that may arise from our President's overseas business

arrangements. If confirmed, you will be handling some of the most sensitive and significant negotiations between our country and the rest of the world.

Without financial disclosures by the President, do you have enough information to avoid conflicts between President Trump and our national interest?

Avoiding conflicts of interest is important. I will work with the professional ethics staff at the Department of the Treasury to ensure that conflicts are avoided.

2. For decades, the U.S. has led a network of international institutions, from the World Bank to the IMF to what is now the WTO. They are far from perfect, but they have helped to foster international coordination in crises from Asia in 1997 to the global economic collapse of 2008. They have worked to establish guidance and support for countries in financial crisis, to monitor economies and trends. And they
have promoted predictability and rules for the conduct of international trade and finance, as well as forums for seeking important agreements.

Do you agree that these institutions are important to not only our trade and finance, but to our global leadership?

I agree that the United States has worked closely with many international institutions over the course of many years. If I am confirmed, I will work to ensure that all of our international and multinational relationships advance the interests of the American people and promote job creation and opportunity in America.

3. As we discussed in your confirmation hearing, when you were nominated last November, you stated that "[a]ny reductions we have in upper-income taxes will be offset by less deductions so that there will be no absolute tax cut for the upper class."

As far as I can tell from available estimates by the Tax Policy Center of President Trump's tax plan, the top 0.1 percent (in terms of cash income percentile) would receive an average tax cut of over $1 million. Those in the top 1 percent would receive an average tax cut of over $200,000. Tax Foundation modelling also shows that the top 1 percent would have an increased after-tax income, using static scoring, of at least 10.2%.

What deductions would you repeal or amend to counteract this tax cut to upper-income households?

Could you please share the calculations your team has undertaken to make sure that the tax cut for the upper class will be fully offset by your changes?

If you disagree with the Tax Policy Center and Tax Foundation estimates on the tax cuts upper-income householders receive, could you please share the calculations your team has undertaken to show how their taxable income would change?

If you don't have specific calculations, could you please explain why you believe your plan does not contain an absolute tax cut for the upper class?

President Trump's objective is to pass tax reform that grows the economy and benefits all Americans. If confirmed, I will work with President Trump and Congress to ensure that middle class families are not further burdened by higher taxes.

4. With respect to middle class tax cuts, you've stated: "When we work with Congress and go through this, it will be very clear. This is a middle-income tax cut. And the child care credit is a big aspect of this." At the hearing, we discussed how important it was, to both of us, that any changes to the tax code result in a system that is at least as progressive as current law. I'm concerned by analyses by the Tax Policy Center, which show that President Trump's tax reform plan would raise taxes of middle class families with children.

Could you please provide me with specifics of what middle income taxes you intend on cutting?

If confirmed, I will work with you to ensure that we do the best possible job of helping middle-class working families and individuals.

Could you please share the calculations that your team has undertaken to make sure that your plan will be at least as progressive as the current income tax system?

At this time we do not have any specific calculations to share. We will work with Congress to ensure that tax reform results in an appropriate distribution of the tax burden.

If confirmed we will make sure you have the proper analysis of any proposed plan.

5. In your hearing, you discussed the importance of economic growth in offsetting the revenues lost under the President's tax reform plan. In previous statements, you've also implied that through this economic growth, higher revenues from individuals would finance business tax cuts. For instance, you've said, "[s]o we think that by cutting corporate taxes, we'll create huge economic growth and we'll have huge personal income, so the revenues will be offset on the other side."

Is it your view that the tax cuts in the President's plan will be fully offset by economic growth?

Our objective is to have any tax cuts offset by economic growth.

If so, could you please share your team's analysis supporting that position?

Our objective is to have any tax cuts offset by economic growth.

Will you commit, as we discussed in our meeting, not to put forward a plan that will increase the deficit and put our country in a worse financial position?

Our objective is to have any tax cuts offset by economic growth.

6. I understand that you and others on the President's team have met with my Republican colleagues in the House on their tax reform plan, known as the "House Blueprint."

Are you concerned about the criticisms that have been levied against the House plan with respect to increased costs to consumers? Do you agree or disagree with the analysis that the Blueprint will increase consumer costs?

President Trump has stated his support for a tax reform that would benefit all Americans. If confirmed, I will evaluate any tax proposals in light of these criteria, and I look forward to working with Congress in sharing our analysis.

7. Many trade law experts believe that the border adjustable tax embodied in the House Blueprint is not WTO compliant.

Are you concerned that the House Blueprint, should it become law, would be challenged by our trading partners and would subject U.S. companies to potential retaliation?

I will work with Congress to ensure that tax reform is enacted that helps American companies compete and that creates, retains and returns jobs to our shores. As President Trump has said, our tax and international trade policies must work together to ensure American companies and workers benefit.

8. As you may know, the IRS has previously tried to use private debt collectors to collect tax debt twice in the past. In both instances, the agency actually lost money. According to data from the IRS, during the last effort, from 2006-2009, the Treasury ended up receiving $63.4 million in revenue, but paying $67.8 million in costs (including commissions to private debt collection companies—resulting in a net loss of over $4 million).

Of non-commission administrative costs, a significant portion was dedicated to protecting taxpayer data—an issue I know you are particularly concerned about. Using private collection agencies adds another, non-governmental party into a transaction and could jeopardize taxpayer privacy. This is exacerbated by the fact that using private debt collection agencies has provided another route for tax scammers to fraudulently obtain taxpayer data by imitating private collection agents.

In addition, close to 80% of those cases that are required to be turned over to private collections involve taxpayers below the poverty limit, according to IRS data. These households are often experiencing extreme economic distress and so would not be able to pay this debt, regardless of whether the IRS or private collection agencies were the collection agent.

Finally, for those taxpayers that can pay, I'd also point out that unlike the IRS, private collection agencies have no authority to enter into offers in compromise and have no access to other tools that could make successful collection more likely.

Do you favor the use of private collection agencies to collect tax debt?

If so, how would you address the problems mentioned above?

I believe the IRS should be responsible for collecting most money due the Treasury. When there is such a large amount outstanding, using private agencies seems to be an appropriate solution. To the extent that there are problems, if confirmed, I am committed to working with Congress to resolve those issues.

9. President Trump has consistently mentioned infrastructure investment as a major priority for his Administration. A key part of any effective infrastructure program should be improving our existing commercial and residential building stock. Energy efficiency provisions in the tax code, such as the energy efficient commercial buildings deduction (section 179D), have been shown to achieve this goal while creating jobs in the construction and design industry and improving the energy usage by buildings to the benefit of taxpayers.
Are you willing to work with me to ensure that energy efficiency measures are included in any Trump Administration infrastructure plan?

If confirmed, I look forward to helping fulfill the President's pledge to revitalize America's crumbling infrastructure, including through whatever reviews and procedures fall to the Department of the Treasury in that process. I would look forward to working with your office to solicit your views and input.

10. During my recent meeting with you, we spoke about my commitment to retirement and savings issues. I believe that significant, bipartisan work can be done next Congress to ensure that all Americans have a dignified and secure retirement, including by expanding saving opportunities through employer-based retirement plans.

Employer-based retirement plans like 401(k)s are a critical component of our nation's retirement system. Over 60 million workers participate in these plans, the majority of whom are in lower- or middle-income households that need support in saving for retirement. Current tax incentives encourage employers to establish and maintain these savings plans as benefits for their workers, a critical decision factor, particularly for small business owners, who must balance a number of competing financial priorities.

I also strongly support the retirement measures unanimously reported out of the Finance Committee last September, including the noncontroversial measures in the Retirement Enhancement and Savings Act. These smaller provisions would have a large impact on the promotion of retirement security and savings. For instance, with Senator Portman, I cosponsored an amendment that would prevent hundreds of thousands of defined benefit plan participants from having their benefits curtailed through an unintended effect of the nondiscrimination testing rules applicable to those plans. I also cosponsored amendments

that would clarify current law to ensure that all church-related organizations have the ability to participate in church 403(b)(9) retirement plans, and streamline the law with respect to IRAs owning S Corporation shares.

Should you serve as Treasury Secretary, I hope that we can work together to get these provisions across the finish line.

More broadly, will you commit to expanding savings opportunities, especially for low- and middle-income Americans, in any Trump Administration tax reform plan?

The lack of retirement savings is a major concern for families across America. If confirmed, I pledge to work with Congress to pass comprehensive reforms that simplify the tax code and make it easier for families to improve their lives today and tomorrow.

11. President Trump has repeatedly indicated that he wants to address poverty and joblessness in America. He has also emphasized the need to help those who have lost their jobs because the company they were working for moved overseas as well as the desire to encourage businesses to relocate back to the U.S.

