

DODD, LIEBERMAN, LARSON URGE POSTPONEMENT OF IRS' HARTFORD PROBE

FOR IMMEDIATE RELEASE: October 29, 2004

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Legislators still await response to numerous concerns expressed in previous letter

WASHINGTON - Sens. Chris Dodd and Joe Lieberman and Rep. John Larson are asking the Internal Revenue Service (IRS) to postpone a nationwide certification test centered on recipients of the Earned Income Tax Credit (EITC) that is focused on Hartford. The IRS probe would consist of an "Earned Income Tax Credit Certification Test" about to be conducted for IRS in significant part in Hartford.

In a letter to IRS Commissioner Mark W. Everson, the members of Congress expressed concern that there are numerous outstanding issues that have yet to be resolved with slightly more than a week to go before the test is due to be implemented on November 8. Dodd, Lieberman, and Larson addressed those issues in a letter to Commissioner Everson on October 14. Everson has not yet responded to the previous letter.

"This test will affect 25,000 EITC claimants nationally," the letter said. "More than 8,000 of these claimants live in Hartford city and county. As such, this test-requiring, as it does, additional documentation and other new and burdensome demands on low-income men and women-- could have a potentially devastating impact on the financial well-being not only of these families, but the entire Hartford community."

Text of the letter is below.

The Honorable Mark W. Everson
IRS Commissioner
1111 Constitution Avenue, N.W.
Washington, D.C. 20224

Sent by Fax: 202-622-4733

Dear Commissioner Everson:

We await your response to our October 14 letter and the letter of Hartford Mayor Eddie Perez regarding an "Earned Income Tax Credit Certification Test" about to be conducted by the IRS in significant part in Hartford, Connecticut.

We have asked that you respond to the issues we raised as quickly as possible and well before the proposed test begins, now scheduled to start with letter notifications on November 8th . Further discussions with constituents and the IRS have only increased our concern about this study and raised even more issues. In addition to the issues we raised in our previous letter, we ask as well that you address the following issues about the implementation of the study and the potential impact on the citizens of Hartford. While we understand the importance of the issues the test is attempting to address, given all the outstanding matters that have yet to be resolved with barely a week until official notices are expected to go out, we request and expect that the IRS test will not be implemented at this time.

First, this test will affect 25,000 EITC claimants nationally. More than 8,000 of these claimants live in Hartford city and county. As such, this test-requiring, as it does, additional documentation and other new and burdensome demands on low-income men and women-- could have a potentially devastating impact on the financial well-being not only of these families, but the entire Hartford community. Your representatives have said that Hartford residents will be burdened in

this way because they model many demographic characteristics of claimants generally. To us, that is an unsatisfactory basis for so burdening an entire community. Therefore, we request that the burden of complying with this test be spread more evenly across the country.

Second, going beyond this study of EITC claimants is the challenge of ensuring that all of the Hartford residents who qualify for the EITC will, in fact, be encouraged to apply for it. This study focuses on those who do claim it, but we are also concerned about those who qualify who do not now claim it. We ask what efforts, as part of this test, the IRS will take to inform these taxpayers of their rights and assist them in securing the credits for which they qualify.

Third, it is obvious that the IRS has done little to prepare the Hartford community for this test. If this study were to go forward, please outline in detail your plans for how you intend to explain this study to the community, how you will ensure that the rights of participants are well understood, and how you will act to see that no individual taxpayer who qualifies for the EITC is deterred by your study from claiming it.

Fourth, in this regard, we ask you to personally visit Hartford to meet with the Mayor and other community leaders to explain your plans dealing with these issues prior to any test implementation.

Fifth, in order for taxpayers to comply with the test they will have to work with schools, city agencies and community leaders to secure the documentation IRS is requiring. IRS has undertaken to date no outreach to explain to school administrators, community leaders and clergy the kinds of information they will be required to supply to verify EITC claims. We ask that you provide your plans in this regard.

Sixth, we ask how the IRS proposes to ensure that Low Income Tax Service offices, which can help in complying with the test, are ready to assist taxpayers to comply with the survey forms. IRS's plans to alert taxpayers about the availability of this assistance should also be provided.

Finally, we are concerned that many taxpayers may well qualify for the credit but will be deterred by IRS's inquiries from filing the forms and seeking a credit because they may not understand how to protect their rights. We are interested in what role the Taxpayer Assistance Service at IRS - an independent office responsible for protecting taxpayer's rights - will play in following up the test process in this regard.

Thank you for your immediate consideration of these basic concerns about this issue, which is of great important to the Hartford, Connecticut community.

Sincerely,

Senator Lieberman
Senator Dodd
Congressman Larson

CC: The Honorable Dave Williams
Project Director, EITC
Sent by Fax: 202-622-9660

Mayor Eddie A. Perez
City of Hartford
Sent by Fax: 860-722-6606
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