

May 9, 2024

The Honorable Janet Yellen
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington, D.C. 20220

Dear Secretary Yellen,

I write regarding the Treasury Department's (Treasury's) efforts to address racial discrimination in our tax and banking systems. In December 2022, following President Biden's executive order on racial equity,¹ you established the Treasury Advisory Committee on Racial Equity (TACRE), which was convened "to identify, monitor and review aspects of the domestic economy that have directly and indirectly resulted in unfavorable conditions for Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color."² Since then, the 24 experts that sit on the Committee have proposed over 40 recommendations, ranging from reforms to the Internal Revenue Service's (IRS') auditing process to mechanisms for extending capital to economic institutions in communities of color.³ These recommendations would improve economic conditions for Black and Brown communities that face barriers to intergenerational financial security – and I urge you to implement them swiftly.

TACRE's work is critical to fulfilling President Biden's and Treasury's commitment to racial equity. For that reason, I was encouraged by Treasury's March 29, 2024 Notice of Proposed Rulemaking, which, if implemented, would adopt TACRE's recommendation that the IRS share tax data with Census to better track racial disparities in tax enforcement.⁴ This much-needed proposal comes after reports that the IRS has, in the past,

¹ The White House, "Executive Order On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government," January 20, 2021, <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/20/executive-order-advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government/>.

² Department of the Treasury, "Treasury Advisory Committee on Racial Equity," <https://home.treasury.gov/about/offices/equity-hub/TACRE>.

³ *Id.*; U.S. Department of the Treasury, "Technical Progress Report to the Treasury Advisory Committee on Racial Equity (TACRE)," April 18, 2024, p. 7, <https://home.treasury.gov/system/files/306/24-TRP-TACRE-508-ready-Apr25-2024.pdf>.

⁴ Federal Register, "Disclosures of Return Information Reflected on Returns to Officers and Employees of the Department of Commerce, Including the Bureau of the Census, for Certain Statistical Purposes and

discriminately audited low-income Black taxpayers, and it would ensure that lawmakers can properly measure the improvements that the IRS is making to its audit selection program.⁵

However, while this is a positive first step, Treasury has yet to fully implement many of TACRE's remaining recommendations. In its first meeting in March 2023, over a year ago, the Committee recommended that Treasury conduct distributional analyses in the Greenbook – which outlines President Biden's tax agenda – to analyze how revenue proposals affect households with different race and income levels, such as whether Black and Brown communities would equitably share in new clean energy investments.⁶ Since then, the Committee has proposed various additional reforms to the IRS auditing process, the creation of outreach tools to ensure low-income tax credits and green energy credits reach underserved communities, and more.⁷

The implementation of these recommendations would build on the vital work that Treasury is pursuing to make our tax and banking system fairer for all Americans,⁸ and is necessary to meet the goals of the President's executive order on racial equity.

But I am concerned that the recommendations made by members of the TACRE remain in limbo at Treasury.⁹ In an interview with Marketplace, Dorothy Brown, a tax lawyer and law professor who sits on the Committee, shared her concerns that Treasury was not “embracing [the Committee's recommendations] as something that's important and a priority,” and that she believed the Committee was a “check-the-box” exercise for Treasury.¹⁰

As you have said yourself, “A critical piece of executing on our racial equity goals is bringing a wide set of outside perspectives and lived experiences to the decision-making table,” and, accordingly, TACRE “will provide important insight and advice to leadership

Related Activities,” March 29, 2024, <https://www.federalregister.gov/documents/2024/03/29/2024-06756/disclosures-of-return-information-reflected-on-returns-to-officers-and-employees-of-the-department>.

⁵ *Id.*; Letter from Senator Warren to IRS Commissioner Werfel and Treasury Secretary Yellen, April 13, 2023, <https://www.warren.senate.gov/imo/media/doc/2023.04.13%20Letter%20to%20IRS%20TRS%20on%20racial%20equity%20in%20tax%20enforcement.pdf>.

⁶ Letter from Michael Nutter and Felicia Wong to Janis Bowdler and Snider Page, April 4, 2023, <https://home.treasury.gov/system/files/136/TACRESubcommitteePriorities-April2023.pdf>; IRS, “Credits and deductions under the Inflation Reduction Act of 2022,” <https://www.irs.gov/credits-and-deductions-under-the-inflation-reduction-act-of-2022>.

⁷ *Id.*

⁸ Department of the Treasury, “Remarks by U.S. Deputy Secretary of the Treasury Wally Adeyemo at Treasury Advisory Committee for Racial Equity,” press release, April 18, 2024, <https://home.treasury.gov/news/press-releases/jy2279>.

⁹ Letter from the Department of Treasury to the Treasury Advisory Committee on Racial Equity, December 7, 2023, <https://home.treasury.gov/system/files/136/Treasury-Actions-Aligned-TACRE-Recommendations.pdf>.

¹⁰ Marketplace, “‘We’ve got a lot more progress to go’ on fixing racial disparities caused by the tax system,” Kai Ryssdal and Andie Corban, January 18, 2024, <https://www.marketplace.org/2024/01/18/weve-got-a-lot-more-progress-to-go-on-fixing-racial-disparities-caused-by-the-tax-system/>.

across the department to bolster and inform our equity efforts.”¹¹ It is critical that the Department act on this insight and advice. As such, I respectfully request a staff-level briefing on the implementation timeline of TACRE’s recommendations by May 23, 2024.

Sincerely,

A handwritten signature in black ink, appearing to read "Elizabeth Warren", written over a horizontal line.

Elizabeth Warren
United States Senator

¹¹ Department of the Treasury, “Treasury Department Announces Inaugural Members of Formal Advisory Committee on Racial Equity,” October 4, 2022, <https://home.treasury.gov/news/featured-stories/treasury-department-announces-inaugural-members-of-formal-advisory-committee-on-racial-equity>.