One of the programs for which the Treasury Department shares responsibility with the Department of Labor is the Work Opportunity Tax Credit (WOTC). WOTC helps over 1.3 million Americans find work in the private sector. Studies by Dr. Peter Cappelli, a Wharton School of Business Labor Economist, indicate that the program more than pays for itself in savings from entitlement programs and that employers using it change their hiring practices to hire those who are eligible.

Will you work with our office to make WOTC a permanent part of the President's goal of reducing poverty, encouraging companies to bring jobs back to the United States, and helping Americans displaced by overseas competition?

Bringing jobs back to the United States and helping American workers displaced by factories moving overseas are cornerstones of the President's platform, so I join you in your desire to encourage businesses to relocate back to the U.S. If confirmed, I will work with you and all stakeholders to ensure that economic incentives are aligned to facilitate job creation and business relocation here in the U.S.

12. During his campaign, the President often mentioned his intention to revitalize low income urban neighborhoods and to encourage job creation through infrastructure investment. Credits like the New Markets Tax Credit program and Historic Tax Credit program have been an important factor in the revitalization of communities across the country, including in my hometown of Baltimore.

Working with Senator Blunt, Senator Schumer and others I was pleased that NMTC was extended for five years in the bi-partisan PATH Act of 2015. I intend to introduce bipartisan legislation in this Congress to make NMTC a permanent part of the tax code.

Since the credit was launched in 2001, $38 billion in direct NMTC investments were made in businesses and these NMTC investments leveraged over $75 billion in total capital investment to businesses and revitalization projects in communities with high rates of poverty and unemployment.

This financing has resulted in the creation of 750,000 jobs and the financing of commercial and industrial facilities, day care and health care centers, mixed use facilities and small business loans, all of which improve local economies and the quality of life in distressed neighborhoods.

In Maryland, some $800 million in NMTC capital has leveraged more than $2 billion in other financing for a range of projects and created over 25,000 construction jobs and more than 7,000 permanent jobs.

NMTC has been an important factor in the revitalization of East Baltimore and the establishment of a Life Sciences Building that is a key element of a large effort to support business and civic leaders to revitalize that area. It is also a key financing source for a new facility at Baltimore's Maryland Institute College of Art, as well as a new business incubator that will foster the growth of entrepreneurial food vendors.

Another infrastructure and community development program that has seen similar success and bipartisan support is the Historic Tax Credit. Working with Senator Collins, I've introduced—and plan to reintroduce—legislation that would encourage economic development and job growth across the country by making common-sense changes and enhancements to the federal HTC.

Since the creation of the credit, the HTC program has generated $78 billion in historic preservation activity to rehabilitate more than 41,250 historic properties, including the creation of over 525,000 housing units, of which approximately 150,000 are low and moderate-income units. Historic preservation programs have created more than 2.36 million jobs nationwide since 1978 (85,058 new jobs in FY 2015). A recent study by the National Trust for Historic Preservation estimates that every $1 of credits generates a minimum of $4 of private sector investment.

In Maryland, the federal HTC has supported hundreds of projects that have spurred economic growth in communities around the state, ranging from the development of a multicultural service center to affordable housing units for teachers and office space for nonprofit educational organizations.

Given the President's goals, do you agree that credits like the NMTC and HTC can play a critical role in community redevelopment and infrastructure?

Can you commit to retaining these important incentives in a Trump Administration tax reform package?

Our objective is to grow the economy and economic opportunity. If confirmed, I will work with you and other Members of Congress to ensure that the appropriate incentives are retained.

13. As we have discussed, IRS resources have been extremely constrained due to recent budget cuts. As a result, it is difficult for the IRS to reach many lower-income, rural, or elderly taxpayers who require assistance or guidance filing their tax returns.

Last year, Volunteer Income Tax Assistance (VITA) programs made up for this service shortfall by helping to file returns for these taxpayers, returning about $56 million in refunds to just over 50,000 Marylanders.

Do you support Volunteer Income Tax Assistance programs and the role they play in helping vulnerable taxpayers promptly and accurately file their returns?

I will work with your office to review the issues associated with volunteer income tax assistance grant programs.

14. Along with my colleague Senator Roberts, I have co-authored legislation that will encourage employee ownership and the creation of more Employee Stock Ownership Plan (ESOP) companies. Last Congress, the bill had 35 bipartisan cosponsors, including 12 from the Finance Committee. ESOP companies are proven job creators, while also providing meaningful retirement savings to their employee owners.

Will you commit to working with Congress to promote employee ownership and ESOPs?

If confirmed, I commit to work with Congress to evaluate these proposals and any others that promote income growth and opportunity for working Americans.

15. There is a significant number of tax treaties and protocols pending before the Senate. These treaties are very important to many U.S. businesses, including companies in my home state of Maryland.

Do you support the timely ratification of these treaties?

If confirmed, I look forward to the opportunity to receive a more comprehensive briefing regarding any pending agreements and protocols, and to working with the Senate to promote international agreements that promote jobs, economic growth and opportunities for Americans.

Senator Sherrod Brown

1) Mr Mnuchin, in addition to Senator Heller's request for foreclosure data in Nevada, would you please provide a state-by-state breakdown of the foreclosures initiated by OneWest? Would you also provide a breakdown of the number of permanent HAMP modifications as well as the number of permanent propriety modifications that OneWest completed while you were Chairman?

Because I am no longer employed by or affiliated with CIT Group, I do not have access to this information.

2) Mr. Mnuchin, I understand that OneWest sent a letter to the OCC explaining the problems in the HECM book of Financial Freedom when you were seeking approval for a merger with CIT, but you referenced a 2015 letter that you sent to HUD. Would you provide the Committee a copy of the letter referenced in your testimony?

Because I am no longer employed by or affiliated with CIT Group, I do not have access to this information.

3) OneWest/CIT has had several allegations leveled against it for violating rules or laws administered by HUD or FHA. What processes or protections have you, or will you, and Dr. Carson put in place to ensure that HUD, FHA, and its Inspector General has a fair process for evaluating your former institution's dealings with HUD and FHA, and that HUD, FHA, and the Department of Justice are impartial and not influenced in an improper manner?

Because I am no longer employed by or affiliated with CIT Group, I do not have access to this information.

4) Mr. Mnuchin, of the loans originated by IndyMac that you then purchased, would you provide the number of 30-year, fixed-rate loans; adjustable rate mortgages; 2/28 adjustable rate mortgages; and no documentation loans? Would you also provide the number of agency (Fannie Mae, Freddie Mac, FHA) loans serviced by OneWest?

Because I am no longer employed by or affiliated with CIT Group, I do not have access to this information.

5. Mr. Mnuchin, President Trump's nominee for HUD Secretary, Dr. Ben Carson, raised questions about the continuation of the 30-year, fixed-rate mortgage in his confirmation hearing.
• Do you believe the widely available 30-year fixed-rate mortgage is an important aspect of our housing market?
• What would happen to home equity and home values if access to the 30-year fixed rate decreased or if the product became more expensive?
• You mentioned that you want to seek a housing finance market solution that doesn't put taxpayers at risk or eliminate capital for the housing market. Given that retained capital at the GSEs will be zero a year from now, can you provide more information about a solution that protects taxpayers, maintains capital, and expands access and affordability for borrowers who can sustain homeownership?

Because I am no longer employed by or affiliated with CIT Group, I do not have access to this information

6) On December 21, 2016, I sent you a letter asking a series of questions, which you have not responded to, but you have said you will respond to. I am submitting those questions again:

• As a former partner at Goldman Sachs, reportedly overseeing the mortgage trading desk, you have described structured financial products as "an extremely positive development in terms of being able to finance different parts of the economy and different businesses efficiently." What are your views on the role these products played in the financial crisis of 2008? Will you be a strong defender of the regulatory framework created by Dodd-Frank for complex securities and derivatives? If not, why not?

It has been over 6 years since the passage of Dodd-Frank and it seems like an appropriate time to review all of the regulations from Dodd-Frank to understand their impact on the market, investors, small businesses, and economic growth.

• As someone who purchased a failed thrift at a price subsidized by American taxpayers and accompanied by a generous loss sharing agreement provided by a government-run insurance fund, what are your views on the most effective ways to prevent bank failures?

As two senior FDIC officials wrote in the January 19, 2017 issue of the Wall Street Journal, the bid my colleagues and I submitted to buy the Indymac assets was almost $1 billion more than the next best bid. It was the only bid that preserved the institution and its thousands of jobs more or less intact. As I have previously said, the best way to avoid bank failures in the future is to restore sound underwriting practices.

• As chairman and CEO of a financial institution that has been labeled a "foreclosure machine" do you believe the federal government should maintain its loss mitigation and foreclosure prevention programs or not? Will you support the regulatory efforts of the Office of the Comptroller of the Currency, including those affecting mortgage servicers or not?

The current modification programs are not within the purview of Treasury as they are administered by HUD, FHFA, and certain other agencies. Treasury's Home Affordable Modification Program no longer accepts application from home owners. The program ended acceptance of applications on December 30, 2016.

