

OPINION

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Shame on the IRS Stop harassing low-wage families

BY MICHAEL LEACHMAN

Low-income working families across Oregon are busy filling out their income tax returns well ahead of the April deadline. That's because through outreach efforts and word of mouth they know that they are eligible for the Earned Income Credit, or EIC.

About one out of seven taxpaying families in Oregon—those working in the lowest wage jobs—benefit from the EIC.

Unfortunately, the Internal Revenue Service is focusing a disproportionate share of its resources on harassing EIC recipients. That's bad for low-wage working families and for Oregon's economy.

The EIC is a significant economic catalyst in Oregon. For the 2002 tax year, the federal EIC pumped \$338 million into Oregon's economy. The tax credit also helps stabilize over 200,000 Oregon families working for low wages. It is well established that the credit is an incentive for families to work more. The credit offsets regressive payroll and excise taxes these families pay.

The EIC enjoys a long history of bipartisan support. Presidents Ronald Reagan, George Bush Sr., and Bill Clinton all lauded the tax credit and pushed for its expansion.

But the IRS administers the EIC as if it holds a grudge against low-wage workers.

Earlier this month, the IRS' own internal watchdog issued a report revealing that each year the IRS is freezing the refunds of hundreds of thousands of taxpayers without informing the taxpayers what is going on. The refund freezes last for an average of nine months. Ostensibly, the IRS freezes the refunds as part of the IRS' efforts to find fraud.

Usually these low-wage taxpayers did nothing wrong. The IRS' internal watchdog report estimated that two out of three taxpayers with

frozen returns were due their full refund, and four in five were due at least a partial refund.

EIC recipients who receive a "rapid refund" loan from a tax preparer are hit particularly hard by the IRS' misguided enforcement. Rapid refunds are essentially high-interest short-term loans. Ordinarily, these loans are paid off—along with hefty fees for the tax preparer—when the IRS sends the refunds. When the IRS freezes a refund, though, the taxpayer remains liable for repayment of the loan.

Instead of exacerbating the problem, the IRS should be doing what it can to protect low-wage working taxpayers from the high costs of "rapid refund" schemes. The National Consumer Law Center estimates that one out of every three EIC recipients pays high-interest "rapid refund" fees, at a total cost of \$900 million in 2004 alone.

The EIC should be simplified so that it is easier for taxpayers to understand and for the IRS to evaluate, and refunds should be more timely issued. In 2004, the Bush Administration submitted a proposal to Congress to simplify the EIC, but Congress failed to act. The IRS is exacerbating the problem with its overzealous refund freezes.

The IRS offers free electronic filing, typically for taxpayers with incomes under \$50,000 annually. Unfortunately, commercial tax preparers are allowed to advertise "rapid refund" loans on the electronic filing sites accessed through the IRS web site. The IRS does not even warn taxpayers of the usurious nature of "rapid refund" loans accessed through their site.

The Earned Income should not be a tool of harassment, or a vehicle to extract high-interest loans from our lowest paid working taxpayers.

Michael Leachman is a policy analyst at the Oregon Center for Public Policy.



I used to HATE Americans because of their freedoms, but all I feel any more is a mixture of fondness and admiration....

Are Meth Addicts Getting Special Treatment?

BY JUDGE GREG MATHIS

In the 1980s, crack cocaine exploded onto the urban scene, taking not just individuals, but entire families and communities hostage. Violence became commonplace as gangs and dealers fought over customers and turf.

Today, there is a new "drug of choice"—methamphetamine or meth. Both law enforcement officials and mainstream media call meth America's most dangerous drug. All of the attention has led lawmakers to come up with necessary solutions to this serious dilemma.

While the crack epidemic



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wasn't limited to just one city or one neighborhood, there is no question that communities of color were hit especially hard as the drug's popularity grew. In an attempt to curtail the problem, the government enacted stiff drug penalties.

Crack cocaine is the only drug for which a first offense of possession carries a federally mandated minimum sentence; five grams gets you a minimum of five years. Sure, some crack addicts were sent to treatment centers but, for the most part, crack use was—and is—treated as a crime.

Despite the fact that the majority of crack users in this country are white, the "public" face of crack has always been black or brown. Over 90-percent of those sentenced to prison for crack-

related offenses are Black and Latino. When white crack users are arrested, statistics show they are rarely prosecuted. If they are, they are less likely to be convicted. When convicted, they receive shorter sentences in lower security prisons or are sent to rehab. The evidence shows that white drug users are given a chance to turn their lives around while most addicts of color are criminalized.

Much like their crack addicted counterparts, the predominantly white users of meth now appear to be getting preferential treatment as well.

States like Illinois, Indiana and Montana are building special "meth units" within prisons to specifically house and treat meth addicts and

new laws will allow judges to sentence individuals convicted of meth-related crimes to drug treatment prisons.

When policymakers first heard of the perils of meth, their original reaction was to enact stiffer drug penalties. Wisely, they seem to be moving away from that; perhaps

the failed war on crack has taught them that criminalizing drug addiction only overfills prisons, costing taxpayers billions.

Let's hope that, instead of increasing "meth budgets," federal agencies will use all of their resources to treat all drug addicts. Instead of setting up "meth prisons" state and federal government can fight the drug war by putting their energy towards creating drug treatment programs that work, doing away with mandatory minimums and restoring judicial discretion so addicts can get the help they need.

Judge Greg Mathis is national vice president of Rainbow PUSH and a national board member of the Southern Christian Leadership Conference.

Letter to the Editor

Breaking the Law

Wiretapping Americans without a warrant appears to violate the Constitution and the president has admitted to doing just that.

The administration says the spying program is narrow, and even said it's limited to people with ties to Al Qaeda. However, the president already has the authority to track terrorists. Further, the New York Times reports the facts differently, saying the data was overwhelming and often led to innocent Americans.

The White House is claiming that Democrats are the only ones objecting to the program, but there is strong bipartisan concern. Republicans like Lindsey

Graham, Sam Brownback, John McCain and Arlen Specter have offered some of the harshest criticism of the program.

The White House has claimed the authority to conduct secret wiretaps because of a Congressional resolution passed after 9/11. The non-partisan Congressional Research Service found that the resolution didn't authorize the program, and found it "unlikely" that any court would agree with the White House's justifications.

I believe that this is clear evidence that the President's actions fall outside the scope of the laws of this nation. We should be outraged.

Dennis J. Parker
Southwest Portland

For every Portland police officer, there is a story...



Officer
Dana Lewis

"What I enjoy most about police work is helping people. I enjoy being able to help someone conquer goals, and overcome challenges. That's why I enjoy my career so much."



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The Housing Authority of Portland invites
all community members to attend an
INFORMATIONAL FORUM

Wednesday, February 8th, 6:00-7:30 pm
at OAME - 4134 N. Vancouver

Topics will include:

- relocation and supportive services for existing residents;
- community design, construction contracting, and a diverse workforce;
- affordable rental apartments and opportunities to become first-time homeowners.

A pre-proposal meeting for potential Construction Manager/General Contractor (CMGC) proposers will occur immediately prior to the Forum, from 4:00-5:30 pm. Contact Jerry Walker, HAP's Purchasing Manager, for more information on the CMGC process (503)802-8509.