

**Testimony of Damon King
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**Before the Committee on Finance & Revenue
Council of the District of Columbia**

Public Hearing Regarding:

**Bill 23-0041
“Taxpayer Advocate Act of 2019”**

March 27, 2019

The Legal Aid Society of the District of Columbia¹ (“Legal Aid”) submits the following written testimony in support of Bill 23-0041, the “Taxpayer Advocate Act of 2019.”

Legal Aid supports the creation of an independent agency, the Office of the Taxpayer Advocate, to assist taxpayers in resolving a variety of tax problems that have not or cannot be resolved through normal channels. In our experience, the available resources to assist residents with DC-level income tax problems are limited. For example, there are free tax preparation sites available during filing season, but their services are limited in scope and are not always able to assist people—many of whom are low-income—with the kinds of filings that may be required in light of their source of income.

When individuals do not know about the free tax preparation services available or do not qualify for assistance, low-income residents in particular become vulnerable to being victimized by private tax preparers. Other tax-related issues of concern for members of our client community may include but are not limited to: trying to deal with back-taxes owed and mounting penalties from the D.C. Office of Tax and Revenue (“OTR”); dealing with the tax-related impacts of identity theft; trying to get tax refunds desperately needed to avoid eviction, utility shutoffs, or money judgments that could lead to wage garnishment and bank account attachment; understanding the options available to those who may owe DC taxes but are experiencing financial hardship; and understanding how to access important poverty-reducing benefits like the Earned Income Tax Credit.

¹ The Legal Aid Society of the District of Columbia was formed in 1932 to “provide legal aid and counsel to indigent persons in civil law matters and to encourage measures by which the law may better protect and serve their needs.” Over the last 87 years, tens of thousands of the District’s neediest residents have been served by Legal Aid staff and volunteers. Legal Aid currently works in the areas of housing, family law, public benefits, immigration, and consumer protection. More information about Legal Aid can be obtained from our website, www.LegalAidDC.org, and our blog, www.MakingJusticeReal.org.

The creation of an Office of the Taxpayer Advocate that could directly address some or all of these issues—including prioritizing the need to increase public awareness about services and programs available to help economically vulnerable communities—would be a substantial benefit to District residents generally, and presents an important opportunity for the District to focus on the particular needs of those living in poverty.

To give an example, one Legal Aid client had consistently received a tax refund every tax season. But when she filed her taxes late, she was surprised to learn that she owed more than \$100 for each of the years 2016 and 2017. Making matters worse, OTR assessed an additional \$200 against her in penalties. She managed to pay off the full amount in one lump sum, out of fear and concern that she would otherwise become even more buried in fees and penalties. But doing so came at the expense of her being able to pay for other necessities. She would have benefited from a Taxpayer Advocate informing her of her options other than making a lump sum payment (for example, the ability to make installment payments), taking into account her acute financial hardship.

Another Legal Aid client is permanently disabled with a kidney disease, and his medical condition is so severe that he cannot attend his son's college graduation in May. His sole source of income is disability, and he has struggled to try to deal with taxes owed to OTR that he simply cannot afford to pay. He tried to enter into a monthly payment plan but ultimately could not keep up. He would benefit from a Taxpayer Advocate reviewing his hardship and educating him about the option to submit an Offer in Compromise.

Conclusion

For the above reasons, Legal Aid supports Bill 23-0041 and encourages the District to use the creation of an Office of the Taxpayer Advocate as an opportunity to focus on the needs of economically vulnerable residents in our community.