Regarding the regulatory efforts of the OCC, I will support its efforts to ensure that national banks and federal savings associations operate in a safe and sound manner and comply with applicable laws and regulations, and encourage loan modifications where applicable.

• As a former executive at a bank that has been accused of "failing to effectively market, offer and originate mortgage loans and other loan products in communities of color," what are your views on the importance of fair lending laws?

The federal fair lending laws—the Equal Credit Opportunity Act and the Fair Housing Act—prohibit discrimination in credit transactions, including transactions related to residential real

estate. In enacting the Equal Credit Opportunity Act of 1974, Congress found a need to insure that the various financial institutions and other firms engaged in the extensions of credit exercise their responsibility to make credit available with fairness, impartiality, and without discrimination. Congress further found that economic stabilization would be enhanced and competition among the various financial institutions and other firms engaged in the extension of credit would be strengthened by an absence of discrimination. I agree with these very important findings.

• As a recent former board member of a large regional bank, what are your views on the proper role of regulation in overseeing large regional banks?

I believe that banks that have FDIC insurance should be appropriately regulated. however I believe in a regulatory framework that is determined by complexity and activity, not simply size.

• As a former executive of a bank, you know that the Treasury Department has been at the forefront of our nation's national security policy through the use of economic sanctions and targeted financial measures, as you oversaw compliance efforts in this area. In light of the continuing threat from terrorist financing, money laundering, and other illicit finance risks to our financial system, what role do you see the Treasury Department playing in this area?

The Office of Terrorism and Financial Intelligence marshals the intelligence and enforcement functions with the twin aims of safeguarding the financial system against illicit use and combating rogue nations, terrorist facilitators, weapons of mass destruction proliferators, money launderers, drug kingpins, and other national security threats.

• As a hedge fund partner, will you, as Chair of the Financial Stability Oversight Council, continue the efforts of the Oversight Council to address the risks that so called shadow banks and other non-banks might pose a risk to the economy?

If confirmed as Chairperson of FSOC I will review the work the council has done on so-called shadow banks and non-banks to analyze the risk that they pose to the economy.

• How will your past business – and presumably social – connections to hedge fund partners who invested in preferred shares of the Government Sponsored Enterprises, Fannie Mae and Freddie Mac, inform your views on efforts to reform those Enterprises?

My business and social connections will have no impacts on my view for housing reform. My views are a result of over thirty years experience in housing finance.

• You recently stated that, "We've got to get Fannie and Freddie out of government ownership. It makes no sense that these are owned by the government and have been controlled by the government for as long as they have… [W]e gotta get them out of government control." Please explain what you meant by this statement.

We should work on housing reform such that Fannie Mae and Freddie Mac do not continue in conservatorship for the next four years. Any solution needs to make sure that we do not put the government at risk again while making sure the solution provides necessary liquidity for housing.

· Finally, though the law requires that you recuse yourself from participating in decisions that could benefit you or your close family financially, what additional steps will you take to provide Congress and the American Public confidence that you are not using the power of the United States Treasury to benefit your current or former business partners, or disadvantage their competitors:

I will follow all rules and guidance related to standards of ethical conduct for employees of the Department of the Treasury and the Executive Branch, as well as any other applicable rules identified by the Office of General Counsel of the Treasury Department.

The December 21, 2016 letter also included the following question:

As a former executive at a bank that merged with a large regional bank under your leadership, please describe the investigation currently being conducted by the Office of the Inspector General of the Department of Housing and Urban Affairs, your involvement at One West during the period in question, and whether any continued cooperation with this investigation will impair your ability to serve as Secretary of the Treasury.

I have had no involvement in the HUD investigation, so I have no reason to believe it will impair my ability to act as Secretary of the Treasury.

7) In 2014 and 2015 many of your business dealings converged. In October 2014, you joined the Board of Directors of Relativity Media as non-executive co-chairman. Around the same time, Dune Capital Investment (Dune Capital Partners IV), a fund you managed, invested in Relativity, and your bank, OneWest, loaned hundreds of millions of dollars to Relativity Media. Please answer the following questions:

• What were your responsibilities as non-executive co-chairman of Relativity Media's Board. How much were you compensated while you served on the Board?

I had no management responsibilities. My role as non-executive co-chairman was similar to any non-executive chair role of a business. I received no compensation for serving in this role.

• At the time you joined Relativity's Board, how much had OneWest loaned or invested in Relativity, and how much more did it lend or invest between October 2014 and May 2015 when you left the Board?

OneWest did not make any equity investments in Relativity. In response to the Committee staff questions dated January 4, 2017, I requested information from OneWest/CIT regarding the banks extensions of credit exceeding the Regulation O disclosure requirements. The information I received was provided to the Committee staff on January 12, 2017. In response to the Committee

staff questions dated January 13, 2017, I requested additional identification of each loan. The information I received from OneWest/CIT was provided to the Committee on January 18, 2017.

• What was the total investment (debt and equity) that Dune Capital Investment (or Dune Capital Partners IV or other related funds) made in Relativity Media. How much did you personally invest in Relativity?

Dune Capital Partners IV originally invested roughly $78 million. My related entities invested $26 million. I personally had beneficial ownership in $10.5 million through my ownership of STM Partners.

• When you left the Relativity Board in May 2015 did you know, or based on your financial expertise realize, that Relativity was going to have to declare bankruptcy? When did you know that OneWest was going to sweep funds from Relativity's accounts?

I was aware that board was discussing the possibility of declaring bankruptcy. I was not involved in any discussion as it relates to OneWest sweeping funds from Relativity's accounts.

• Did your resignation from the Relativity Board have anything to do with OneWest's upcoming withdrawals or your knowledge of it?

No.

• How much money did OneWest lose when Relativity declared bankruptcy? How much did Dune lose? How much did you personally lose?

OneWest was a secured lender and did not lose money when Relativity declared bankruptcy. As information has been previously supplied to the committee, the majority of the OneWest loans have been paid off.

8. In the confirmation hearing, you claimed that Relativity Media did not receive Chinese investment. Yet news reports, such as an article in the Los Angeles Times ("Relativity Media expands in China with the new deal, partners," June 16, 2014), identified two "new Chinese partners" in Relativity Media as Jiangsu Broadcasting Corp. and Seedshine Capital. The article quoted your friend and Relativity Media chief executive Ryan Kavanaugh about the Chinese partnership: "The partnerships…will deepen our relationship with the Chinese media and entertainment industry and provide a world-class platform from which to co-develop Chinese and international film and television content from two leading organizations." Having considered this information, please explain the nature of the business relationship between Relativity, Jiangsu, and Seedshine. Would you still testify before the Finance Committee that Relativity Media had no Chinese investors?

To the best of my knowledge, these entities were not investors in Relativity Media Holdings, which was the question I was answering.

9. Do you have concerns about Chinese investors increasing their financial stake in Hollywood as a way of increasing their so-called "soft power" in the world?

I believe that these acquisitions may need to be reviewed by CFIUS, as appropriate.

10. As I mentioned in the confirmation hearing, I am concerned that the U.S. government has not been tough enough on China, and American workers, particularly in the steel and aluminum industries, have paid the price. What specific tools and authority at Treasury will you use to address these unbalanced trade relationship and increase China's compliance with its international trade obligations? How do you see Treasury policies and actions benefiting laid off steelworkers in Lorain, Ohio?

(Judy Shelton) Treasury has congressional authority to examine the exchange-rate practices of major trading partners to identify nations that engage in currency manipulation. I will work with the Secretary of Commerce to help ensure that the unfair trade laws of the US are enforced. I will also work with Congress to ensure our trade laws adequately address harm to our industries and workers from unfair trade practices.

11. Do you think the Strategic and Economic Dialogue has been successful in getting concrete commitments from the Chinese?

The U.S.-China Strategic and Economic Dialogue ss I understand it, has provided a useful bilateral forum to discuss a broad range of issues between the two nations. I hope to use this forum to promote the economic interests of American workers.

12. What goals would you have for the Strategic and Economic Dialogue in your first year as Treasury Secretary?

If confirmed, I would work to ensure that the S&ED process focuses on improvements in trade and other financial relationships between the United States and Chine, with focus on positive economic results for American workers and American companies.

13. In your testimony to the Finance Committee you said that you would not commit to developing or making public a comprehensive plan to address global overcapacity in the steel industry within the first month on the job. You did, however, commit to meeting with me on the topic. I look forward to scheduling that meeting very soon. In advance of that meeting, please describe what you think are the biggest causes of global steel overcapacity and what the U.S. objective should be in addressing global overcapacity.

I appreciate your interest in addressing the problem of global overcapacity in the steel industry and would look forward, if confirmed, to meeting with you to examine the causes and discuss potential remedies. I will ask Commerce Secretary Wilbur Ross to join me, who also has experience in this area.

