



**U.S. TREASURY DEPARTMENT
OFFICE OF PUBLIC AFFAIRS**

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Contact: Eileen Gilligan (202) 622-2960

**Statement of Richard Holcomb
Deputy Chief Financial Officer
U.S. Department of the Treasury**

**Before the
Subcommittee on Federal Financial Management,
Government Information, and International Security**

Committee on Homeland Security and Government Affairs

September 14, 2006

Chairman Coburn and distinguished members of this Committee, thank you for the opportunity to appear before the Committee today. One of the oldest departments in federal government, Treasury has a long and distinguished tradition of serving the American public. The mission of the Department of the Treasury is to promote the conditions for prosperity and stability in the United States and encourage prosperity and stability in the rest of the world. We take our responsibilities in the domestic and international financial arenas very seriously which includes maintaining the day to day fiduciary functions for the nation as a whole.

As the Federal Government's financial manager, we collect United States revenues and disburse eighty-five percent of the federal payments. In addition we manage borrowing and perform central accounting functions. We administer the financial system in such a way as to promote legitimate purposes and prevent the system from being used for purposes that support criminal activity. Our role in executing the Nation's financial sanctions policies and countering money laundering and other financial crimes, particularly terrorist financing, has become increasingly important in recent years.

Communication is the key to our relationship with the individual American taxpayer and the corporate entities that between them provide the bulk of the revenue that supports the business of our government. We incorporate a variety of media to communicate our messages in support of the governmental activities for which we are responsible. For example, we print informational flyers in 33 languages for distribution worldwide when we change the design and look of our paper currency and coinage. We make extensive use of electronic media for providing Internal Revenue Service information, procedures, forms, and policy. Our headquarters and all of our Bureaus make extensive use of websites and online newsletters for general information concerning their functions as well as the specific details of important matters to individual citizens.

We make use of conferences to broadcast and explain matters to individuals as well as corporate bodies that relate to changes in tax law, tax collection, banking and thrift procedures, and commodities regulation. Consequently, the vast majority of the conferences we sponsor are either Internal Revenue Service or Alcohol and Tobacco Tax and Trade Bureau (TTB) events that focus on taxpayer advocacy, small business practitioner forums, or a specific sector such as the wine and alcohol industry.

The Taxpayer Advocacy Panel listens to taxpayers, identifies taxpayers' issues and makes suggestions for improving Internal Revenue Service services and aiding with customer satisfaction. The Taxpayer Advocacy Panel acts as a two-way conduit; serving as a focus group for the Internal Revenue Service providing input on strategic initiatives, as well as providing a venue for raising issues identified by citizens. Structurally, there are seven geographically based Area Boards aligned with the current Taxpayer Advocate Service areas. These Area Boards address local issues and schedule outreach activities. Issue Committees, with nationwide membership, identify and work service-wide issues and are closely linked to the Wage and Investment and Small Business/Self-Employed program owners.

A major part of TTB's mission is to have its industry members voluntarily comply with rules and regulations. Part of this can be accomplished through an increased field presence via tax audits and product integrity investigations. Another very effective tool to reach voluntary compliance is to inform our industry members of what is expected of them. TTB seminars allow us to reach a wide audience and give industry members the instructional tools that are needed to successfully meet the Federal rules that apply to their businesses. These events represent a cross-section of industry producers, wholesalers, and/or importers. They provide outreach to industry members who are geographically dispersed across the country and a platform for sharing information and learning about current issues and trends in the marketplace.

Two of the largest groups of industry members are wineries (4,830 permits) and wholesaler/importers (22,396 permits). Combined, these groups make up 67% of the permits that have been issued by TTB. Thus, winery and wholesaler/importer seminars have been the main focal point of the TTB seminar program.

These seminars attract active permittees, those interested in obtaining permits, industry trade associations, industry lawyers and state regulatory agencies. Attendees are able to obtain relevant information on the Federal rules and regulations that apply to their businesses, ask

specific questions that pertain to their daily activities, receive updates on the latest issues that may apply to their activities, obtain information on TTB's electronic initiatives, and important contact information. The end result is a better understanding of their roles as permit holders and increased voluntary compliance with Federal law. It also allows TTB employees to hear first hand the concerns and issues that our industry members have pertaining to the regulation of alcohol & tobacco products.

TTB also attends international meetings and conferences at the request of or invitation from the Office of the United States Trade Representative (USTR) or from other public or private sector individuals representing the alcohol or tobacco regulated industries. At these meetings/conferences, TTB provides technical advice to the USTR on how trade negotiations might impact the administration of US alcohol and tobacco laws and regulations, provides guidance to US industry members, foreign government officials, and the general public on US import/export rules for alcohol and tobacco, and facilitates the import/export trade in alcohol by educating the public on regulatory requirements for both US and foreign markets.

We consider both of these recurring sets of conferences and seminars as vital to the understanding of the rules and regulations pertaining to both individual taxpayers as well as the affected industry. We consider there is nothing more important than an informed public, particularly where it involves taxation and compliance.

Conference participation is closely monitored by the sponsoring offices within the Department. We closely follow travel regulations and our automated travel approval process alerts supervisors to approve necessary travel in the conduct of our conferences and seminars. IRS, in particular, has established rules that delineate identifying low cost locations, numbers of attendees, and approval levels for conferences that cost in excess of \$100,000.

We regret the delay in providing the requested information. Our financial data bases do not distinguish between types of business trips and do not cross reference other business expenses. We intend to develop a system that will be more responsive to your needs in the future and will provide us with a positive business tool in safeguarding the money entrusted to us by the taxpayers we serve.

Funding for Department of the Treasury Conferences is as follows:

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| • Fiscal Year 2001 | \$1,520,923 |
| • Fiscal Year 2002 | \$2,017,866 |
| • Fiscal Year 2003 | \$1,527,519 |
| • Fiscal Year 2004 | \$2,298,125 |
| • Fiscal Year 2005 | \$2,986,623 |
| • Fiscal Year 2006 | \$2,472,925 (as of the end of the 3rd Quarter) |