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May 23, 2002

Mr. and Mrs. Douglas Pascoe  
209 Gospel Lane  
Portland, CT 06480

Dear Mr. and Mrs. Pascoe:

Thank you for contacting me regarding the Internal Revenue Service (IRS). It was good to hear from you.

As you may know, on July 22, 1998 during the 105<sup>th</sup> Congress the President signed into law the most far-reaching overhaul of the IRS since the Eisenhower Administration. The bill, H.R. 2676, has drastically changed the IRS. It will alter the culture of the agency from one focused on law enforcement to one focused on customer service. The passage of this will give the taxpayer the modern, customer-friendly IRS they deserve.

The bill will change the agency and its relationship with taxpayers in three key ways:

The agency's structure would be revamped for the first time since 1952. A nine-member oversight board would be established to set strategy for the agency. It would consist of the Treasury Secretary, a representative of the IRS employees union, the IRS commissioner, and six private citizens with expertise in areas such as management, small business, and information systems. The present structure, in which the agency is divided into geographic locations, would be abandoned. The agency would be reorganized around specific types of taxpayers -- individuals, large businesses, small businesses and others.

The commissioner will be granted more personnel flexibility. In an effort to entice qualified outsiders into the agency, and to make the best use of the current work force, the commissioner would be allowed to give some workers higher pay and to move senior executives around within the agency.

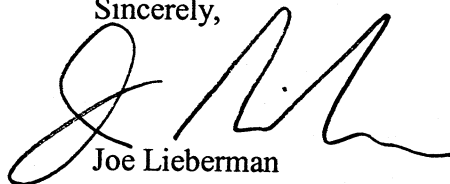
Most important, it will grant taxpayers extensive new rights in dealing with the IRS. The government would bear the burden of proving a taxpayer incorrect in a dispute that reached the courts so long as the taxpayer kept records and cooperated with the IRS and the courts. The measure would allow "innocent spouses" to opt to be taxed only on the portion of the family income attributable to them -- a provision intended to aid mostly women who find themselves liable for tax bills incurred by their husbands or ex-husbands. Furthermore, the measure would limit penalties and interest now imposed in a variety of situations and restrict the agency's collection methods.

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While some problems still persist, I am confident that the IRS is making improvement to fundamentally alter the way it does business. A new head of the agency has been appointed and is implementing the regulations of H.R. 2676, so that the IRS no longer conducts itself as a bully, but treats taxpayers fairly and with respect. Please be assured that I will monitor the progress the IRS makes and will not hesitate to call for more reform if it is necessary.

For more information on this and many others pending before the Senate, you can visit my web page at [lieberman.senate.gov](http://lieberman.senate.gov). If I can be of any additional assistance on this or any other information, please don't hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joe Lieberman', written in a cursive style.

Joe Lieberman

JIL:rws