14. Do you think the U.S. should negotiate a bilateral free trade agreement with China? Do you think the U.S. should continue negotiations of the U.S.-China Bilateral Investment Treaty?

If confirmed, I will seek to work with my counterpart in China to promote fair and open access to Chinese markets, on terms that do not discriminate against or disadvantage American companies.

15. Do you think Chinese state-owned enterprises should be allowed to invest in the United States, either through an acquisition or a greenfield project?

Under current law, CFIUS is required to review an acquisition or investment by a foreign entity that would give it control over a U.S. person to determine whether the transaction might have an impact on our national security. If confirmed, I would strongly object to any transaction that, in the course of review, is determined to potentially endanger the safety of our citizens.

16. Over the last several years, the Committee on Foreign Investment in the United States (CFIUS) has reviewed an increasing number of Chinese acquisitions of U.S. companies, some in industries viewed as strategic investments by the Chinese government. Some of the acquirers or investors have ties to Chinese state-owned enterprises and/ or the Chinese government. Will you commit to a strong CFIUS review process and appropriate resources for all reviewable acquisitions, including but not limited to Chinese investments that raise national security concerns.

If confirmed, I pledge to ensure a strong CFIUS review process for all reviewable transactions.

17. Do you think the International Monetary Fund has been effective in addressing currency manipulation globally?

The IMF and other multilateral institutions do not appear to have prevented nations from manipulating the value of their own currencies.

18. Do you think the United States should enter into a bilateral or multilateral trade agreement with a trading partner that has a history of manipulating its currency?

The United States should enter into trade agreements that allow for fair and equal access to foreign markets on terms that do not discriminate against American businesses, that benefit American workers and create opportunity for Americans.

19. What is the most effective action the Treasury Secretary can take to address currency undervaluation in one of our trading partners? Do you think prohibiting the Overseas Private Investment Corporation from approving any new financing in a country will be a significant enough action that results in countries changing their exchange rate policies?

The Trade Facilitation and Trade Enforcement Act of 2015 provides specific actions to be taken if a nation is found to manipulate its currency, and such nation refuses to modify its activities. If

confirmed, I pledge to fully enforce the law, as well as work with Congress to the extent further remedies are deemed to be necessary.

20. Did you or any entities that you owned or managed ever have any role, relationship, or transactions with Ingenious Media Holdings, plc, or Ingenious Capital Holdings Ltd., or any of the entities they owned or controlled with respect to the financing or any aspect of the production of any film? If so, did you claim any deduction for any investment in any of those films that were later denied by a tax authority?

To my knowledge, neither I nor any entities that I owned or managed had any investment in or relationship with Ingenious Media Holdings, plc, or Ingenious Capital Holdings Ltd or entities owned or controlled by Ingenious.

21. Does the Administration support making the New Markets Tax Credit permanent and expanding the size of the annual allocation to meet demand?

The Trump Administration is committed the growing the overall economy and improving efficiency in our tax code. If confirmed, I pledge to use these principles as guidelines when working with Congress to enact measures that will assist in meeting our common goal of reducing overall tax burden while growing the economy.

22. Do you agree that better enabling law enforcement to obtain the identities of the beneficial owners of shell companies would help law enforcement to uncover and dismantle criminal networks?

I agree that law enforcement's anti-money laundering efforts face serious challenges if it is unable to determine the beneficial ownership of the various companies and entities that utilize the U.S. financial system. This is real vulnerability with regard to transparency that various bad actors, including terrorists and criminals, can exploit and I will support appropriate efforts that seek to fill this gap.

23. Would you be willing to work with the bipartisan group in Congress and the financial institutions who have supported the collection of meaningful beneficial ownership information by authorities at the time of incorporation?

If confirmed, I would look forward to working with Congress and the various equities impacted by beneficial ownership due diligence requirements to address the issue of collecting beneficial ownership information.

24. Do you support volunteer income tax preparation programs? VITA volunteers have a 94% return accuracy rate. Will you support authorization of the Volunteer Income Tax Assistance grant program?

I will work with your office to review the issues associated with volunteer income tax assistance grant programs.

25. Will the Trump Administration's tax reform plan encourage capital formation by expanding this savings opportunity for middle income Americans, many of whom currently lack this option, and as a result are not saving, or not saving enough?

The Trump Administration is committed to reducing the complexity and overall burden of the tax code for all Americans, especially lower and middle income earners. I pledge to work with Congress to determine measures that will achieve our common goals of reducing the tax burden for struggling Americans and encouraging economic growth.

26. Do you support repealing carried interest?

Our proposed Tax Reform plan will recommend repealing carried interest on hedge funds.

27. Do you support a refundable saver match?

If confirmed, I look forward to working with Congress on what the best course would be for the American people.

28. Do you agree that it is irresponsible to condition raising the debt limit on other policy changes?

If confirmed, I would hope that Congress will raise the debt limit as needed.

29. Should anyone who works full-time have after tax income below federal poverty standards?

One of the primary goals of the Trump administration if to grow incomes for lower and middle class Americans. Through significant tax reform and regulatory changes, it is our intention to unlock the economy so more Americans have access to greater opportunities and higher incomes.

30. What evidence will you cite to justify that cutting tax rates while reducing or holding government spending static will result in 4 percent economic growth? Please provide historical examples?

If confirmed, I pledge to work with Congress on how to grow our economy while balancing the fiscal affairs our of government and advise President Trump on the best course of action.

31. Should derivative positions be marked-to-market for tax purposes?

If confirmed, I look forward to working with Congress to determine the best course of action on this issue.

32. Is Last-In-First-Out accounting an appropriate method for some companies to keep records?

As part of any comprehensive tax reform we will study and consider the impact of this issue.

33. Please list three ways we can expand the earned income tax credit and the child tax credit to promote work.

I look forward to working with your staff on this issue.

34. What are the best tools, within the jurisdiction of the Treasury, to improve outcomes for children?

We believe that the best tools are to incorporate into tax reform incentives for child care and elderly care.

35. Do you believe implementing Pigouvian taxes is an appropriate way to achieve policy goals?

It is our goal to comprehensively the tax code, so that it is a fairer and more efficient system that encourages economic growth. If confirmed, I pledge to work with Congress on how to best achieve these results.

36. What is your position on the MyRA program?

We should, in a bipartisan fashion, work to increase retirement savings for all Americans. This should be an essential feature of overall tax reform. If confirmed, I would look forward to working with Congress on any measures that achieve this.

37. Do you support preserving Section 1031 in tax reform?

If confirmed, I pledge to examine Section 1031 and give it the attention it merits.

38. Do you support expanding the capacity of the VITA program?

I will work with your office to review the issues associated with volunteer income tax assistance grant programs.

39. Is it appropriate and fiscally responsible to ask private debt collectors to pursue debts that the IRS believes are uncollectible?

I believe the IRS should be responsible for collecting most money due the Treasury. However, when there is such a large amount outstanding using private agencies it "seems like a very obvious thing to do." To the extent that there are problems, if confirmed, I am committed to working with Congress to resolve those issues.

40. In light of systemic changes to the US economy over the last four decades, is the Section 784 safe-harbor still relevant policy?

Per the President's commitment to reforming the tax code, this and many other sections will be scrutinized to determine their relevancy in the current economic climate. If confirmed, I will work

with Congress and the President to ensure that the tax code works best for the economy and for U.S. taxpayers.

41. What steps would you take to modernize private activity bonds?

Private activity bonds are a valuable way to incentivize private investment in America's infrastructure. There are areas where we can improve private activity bonds, including changing volume caps for certain types of projects. If confirmed, I plan to review ways to enhance private activity bonds with the goal of driving more private investment into American infrastructure.

42. What are your views on ways to strengthen the American Opportunity Tax Credit?

If confirmed I will look forward to discussing with your office your views on the American Opportunity Tax Credit.

43. In December 2015 the IRS issued Revenue Procedure 2015-57 which addresses the taxability of student loan discharges under the Department of Education's Defense to Repayment Process. Under the Defense to Repayment Process, the Department of Education is required to discharge a "Federal Direct Loan if a student loan borrower establishes, as a defense against repayment, that a school's actions would give rise to a cause of action against the school under applicable state law." The IRS determined that while Higher Education Act does not provide a statutory exclusion from gross income that a taxpayer could exclude amounts discharged under this process from gross income under a provision of the Code or other tax law authorities, specifically that most borrowers whose Corinthian student loans are discharged under the Defense to Repayment discharge process would be able to exclude from gross income all or substantially all of the discharged amounts based on fraudulent misrepresentations made by the colleges to the students, the insolvency exclusion, or other tax law authorities. They also stated that determining whether one or more of these exceptions is available to each affected borrower would require a fact intensive analysis of the particular borrower's situation to determine the extent to which the discharged amount is eligible for exclusion under each of the potentially available exceptions and that the Treasury Department and IRS believe that such an analysis would impose a compliance burden on taxpayers, as well as an administrative burden on the IRS, that is excessive in relation to the amount of taxable income that would result. According the IRS decided that it would not assert that a taxpayer who attend Corinthian who were eligible for Defense to Repayment would have their loan discharge recognized as gross income. On January 19 this was extended to students who attended American Career Institutes and had their loans discharged via the Defense to Repayment process. Will you ensure that any Corinthian or American Career Institutes student who has their loan discharged under the Defense to Repayment process will continue to have this discharge excluded from the taxpayer's gross income? Will you extend this guidance to student who attended other institutions who also have their loans discharged via the Defense to Repayment process?

