

From: Daniel Stearns [<mailto:danielstearns@live.com>]
Sent: Monday, February 08, 2016 11:19 PM
To: Rep Kennemer <KennemB@leg.state.or.us>
Subject: HB 4144

Dear Representative Kennemer.

I Just became aware of HB-4144. Section 3 is extremely problematic.

It prohibits Licensed Tax Consultants from charging certain fees for the preparation of tax return that qualifies for earned income credit.

I oppose it for the following reasons.

1. I am not sure if the legislators understand the complexity of a tax return that may qualify for the earned income credit. this is a credit that is based on **Income, not on net worth**. It is often the case (especially in a down year economically) that a person with several business (including corporations) can qualify for the earned income credit. Some of these returns can be extremely complex, requiring many hours of preparation time, they can include people with stock accounts, businesses, corporations, rentals, partnerships, etc. The tax law allows people to tax expenses if they made large purchases to structure their tax situation to qualify for the earned income credit. I have prepared returns for these people who qualify for the earned income credit. I could potentially be in a situation that would cause me to loose a lot of money if I were limited on what I could charge.
2. For some reason, this law only seems to apply to Licensed Tax Consultants, Not Certified Public Accountants or Attorneys at law, What did we do to merit this punishment?, While CPAs and Attorneys (whose licenses do not require them to maintain a knowledge of tax law) are not subject to this restriction.
3. Preparing a return that has the Earned Income Credit has huge risks for fines and penalties from the IRS. If We are accused of doing one of these wrong there is a penalty of \$500.00 plus a potential penalty of \$1,000.00. If we are to assume these liabilities it is only reasonable that we should be compensated accordingly.
4. The earned Income credit is a large source of fraud, Licensed Tax Consultants perform a service to the state in being able to recognize and prevent earned income credit fraud. There have been many a times that I have corrected returns that are claiming excess Earned Income Credit, and have turned people away who are trying to fraudulently claim the credit. We should be able to be compensated for this valuable service we perform for the state.

I fear if this measure passes as written, there will end up being less people to prepare returns for people who need the earned income credit.

If you have any questions about what I have written, feel free to contact me.

Yours truly

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