



Coolican: Helping the needy helps the economy

Tax preparation volunteers bring relief to many who are intimidated or preyed upon



Leila Navidi

William Nichols gets his taxes done Saturday at Pearson Community Center in North Las Vegas. Nichols owes taxes for several years, but volunteers are relieving his anxiety.

By J. Patrick Coolican

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There's nothing more loathsome than preying on poor people. And there's plenty of predators in the federal income tax game. By this I mean both shoddy and legitimate firms that charge exorbitant fees to prepare tax returns of the underprivileged or sell tax "refund anticipation loans" — a high interest, short-term loan secured in advance of the taxpayer's expected refund.

In 2009, 7.2 million Americans took out these loans and paid more than \$600 million in loan fees, according to the National Consumer Law Center. Federal regulators have taken a tough line on the loans, and they seem to be on the decline.

But the predators still skulk around poor neighborhoods, so thankfully, we have a program run by the United Way of Southern Nevada that provides free tax preparation and helps lower-income people understand they can get their refunds — and quickly — without paying a cent.

The other day I went to the Dr. William U. Pearson Community Center in North Las Vegas and watched two anxious taxpayers leave with soothed nerves.

Sherrie Holder, a teaching assistant who lives in Las Vegas, went away knowing she'll get a \$250 refund. "When you talk to people who are wise, you learn things," she says.

She was referring to John Barth — yes, he tells me, he shares a name with the postmodern novelist — who owns a modeling agency in town and volunteers as the site coordinator at Pearson. (The program is all volunteers — they are trained and certified by the Internal Revenue Service.)

When Barth was in the Army, he was his unit's tax officer. He says he likes doing returns, which I realize must sound baffling, but not when you consider how often he makes someone's day, or week. He's done 300 returns this year. All told, the volunteers at Pearson have helped people obtain \$500,000 in refunds this year. That's a half-million dollars that will go straight into the community and provide much-needed revenue to small businesses.

(Let's get this out of the way: Yes, many poor people pay no income tax at all, or actually pay negative tax by way of the Earned Income Tax Credit. But the working poor do pay highly regressive federal payroll taxes; and, the poorest one-fifth of Nevadans pay 9 percent of their income in state and local taxes, compared with less than 2 percent paid by the richest 1 percent of Nevadans, according to the Institute on Taxation and Economic Policy.)

I realize readers may find it strange that filing taxes could be so daunting to so many people.

Barth says people are intimidated, or they incorrectly think they owe money and so hide from the process.

Sometimes, the volunteers are as much therapists as they are accountants. William Nichols, a cook at Gold Coast and the proud father of a son in Army basic training, was blindsided when his wife abruptly announced she wanted a divorce. His wife was in charge of filing taxes, but it turns out, she hadn't filed in years. He was filled with anxiety.

The volunteers won't be able to help him through the entire mess, but they managed to get 2010 done and will help him do 2009 Monday.

He looks visibly relieved, if only for the chance to talk to someone.

Diane Ireland, a volunteer whose main contribution seems to be comic relief and neighborhood gossip, determined that Nichols knew her cousin in Chicago. This is wholly unsurprising — Ireland knows everyone. It turns out, I know Ireland because I sat next to her in church one day, and she struck up a conversation; something tells me she knows what I put in the collection basket that week.

Eric McCloud, an Air Force veteran who does community outreach for the IRS, told Nichols, “Go home with a relaxed state of mind knowing you’ve got someone in your corner.”

We need this effort to be part of a larger one to teach financial literacy, beginning in schools. According to the Federal Deposit Insurance Corp., 9 million American households, or 7.7 percent, have no savings or checking account. We need to teach young people, especially young people growing up in these households, how to avoid the predators, do their own taxes and, ideally, save a little money.

If you want to volunteer or donate to the United Way’s free tax preparation effort, go to uwsn.org or call 734-2273. And if you need help, call the community information line 211.