If confirmed, I would look forward to working with you on what the best course would be for the American people.

44. On January 17, 2017, the Departments of Treasury and Education announced that they signed a Memorandum of Understanding (MOU) establishing a framework regarding the requirements for electronically sharing tax data over multiple years for federal student loan borrowers participating in Income-Driven Repayment (IDR) plans. Will you commit to supporting this MOU?

If confirmed, I would look forward to working with you on what the best course would be for the American people.

45. What do you think will be the effect of the border tax proposal in the House Tax Reform plan? Is it true that the export subsidy will cause profitable US corporations to never pay federal income taxes again?

As I mentioned earlier, I am committed to working with Congress to craft the best possible tax reform plan to serve all Americans.

46. Are you aware that the export subsidy is paid for with an import tax that in some cases is 3-5 times larger than a retailer's profits and can only result in a large price increase for middle class consumers?– In other words, the export subsidy will be paid for by middle class consumers.

Per the President's stated commitment to tax reform, this and many other externalities resulting from the current tax code will be scrutinized. If confirmed, I will work with Congress and the President to reform the tax code so that it meets with the President's fiscal priorities.

47. Many of the foremost exchange rate experts say that the dollar would have to strengthen by 25% to offset the cost of the tax. What are the negative implications to the economy of the dollar strengthening by that much?

The strength of the dollar has historically been tied to the strength of the U.S. economy and the faith that investors have in doing business in America. From time to time, an excessively strong dollar may have negative short term implications on the economy.

48. Do you believe that the dollar strengthening would cause a huge transfer of wealth to foreigners that own US assets, and would reduce the value of assets owned by Americans overseas?

A stronger dollar increases U.S. dollar purchasing power. To the extent the dollar gains strength relative to other currencies, assets priced in those other currencies would become cheaper on a dollar basis.

1.1 Senator Michael F. Bennet

1. Mr. Mnuchin, in commenting on tax reform, you recently said, "Any reductions we have in upper-income taxes will be offset by less deductions so that there will be no absolute tax cut for the upper class." In examining the second Trump tax plan released in the campaign, the non-partisan Tax Policy Center found "the highest-income households would receive the largest cuts, both in dollars and as a percentage of income."

In fact, the top .1% of earners would receive an average tax cut of almost $1.1 million. And the top 1% of earners would receive a tax cut of $214,690. In contrast, a family in the bottom 20% would receive a tax cut of $110.

Given this analysis, does the Trump tax plan meet your standard? What types of changes would you make to this plan to ensure that upper income taxpayers won't receive an absolute tax cut?

President Trump's objective is to ensure that tax reform, when enacted, benefits hardworking Americans by putting more money in their pockets and creating more jobs and opportunities. If confirmed, I will work with Congress to achieve that objective and maintain an appropriate level of progressivity.

2. Earlier this week, Mr. Trump expressed his concern about the House proposal to create a border adjustment as a way of curbing corporate inversions. He said that the plan was "too complicated." He also said, "Anytime I hear border adjustment, I don't love it because usually it means we're going to get adjusted into a bad deal. That's what happens." Later, however, he said, "It's certainly something that's going to be discussed." Ways and Means Chairman Brady said that the President-elect's team was "deeply engaged" in talks with the House about the tax.

Can you tell the Committee the incoming Administration's views on the border adjustment plan?

The Administration is still evaluating the impacts of the House Republican Blueprint's border adjustment tax plan. As this plan is further built out and additional details released, the Administration will be able to share additional views.

Are you "deeply engaged" in crafting this proposal?

If confirmed, I will be leading the Administration's efforts on tax reform, working closely with other people within the Administration.

Do you expect a border adjustment plan to be a centerpiece of the incoming Administration's tax proposal?

As part of the tax reform process, we will examine all proposals put forward for their impact on keeping companies in the U.S., and on creating, retaining and returning jobs to our shores. I intend to work closely with the Committees of jurisdiction, namely the Committee on Ways and Means and the Committee on Finance, as well as the Leadership in both chambers, to ensure that tax reform benefits American companies and American workers first.

3. Given the President-elect's focus on infrastructure, can you provide more details on the incoming Administration's plans? What portion of the infrastructure plan will be direct funding versus financing tools such as tax exempt bonds or an infrastructure bank?

The Trump Administration will indeed be very focused on enhancing America's infrastructure, and will consider various options.

4.Both the child and earned income tax credit have lifted millions of families and children out of poverty. Families with the youngest children, however, often receive smaller amounts through the child tax credit. I recently introduced a bill to make the child credit more refundable and larger for families with young children. Would the incoming Administration consider these types of improvements to the child tax credit as part of tax reform?

Thank you for your work on this important issue. Improving access to and the affordability of childcare is a priority for the new Administration. President Trump proposed several options in this area during the campaign, and we look forward to working with you and the rest of Congress to advance meaningful reforms.

Senator Robert P. Casey

1. Mr. Mnuchin, China recently surpassed Canada to become the United States' biggest trading partner in goods. Our trade deficit with China in 2015 was $365.7 billion; $22.6 billion more than in 2014. China is pushing to be reclassified as a market economy and has overseen the wholesale theft of American intellectual property through state-sponsored cyber-enabled economic espionage, including from several Pennsylvania companies.

Please discuss your views on the issue, and describe what the Administration plans to do to protect American producers from these unfair trade practices?

As Treasury Secretary, I will work with the President to examine the U.S. trade relationship with China and assess the damage to the American economy from China's practice of intervening in currency markets to manipulate the yuan-dollar exchange rate, as well as other unfair tactics that violate free trade principles. Furthermore, intellectual property theft is one of the most serious international trade violations. Ending IP theft will be a central focus of the Administration's trade policy.

2. Mr. Mnuchin, will you take immediate action to address global steel overcapacity? If so, please detail the steps you will take.

I will work with the President to redress the economic ramifications of global steel overcapacity and seek potential remedies.

3. Mr. Mnuchin, will you take immediate action to address Chinese dumping of aluminum? If so, please detail the steps you will take.

As Treasury Secretary, I will pursue all actions within the law to address Chinese dumping of aluminum. I will also work closely with the Secretary of Commerce to ensure that the unfair trade laws of the United States are fully enforced.

4. Mr. Mnuchin, when you acquired IndyMac, were you aware that 86 percent of their suspicious activity reports - which help identify, among other things, possible terrorist financing links - were incomplete? And if not, when did you become aware?

I do not specifically recall the percentage of IndyMac SARs that were incomplete at the time of OneWest's acquisition. However, under my leadership, OneWest maintained a robust BSA/AML compliance program overseen by an executive-level BSA Committee, and that compliance program was periodically reviewed by both the OCC and the Federal Reserve.

5. Mr. Mnuchin, were you consulted by General Flynn prior to his making 5 phone calls to the Russian embassy?

a. If not, do you think it is reasonable, as the Treasury Secretary nominee, to expect to be consulted on such a matter? And, do you expect the Administration to similarly cut you out of future discussions concerning sanctions? Who will be responsible for those decisions, if not the Secretary of the Treasury?

No. If confirmed, I would expect to participate on the NSC as previous secretaries have

6. The Office of Foreign Assets Control or OFAC is responsible for administering and enforcing economic and trade sanctions -- imposing controls on transactions and freezing assets under US jurisdiction. If a US-based company set up a foreign subsidiary to get around sanctions on a foreign government, would you consider that a sanctions violation? What actions would you take in response?

To the extent that a U.S. company established a foreign subsidiary that engaged in business with a sanctioned entity or government, the determination of whether it violated U.S. economic sanctions would depend on the particular sanctions program and relevant prohibitions. In such a circumstance I would rely upon an assessment by OFAC of the particular facts and circumstances as to whether sanctions were being violated and the appropriate enforcement response.

7. Since the President has refused to disclose his taxes, we have no way of knowing where the President has business interests or to whom he owes debts. Do you think it is appropriate for the President to sign an affidavit affirming he has no financial interests in lifting specific sanctions, prior to their being lifted?

I am confident that the President will put the interests of the American people first, and will consult the White House general counsel as appropriate/

8. How would you evaluate any request from the President to lift sanctions?

I would evaluate any request from the President based upon the information available at that time.

