Low Income Taxpayer Clinic Funding, 1999–2000

DATE: June 25, 1999

ABSTRACT: This letter to the House and Senate Appropriations Committees urges increased funding for Low Income Taxpayer Clinics in the 1999–2000 Treasury Department appropriations bill.

RECIPIENTS:

TO:
The Honorable Ted Stevens, Chairman, Senate Appropriations Committee
The Honorable C.W. Young, Chairman, House Appropriations Committee
The Honorable Robert C. Byrd, Ranking Member, Senate Appropriations Committee
The Honorable David R. Obey, Ranking Member, House Appropriations Committee

CC:
Ben Nighthorse Campbell, Chair, Senate Appropriations Subcommittee on Treasury and General Government
Jim Kolbe, Chair, House Appropriations Committee
Subcommittee on Treasury, Postal Service, and General Government
Byron L. Dorgan, Ranking Member, Senate Appropriations Committee
Subcommittee on Treasury and General Government
Steny H. Hoyer, Ranking Member, House Appropriations Committee
Subcommittee on Treasury, Postal Service, and General Government
William Roth, Chair, Senate Finance Committee
Bill Archer, Chair, House Ways and Means Committee
Daniel Patrick Moynihan, Ranking Member, Senate Finance Committee
Charles Rangel, Ranking Member, House Ways and Means Committee
Ronald E. Rubin, Secretary, Department of the Treasury

BCC:
Charles O. Rossotti, Commissioner, Internal Revenue
Donald C. Lubick, Assistant Secretary (Tax Policy), Department of Treasury
Dear Mr. Chairman and Ranking Member:

The American Bar Association Section of Taxation urges that the appropriation for low income taxpayer clinics in the 1999–2000 Treasury/Postal Appropriations bill be significantly increased, from $2 million to $4 million. The views expressed herein are presented on behalf of the Section of Taxation. They have not been approved by the House of Delegates or the Board of Governors of the American Bar Association and, therefore, should not be construed as representing the policy of the Association.

As you know, section 7526 of the Internal Revenue Code, enacted in the IRS Restructuring and Reform Act of 1998, authorizes the IRS to award $6 million per year in matching grants to low income taxpayers clinics. This provision was recommended to the Congress by the National Commission on Restructuring the Internal Revenue Service in its 1997 Report to the Congress, "A Vision for a New IRS, Report of the National Commission on Restructuring the Internal Revenue Service." In its first year of operation, Congress appropriated $2 million for this program. This amount is insufficient on an ongoing basis if the program is to be allowed to grow and expand to serve the public goals for which it was intended. We believe the amount should be increased to $4 million at this time.

The American Bar Association Section of Taxation has a long history of supporting low income taxpayer clinics. The Section has worked with the clinics for over 10 years through its Committee on Low Income Taxpayers, and has testified in favor of the funding provision both before the Restructuring Commission and the Congress. In addition, in February, 1999, the Section co-sponsored a Workshop on Low Income Taxpayer Clinics with the American University, Washington College of Law, in Washington D.C. The Workshop drew over 100 attendees from all over the country. It presented a number of panels on starting and operating tax clinics, applying for funds under section 7526, and dealing with substantive low income taxpayer issues. Among the faculty who spoke at the Workshop were W. Val Oveson, the National Taxpayer Advocate, Loretta Argrett, the Assistant Attorney General of the Tax Division of the Department of Justice, and Stuart L. Brown, the Chief Counsel of the Internal Revenue Service.

The Tax Section was pleased to testify in favor of section 7526 and to participate in the February, 1999 Workshop because it believes that tax clinics play a vital role in the tax controversy process, by insuring the fair resolution of tax cases across all income classes. In the last several years, controversies involving low income taxpayer issues have come to represent a significant part of the overall number of cases in dispute, both administratively within the IRS, and in litigation before the U.S. Tax Court. Taxpayers involved in these cases are not financially able to obtain private counsel to help them, and the clinics have been important players in helping shepherd these taxpayers through the system and settle their cases. Moreover, these programs have made a significant contribution to the tax system as a whole, by giving their taxpayer-clients a better understanding of the process in which they are involved, as well as a sense of confidence that their cases have been resolved fairly.

In the 1998 IRS restructuring legislation, taxpayers were given important rights to assist them in resolving issues with the IRS concerning their tax liabilities and to assist them in satisfying those liabilities. These taxpayer rights’ provisions particularly benefit low income taxpayers. Their value will be significantly diminished, however, if taxpayers are unaware of them or are otherwise incapable of exercising them. The Tax Section believes low income taxpayer clinics can play an important role in
bridging the knowledge gap and in assisting low income taxpayers to exercise responsibly the rights granted them in the 1998 legislation.

The Section believes that the clinics’ long track record in successfully helping taxpayers resolve their tax disputes shows unquestionably that these programs work. The problem is simply that not enough of them exist. The Section therefore supports a significant increase in the appropriation of authorized funding for low income taxpayer clinics under section 7526 to insure that existing clinics have the financial ability to continue their work, and in addition to encourage new clinics to be organized.

Sincerely yours,

Stefan F. Tucker

Chair, Section of Taxation