



July 5, 2005

Mark W. Everson  
Commissioner  
Internal Revenue Service  
Department of the Treasury  
1111 Constitution Ave., NW  
Washington, DC 20224

Eric Solomon  
Assistant Secretary  
for Tax Policy (acting)  
Department of the Treasury  
1500 Pennsylvania Ave., NW  
Washington, DC 20220

Re: Request to Terminate Debt Indicator

Dear Commissioner Everson and Assistant Secretary Solomon:

We are writing to request that the Treasury Department and the IRS terminate the debt indicator program. A new report by the National Consumer Law Center documents the troubling extent to which the debt indicator has promoted the RAL industry at taxpayer expense.

A copy of the NCLC report, entitled "Corporate Welfare for the RAL Industry: The Debt Indicator, IRS Subsidy, And Tax Fraud," is attached. The report notes that when IRS terminated the debt indicator in 1994, the price of RALs rose significantly from \$29-\$35 to \$29-\$89. The industry and IRS justified the reinstatement of the debt indicator by claiming it would lower RAL prices. When the debt indicator was reinstated, RAL prices dipped for a year in 2000, but have gone back up to pre-indicator levels, around \$30-\$115.

The debt indicator's reinstatement also caused RAL volume to skyrocket from 6 million to 10.8 million loans. At the same time, the amount of RAL fraud has multiplied. The report also discusses the disturbing privacy issues raised by the debt indicator.

For these reasons, we believe the debt indicator should be terminated once again, as it was in 1994. We would appreciate meeting with you to discuss this issue further. We can be reached at 617-542-8010 or 757-867-7523.

Sincerely,

Chi Chi Wu  
National Consumer Law Center  
(on behalf of its low-income clients)

Jean Ann Fox  
Consumer Federation of America