9. The President told the Wall Street Journal on Friday, January 13th that he may lift sanctions on Russia. As the nominee for the agency responsible for enforcing sanctions, were you part of the decision-making process leading to his announcement?
a. If so, please describe what factors and equities you discussed.

As I have not yet been confirmed as Secretary of the Treasury, I do not think it would be appropriate for him to consult with me at this time.

10. I am concerned about statements from Mr. Tillerson that suggest the President's administration may take a dim view of the utility of financial sanctions as a tool in our national security toolkit. Will you commit to fully enforcing sanctions laws on the books now and any future sanctions Congress may enact? Would you support the expansion of sanctions against Russia for its support of the Assad regime in Syria and its activities in Ukraine?

If confirmed, I will continue to support and enforce to the fullest extent all existing economic sanctions programs as well as any legislated by Congress in the future. To the extent that the President and his national security advisors determine that it is in the best interest of the United States to impose additional sanctions in a given circumstance for a particular sanctions program, I

will also provide the President my advice and fully enforce such sanctions in support of the President's national security strategy.

11. Iran has been on the so-called FATF blacklist for its support of terrorism and its failure to stop terrorist financiers operating in its jurisdiction. Last year, FATF issued a decision to suspend countermeasures against Iran for a period of twelve months while keeping it on the blacklist. If confirmed, will you commit to working with FATF to ensure that Iran is held accountable for its support for terrorism and to assess whether the Iranian regime has taken sufficient action to correct deficiencies and bring its financial sector into compliance with international standards?

If confirmed, I commit to working with FATF to ensure that Iran is held accountable for its support of terrorism and to assess whether Iran has implemented sufficient steps to bring its financial system in compliance with international standards.

12. Hezbollah remains one of the world's deadliest and best-funded terrorist organizations. They are responsible for many American deaths and have advanced weaponry that could threaten our allies in the Middle East, especially Israel. If confirmed, will you commit to ensuring all sanctions on Hezbollah are enforced? Will you ensure that entities and individuals that provide support to Hezbollah are subject to Treasury sanctions?

If confirmed, I commit to ensuring all sanctions against Hezbollah are enforced, and that any entities and individuals determined to be supporting Hezbollah are subject to appropriate sanctions.

13. Considering Hezbollah's intensifying international criminal activities, does the administration have any plans to designate Hezbollah as a transnational criminal organization?

I will consult with the Secretary of State and the National Security Council on whether or not to designate Hezbollah as a transnational criminal organization pursuant to appropriate Treasury authorities.

14. If the President asked you to halt the Treasury Department's participation in the investigation into communications between members of the President's campaign team and Russia, would you comply? As you were a member of the President's campaign team, will you recuse yourself from the investigation?

If confirmed, I will seek the advice of the General Counsel and Ethics Staff at the Department of the Treasury.

15. Mr. Mnuchin, (1) when did you become aware that IndyMac failed to provide the legally required loan counseling to reverse mortgage recipients? And, (2) what remedial action did you take to correct this failure of the bank you took over to make sure consumers weren't harmed?

Although I am aware that loan counseling was required for reverse mortgage participants, I am not aware of the specifics as it relates to the remedial action that was taken. I am confident that any issues were properly addressed by the bank's compliance staff.

16. Mr. Mnuchin, are you aware of HUD's Inspector General's investigation of One West's reverse mortgage practices?

a. Will you cooperate with this investigation?

Yes, if needed.

b. If confirmed as Secretary, will you recuse yourself of any action that could hinder this investigation?

Yes.

c. Have you spoken to Dr. Carson about this investigation?

No.

d. To your knowledge, have any donors to the President spoken to Dr. Carson about this investigation?

No.

17. Mr. Mnuchin, one of the most significant scandals during the financial crisis was the practice of "robo-signing" whereby bank employees rapidly approved foreclosure documents without thorough review. Many were wrongfully foreclosed upon on account of these practices. Did One West "robo-sign" documents relating to foreclosures and evictions?

OneWest Bank did not "robo-sign" documents, and as the only bank to successfully complete the Independent Foreclosure Review required by federal banking regulators to investigate allegations of "robo-signing," I am proud of our institution's extremely low error rate.

18. Mr. Mnuchin, did One West engage in the practice of "dual tracking"— negotiating with a homeowner while pursuing foreclosure?

"Dual tracking" was a practice that historically occurred in the mortgage industry as standard mortgage servicing policies followed the requirements set by Fannie Mae and Freddie Mac. Shortly after OneWest Bank's inception, the GSEs and other standard-setters recognized that dual-tracking should be restricted, and OneWest supported and followed these restrictions.

19. Mr. Mnuchin, was it a common requirement of a reverse mortgage agreement that an individual live in their home?

a. Did One West move to foreclose on individuals who they believed were not living in their home?

b. If One West served an individual with reverse mortgage foreclosure papers on account of One West's belief that the individual was not residing in their home, but the papers were served to the individual at their home, did that automatically end the foreclosure proceeding?

HUD regulations governing the federal Home Equity Conversion Mortgage ("HECM") mortgages require that borrowers live in the mortgaged property as their primary residence, and require foreclosure when the borrower(s) have moved out of the property. Consistent with these federal regulations, OneWest's Financial Freedom division did initiate foreclosures when it determined the borrowers no longer lived in the property. I am not personally aware of information relating to part (b) of this question.

20. Mr. Mnuchin, was it a policy at One West to use foreclosure as a first option, rather than a last resort following attempts at loan modifications for underwater borrowers?

No. Indeed, as one of the first servicers (and, proportionate to the size of our mortgage business, one of the largest servicers) to provide principal forgiveness, we were more successful than most institutions at addressing the problem of underwater borrowers. We addressed this not only through loan modifications, but also through our support of the federal HARP refinance program, under which we originated more than $100 million of refinance mortgages to "underwater" borrowers with low or no equity in their homes.

21. As I understand, backdating a foreclosure related document would be employed so a company can move forward with a foreclosure more quickly than the law would allow. Is backdating foreclosure documents a violation of the law?

OneWest Bank did not engage in "backdating." At the time OneWest Bank opened its doors on March 19, 2009, it assumed control of tens of thousands of foreclosures that had been initiated during the FDIC's conservatorship of IndyMac Federal Bank. The FDIC provided OneWest with

powers of attorney to continue those pending foreclosure actions, which allowed OneWest to step into those actions effective as of the date they were initiated. Calling this "backdating" is misleading, and disregards the fact that OneWest acted in these cases at the direction of and with full knowledge of the FDIC.

22. Did One West ever backdate foreclosure documents?

See previous response.

23. Mr. Mnuchin, in addition to your providing the total number of foreclosures executed by One West bank, please provide the following sub-data:

a. The foreclosure rate on mortgages owned by One West;

b. The foreclosure rate on mortgages serviced by One West;

c. The modification rate of mortgages owned by One West; and

d. The modification rate of mortgages serviced by One West.

Because I am no longer employed by or affiliated with CIT Group, I do not have access to this information. However, I note that responsive information is available from publicly available sources, including:

https://www.treasury.gov/initiatives/financial-stability/reports/Documents/June%20%202013%20MHA%20Report%20final.pdf.

24. Mr. Mnuchin, please describe how much job growth nationally you aim to achieve by 2020? Please also describe what kind of job growth you aim to achieve in rural communities, counties like Fayette, Wyoming, and Huntingdon in Pennsylvania?

We do not have any specific estimates at this point in time. I can assure you that President Trump and I are committed to work with you and others to see that no community is left behind.

25. Mr. Mnuchin, please describe how much wage growth you aim to achieve by 2020. Please also describe what kind of wage growth you aim to achieve in rural communities, counties like Greene, Forest, and Northumberland in Pennsylvania?

We do not have any specific estimates at this point in time. I can assure you that President Trump and I are committed to work with you and others to see that no community is left behind.

27. Mr. Mnuchin, please describe the average GDP growth you hope to see over the next 4 years?

We hope to see sustained economic growth in excess of 3 percent.

28. Mr. Mnuchin, how will you ensure economic growth is shared across all income levels?

a. What are your benchmarks for success?

One key component will be to keep the government out of the business of picking winners and losers. Effective tax reform, reduced regulation and eliminating the trade deficit will help us achieve this objective.

29. As Treasury Secretary, you will serve as Managing Trustee of the Social Security and Medicare Trust Funds. Will you oppose privatizing Social Security?

President Trump supports delivering on Social Security's promise to current and future generations. If confirmed, I will work with Congress to insure that we maintain and improve upon the current system.

30. Will you oppose turning Medicare into a voucher or premium support program?

I will work with the Administration on this issue.

31. As a public official you are barred from using public office for your own private gain or for the primary gain of friends and family. Do you agree with that prohibition?

Yes. I agree with that prohibition.

32. As Treasury Secretary, you will be responsible for approving or denying changes to the promised pensions payments for hard working Americans and will sit on the board of the Pension Benefit

Guarantee Corporation. In that capacity, will you take into account whether a company sold off valuable assets prior to engaging in the MPRA process?

In engaging in the review process under the Multiemployer Pension Reform Act, if confirmed, and in my role with respect to that process, I will take into account all relevant information, and I would seek advice as to whether that would include particular actions of a company.

33. Will you be retaining your millions in holdings in ESL investments?

Pursuant to the review of my holdings by ethics officials, I am permitted to retain my interest in ESL.

34. To your knowledge, does the ESL fund you are invested in, own shares of Seritage Growth Properties?

I do not know whether ESL currently owns shares of Seritage Growth Properties.

35. Do you own shares in Seritage?

Accounts for the benefit of me and my children hold shares in Seritage. In accordance with my ethics agreement, these shares will be divested.

36. As a member of the Sears board, you approved the sale of some of the only remaining assets held by the company, including property and iconic brands. Do you stand by that decision?

Yes. The Sears board approved the sale of certain assets based upon its business judgment at the time of the decision. Sears continues to operate over 1400 stores and has approximately $10 billion of assets. The characterization of "some of the only remaining assets" suggests that the assets sold were a large majority of the total assets at the time of sale, which isn't accurate.

37. Do you believe the sale of those assets, including the sale of Sears commercial property to a REIT was in the best interest of the over 200,000 hardworking Sears pension beneficiaries?

Sears has been in the middle of a significant transformation designed to address the dramatic change that has occurred in the purchasing behaviors of the American consumer. As a company that has long been one of the largest employers in the United States, it is distinguished from many of its retail competitors by both its long history and its large pension plan. Many of Sears' competitors either have no pension plans or relatively small plans, because these companies did not exist until well after the end of World War II, after which pensions became a more significant form of compensation for many years, until they began to be replace by defined contribution plans.

In 2005, when Sears Holdings Corporation was formed as a result of the merger of Sears and Kmart, the Sears and Kmart pension plans collectively had well over 300,000 beneficiaries and the plans both were underfunded. Sears Holdings inherited the pension plan of Sears in the merger and the Kmart pension plan was assumed by shareholders upon the emergence of Kmart from bankruptcy in 2003. Sears Holdings has met all of its funding obligations required by law and currently has approximately 185,000 beneficiaries in its pension plan.

Sears consulted and ultimately entered into a protection agreement with the PBGC, which provided additional protection to the pension plan.

38. Do you agree that the lack of affordable childcare is a drain on the labor market?

President Trump made affordable child care a signature issue in his campaign, and it remains a priority for the new Administration. The ability to afford child care is a concern for many working families, and I look forward to working with the Congress on a comprehensive plan to make easier the choice to remain in the labor market or directly care for one's children.

39. Can you explain why you believe a tax deduction of the cost of child and dependent care is superior to a tax credit?

President Trump's commitment to helping Americans with children find more affordable, quality child care will be a top priority of the new Administration. If confirmed, I will work with all stakeholders to help make this goal a reality wherever it falls under the aegis Treasury.

40. Do you think the President should disclose how much he stands to benefit from the repeal of the net investment income tax prior to signing the repeal of the Affordable Care Act into law?

No. President Trump did not run for office to grow his own wealth. He has repeatedly stated that he wants all Americans to reap the financial benefits of a growing economy without the shackles of excessive government regulation.

41. How much do you personally stand to benefit from the repeal of the net investment income tax?

The Net Investment Income Tax imposed by section 1411 of the Internal Revenue Code applies at a rate of 3.8% to certain net investment income of individuals, estates and trusts that have income above the statutory threshold amounts. I do not know how much income I will have that could be subject to that tax in the future, and any impact would be consistent with other changes to the tax code.

42. The President has financial assets that are extremely broad in scope and complexity. Do you agree with ethics experts that the President should put his assets in a blind trust to avoid potential conflicts of interests?

I have not been party to discussions with the relevant experts and as such cannot have an opinion on the matter. However, I know that the President has gone to great lengths to separate himself from his business interests by putting his assets in a trust.

43. Will you publicly disclose how you and your immediate family, including your children, will personally benefit from changes to the tax code and changes to tax regulations?

If confirmed, I will provide full disclosure of all information required by applicable rules and regulations.

44. Can you expand on what you meant when you said the wealthy would not receive an absolute tax cut? What income level do you define as wealthy? Will this be on earned income – as in wages - or all income, including investment income?

I am committed to working with Congress to craft the best possible tax reform plan to serve all Americans.

45. Mr. Mnuchin, since your nomination as Treasury Secretary, you have made several market moving public statements. Will you provide assurances that should you provide clarification to such statements, you will do so publicly and in a manner that prevents individuals from engaging in market manipulation?

If confirmed, I will fully adhere to all established practices for statements made by the Secretary, including those that involve public information that could affect values or markets.

46. The Secretary of the Treasury has the significant responsibility to ensure the United States Government pays its bills in full and one time. I believe a man, and in this case, a government, is only as good as its word. It is a word our government has never broken. Will you vow you will continue to pay all our bills in full and on time, as has every Treasury Secretary since our first – Alexander Hamilton?

If confirmed, I will strive to run an efficient and effective department that will adhere to and abide by the appropriations enacted by the Congress.

Senator Mark R. Warner

1. Fiscal Concerns

In an interview with CNBC you said that the revenue loss from cutting corporate taxes will be offset by revenues from stronger economic growth and higher personal incomes.

Is it your view that tax reform will be revenue neutral when the dynamic effects on the economy are included?

Dynamic scoring is an important tool for analyzing the impact of tax policy on jobs and economic growth. The use of dynamic scoring is vital to designing pro-growth tax reform.

Would you rely on the Joint Committee on Taxation's dynamic scoring model?

The Joint Committee on Taxation's dynamic scoring model shall be used for legislative purposes.

Would it be revenue neutral both in the 10-year budget window and outside the budget window?

The exact results will be dependent on ongoing discussions with the House and Senate on tax reform.

You've talked about the positive economic effects of cutting taxes. Do you believe there is a negative economic effect from increasing debt?

The level and composition of federal spending and taxation are important considerations. Ultimately, it is about pursuing policies that maximize shared economic growth.

2. Congressional Budget Office & Joint Committee on Taxation

Currently the Congressional Budget Office provides independent and strictly nonpartisan analysis of the budget and economic issues before Congress, and the Joint Committee on Taxation provides nonpartisan revenue estimates of our tax legislation.

Given that members of Congress across the political spectrum – Democrats and Republicans alike – have been frustrated with the results of their analysis, I'm confident in their ability to provide independent, nonpartisan estimates.

Will you commit to using CBO and JCT estimates to evaluate tax plans?

The JCT estimates will be used for legislative purposes.

Will you commit to allowing CBO and JCT to use their independent assumptions about economic growth, without influence from the Administration?

Yes.

And will you oppose any efforts by Congress to direct CBO and JCT as to what assumptions they should or should not adopt in their analysis?

I do not have a position on this matter.

3. New Capitalism

There are many ways that globalization and automation have disrupted and displaced millions of American workers, especially those with low-and-moderate job skills. I believe this has created the economic anxiety we've seen reflected in our nation's politics, on the left and the right. I also have been shocked by recent trends among many in corporate America to prioritize the short-term sugar high of increased dividends and share buybacks over longer-term investments in their people or communities or R&D.

Leaders in your own field like Warren Buffett and Larry Ellison at Blackrock have drawn attention to this preoccupation with short-term profits for temporary shareholders versus longer-term investment, and the way it has undermined overall public confidence and trust in modern America capitalism.

Do you agree that companies value short-term profits and shareholders over longer-term investment?

Different companies value different approaches, but overall I believe that more focus should be on long-term investment.

Do you support modifications in the current incentive structure to reward longer-term stock holds?

Preferences in the tax code already exist for holding longer-term assets.

Do you think we have a role to play in encouraging public corporations, their CEOs and boards, to focus on a longer-term horizon?

The tax code already incentivizes this behavior, however we should always look to additional ideas and policies.

Do you support innovations in the tax code to do more to help workers retrain and move-up to new and better jobs?

Yes, if confirmed, I would welcome the opportunity to work with you on ways to help workers retrain for better careers.

Do you believe that we should be developing more effective and portable unemployment and health insurance?

It is important that workers receive unemployment and insurance benefits when they qualify. If confirmed, I would look forward to the opportunity to work with you on these issues.

4. IT Modernization

Our country's cyber defenses are extremely vulnerable.

Currently, over 75% of our $88 billion federal IT budget is spent on operations and maintenance, while less than a quarter is spent on development, modernization, and enhancement.

Instead of replacing legacy systems with modern, secure IT, we're just patching outdated systems over and over again. Legacy systems can be drags on productivity and innovation, and also pose cybersecurity risks.

If you are confirmed, you'll be in charge of a department that is responsible for vast quantities of extremely sensitive information.

How would you ensure that agencies in your department, such as the IRS, are employing the best and most-up-to-date IT?

If confirmed, I will use my technology expertise to work with the Congress to ensure that all systems within Treasury are sufficiently upgraded to protect the private data of U.S. taxpayers, as well as other sensitive information that falls under the aegis of Treasury.

5. Supporting the mission of the IRS/Federal Workers

Our federal civilian workforce plays a crucial role in our economy, but unprecedented budget and staffing cuts at the Internal Revenue Service make it difficult for employees to complete the important audit and enforcement tasks that generate our federal revenue.

Even more, we know that there are enforcement programs at the Internal Revenue Service that pay for themselves.

Do you agree that broad-based cuts in the IRS budget will hamper our ability to collect revenue?

As Treasury Secretary, I will seek to adequately staff and modernize the IRS. I do not have access to all the information, but it is likely that further cuts to the IRS will indeed hamper our ability to collect revenue.

Will you agree to devote appropriate resources to the IRS to allow it to fulfill its mission to serve America's taxpayers and enforce our tax laws?

Yes, I believe in adequately staffing and modernizing the IRS to fulfill its mission and enforce our tax laws.

6. Infrastructure #1

Infrastructure financing tools can work when there is a dedicated revenue stream to repay a loan, like a toll road. However, many experts suggest that financing is not going to fix everything and there are much-needed infrastructure projects that simply may not have a viable repayment stream.

Do you agree that we need to bring more real spending in order to boost investment and stabilize the Highway Trust Fund?

Different types of infrastructure have different options for payment or repayment, and many need to be evaluated on a case by case basis. I look forward to working with you on the best course for funding such projects.

7. Infrastructure #2

In her confirmation hearing last week, Transportation Secretary Designate Elaine Chao committed to exploring every tool to ensure long-term solvency of the Highway Trust Fund and did not rule out raising revenues. Since 2008, Congress has authorized the transfer of $143 billion from the General Fund to the Trust Fund. When the current highway bill lapses in 2020, the Highway Trust Fund will again be broke. CBO projects that five years after that, it will be facing a cumulative deficit of more than $100 billion.

Will you commit to exploring ways to boost real funding - direct government spending - on infrastructure and work in good faith to identify potential revenue sources to bring long-term solvency to the Highway Trust Fund?

A significant element of President Trump's campaign was a promise to focus on new options for enhanced infrastructure spending, including direct spending. As Treasury Secretary, I will help the Administration consider all options for increasing investments in infrastructure and ensuring the long-term solvency of the Highway Trust Fund.

8. Data Act #1

Under the DATA Act of 2014, the Fiscal Service has created a data format that connects all of agencies' spending information - financial account balances, grant spending, contract spending - into a single electronic picture. Currently the data format focuses on money going out, not money coming in. This means that although the picture will break spending down by appropriation, by account, by program, etc., it will not break down non-appropriated funds - fines, fees, and settlement collections, for instance.

Can Treasury expand the data format to also capture how agencies receive funding, to provide a complete picture for citizens and Congress?

If confirmed, I will be fully briefed on data formatting and interagency compatibility, and will work with Congress and the staff at Treasury to ensure that they are implemented.

9. Data Act #2

Under the DATA Act of 2014, every federal agency will begin reporting its spending information using a standardized, government-wide data format, starting this May 9, 2017. At first, this requirement will be duplicative. Agencies will keep reporting the same information the old-fashioned way, using documents and legacy databases like the GTAS and the FPDS, even while they begin reporting the searchable, open data sets under the DATA Act.

Will Treasury phase out the legacy reporting requirements so that agencies only report their spending once, and only as searchable data, instead of as old-fashioned documents and inconsistent databases? Will you support additional appropriations needed to replace and modernize legacy systems?

Yes, I believe we need to update all our legacy systems.

10. Data Act #3

In partnership with the Office of Management and Budget, the Department of Treasury leads governance efforts related to implementation of the DATA Act. While OMB and Treasury have made progress in developing high-level data governance concepts and objectives, much work remains to be done to formulate policy and procedures for developing new data standards, and adjudicating conflicts between data standards.

Will Treasury commit to formalizing these additional procedures and policies within the governance structure, such as in ways recommended by the Government Accountability Office?

If confirmed, I will be fully briefed on recommendations by these agencies, and will work with the staff at Treasury to ensure that best practices and full compliance are achieved.

11. Economic Sanctions #1

Nominee Tillerson, as CEO of ExxonMobil, said that sanctions have to be well implemented – comprehensively – to have any effect. The Treasury Department has historically been very involved in structuring our most effective sanctions regimes.

Do you see a role for Treasury? If so, what is that role? If not, why not?

I agree that the Department of the Treasury plays a critical role in implementing and enforcing economic sanctions to ensure their effect. This role involves advising the President and his other national security advisors on what authorities are available, how these tools can be most effectively used, and then implementing them through the Office of Foreign Assets Control. After sanctions regimes are promulgated, strong enforcement efforts are necessary to ensure that both domestic and foreign entities understand that the United States will also make every effort to secure compliance with the various sanctions prohibitions. If confirmed, I will consult with the Secretary of State and the National Security Council and utilize all sanctions tools delegated to me by the President—either through Executive order or legislation—to vigilantly enforce sanctions to ensure their effectiveness in achieving our national security strategy.

12. Economic Sanctions #2

President-elect Trump and cabinet nominees have said that they will carefully review the JCPOA, including its "side letters," to determine whether Iran is complying with the agreement.

Will you commit to not adjust or recommend that the President adjust the waiver of any nuclear-related sanctions until the review is complete and the Administration has consulted Congress on its findings and intentions?

The President has stated his intent to enforce the Joint Comprehensive Plan of Action. I agree that all aspects and requirements of the JCPOA need to be carefully reviewed and considered in order to ensure that Iran is meeting all of its commitments under the agreement.

13. Economic Sanctions #3

Will you apply sanctions waived under the JCPOA on Iran for non-nuclear activities? If so, how will you notify Congress? How will you notify other countries involved in the deal (the UK, France, Germany, etc.)?

The President has stated his intent to enforce the Joint Comprehensive Plan of Action. As Treasury Secretary, and in consultation with the Secretary of State, I will act to fully enforce all existing sanctions against Iran—including with respect to its sponsorship of terrorism and other illicit activities.

14. Economic Sanctions #4

I believe that the U.S. sanctions worked to get Iran to the negotiating table because other countries complied with our secondary sanctions. That sanctions regime put enough pressure on the Iranian economy that we had leverage to negotiate. Other nominees for the cabinet have said that sanctions don't work, and have done business through subsidiaries in Europe to circumvent U.S. sanctions.

If it becomes necessary to reapply international sanctions, how would you work with other members of the cabinet to build an effective sanctions regime? How will you work with international partners to apply their own sanctions and/or to comply with ours?

The President has stated his intent to enforce the Joint Comprehensive Plan of Action ("JCPOA"). As Treasury Secretary, and in consultation with the Secretary of State, I will act to fully enforce all existing sanctions against Iran—including with respect to its sponsorship of terrorism and other illicit activities. To the extent the President's national security advisors have information indicating that Iran is not complying with the terms of the JCPOA, I will advise the

President on the options available to him for re-imposing waived sanctions to promote strict compliance by Iran with the JCPOA. If such re-imposition were necessary, I will support the President's decision and coordinate with the Secretary of State to explain to our international partners the justification for such re-imposition, and to encourage them to support the United States' decision in that regard.

15. Economic Sanctions #5

President-elect Trump has indicated that he would be willing to use sanctions relief as an incentive to get Russia to reduce its nuclear stockpiles. Sanctions against Russia, including on its energy sector, are having a measurable impact on Russia's economy. And they were not levied because of Russia's nuclear stockpiles. They were a result of Russia's illegal annexation of Crimea and its military incursion into Ukraine. I would expect those sanctions to remain in place until Russia removes itself from Crimea and Ukraine.

Will you commit to consulting Congress before you remove any sanctions from Russia?

If confirmed, I will continue to support and enforce the existing sanctions against Russia to the fullest extent, as I stated during my confirmation hearing. To the extent that the President and his national security advisors determine that it is in the best interests of the United States to modify the sanctions or impose others, I will fully enforce those sanctions in support of the President's national security strategy.

16. Economic Sanctions #6

What additional sanctions will you consider applying to Russia for its continued nefarious behavior?

If confirmed, I will regularly consult and collaborate with the Secretary of State and the National Security Council, and to the extent additional Russia-related sanctions become necessary to execute the President's national security strategy, I will advise the President and his other national security advisors on what authorities are available and how these tools can be most effectively used to counter the particular Russian activities.

Senator Claire McCaskill

No Questions Submitted