



December 18, 2019

Senator Michael F. Bennet
261 Russell Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Bennet:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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As Congress has recognized time and again, many statutes—such as discrimination laws and employment and consumer protection laws—depend on private enforcement to achieve their goals. These laws would be “but an empty gesture” without the fee-shifting provisions that allow plaintiffs to recover their attorney fees, because no one could afford to go to court to enforce their rights.¹ By incentivizing lawyers to take these cases, these fee-shifting provisions work as an equalizer, putting power back into the hands of consumers and giving them the tools to fight back against corporate abuses.

Forcing winning plaintiffs to pay taxes on attorney fee recoveries taxes away that power. For many consumers, the tax burden imposed by the attorney fee award will wipe out any money they stand to recover in their case. In addition, because attorney fee awards can make it look like winning plaintiffs have much more income than they actually do, individuals who would otherwise qualify for important poverty-fighting benefits, such as the Earned Income Tax Credit,

¹ S. Rep. No. 94-1011 (quoting *Hall v. Cole*, 412 U.S. 1 (1973)).

will lose their eligibility for these vital supports. In these ways, the double taxation of attorney fee awards means that people who have experienced harm and who stand up to wrongdoers are penalized for—or discouraged altogether from—doing so because of the financial cost.

Congress already recognized the harm double taxation of attorney fee awards causes. Fifteen years ago, Congress amended the tax code to provide for an above-the-line deduction for fee awards recovered under certain laws, to ensure that winning plaintiffs in certain types of cases are not taxed for funds that are not theirs.² The 2004 fix was limited to certain discrimination and whistleblower claims, so it didn't solve the problem for everyone. Until recently, plaintiffs in other types of cases also had a partial solution: they could use the Miscellaneous Itemized Deduction to reduce their tax burden and obtain at least some relief. But with the Tax Cuts and Jobs Act of 2017, that imperfect solution has evaporated. Because the TCJA suspended plaintiffs' ability to deduct personal litigation expenses, consumers who stand up against unlawful lending practices, or homeowners who fight back against unfair debt collection practices, once again face the potential for huge tax bills as a result of winning their cases.

The End Double Taxation of Successful Civil Claims Act would solve this problem. It extends the protection Congress used to preserve discrimination and whistleblower claims to successful litigants in other types of civil cases. It would ensure that Americans who come forward to vindicate their rights and enforce the laws are not unfairly penalized and surprised by big tax bills on money they never receive. It is a vital fix that is needed to give effect to the rights and protections Congress has worked so hard to enshrine into law. We thank you for giving this issue the attention it deserves.

Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Richard Blumenthal
706 Hart Senate Office Building
Washington DC 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Blumenthal:

Public Justice thanks you for supporting the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Cory A. Booker
717 Hart Senate Office Building
Washington DC 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Booker:

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Sherrod Brown
503 Hart Senate Office Building
Washington DC 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Brown:

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Richard Burr
217 Russell Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Burr:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Maria Cantwell
511 Hart Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Cantwell:

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Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Benjamin L. Cardin
509 Hart Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Thomas R. Carper
513 Hart Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Carper:

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Sincerely,

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Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Robert P. Casey, Jr.
393 Russell Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Casey:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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As Congress has recognized time and again, many statutes—such as discrimination laws and employment and consumer protection laws—depend on private enforcement to achieve their goals. These laws would be “but an empty gesture” without the fee-shifting provisions that allow plaintiffs to recover their attorney fees, because no one could afford to go to court to enforce their rights.¹ By incentivizing lawyers to take these cases, these fee-shifting provisions work as an equalizer, putting power back into the hands of consumers and giving them the tools to fight back against corporate abuses.

Forcing winning plaintiffs to pay taxes on attorney fee recoveries taxes away that power. For many consumers, the tax burden imposed by the attorney fee award will wipe out any money they stand to recover in their case. In addition, because attorney fee awards can make it look like winning plaintiffs have much more income than they actually do, individuals who would otherwise qualify for important poverty-fighting benefits, such as the Earned Income Tax Credit,

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will lose their eligibility for these vital supports. In these ways, the double taxation of attorney fee awards means that people who have experienced harm and who stand up to wrongdoers are penalized for—or discouraged altogether from—doing so because of the financial cost.

Congress already recognized the harm double taxation of attorney fee awards causes. Fifteen years ago, Congress amended the tax code to provide for an above-the-line deduction for fee awards recovered under certain laws, to ensure that winning plaintiffs in certain types of cases are not taxed for funds that are not theirs.² The 2004 fix was limited to certain discrimination and whistleblower claims, so it didn't solve the problem for everyone. Until recently, plaintiffs in other types of cases also had a partial solution: they could use the Miscellaneous Itemized Deduction to reduce their tax burden and obtain at least some relief. But with the Tax Cuts and Jobs Act of 2017, that imperfect solution has evaporated. Because the TCJA suspended plaintiffs' ability to deduct personal litigation expenses, consumers who stand up against unlawful lending practices, or homeowners who fight back against unfair debt collection practices, once again face the potential for huge tax bills as a result of winning their cases.

The End Double Taxation of Successful Civil Claims Act would solve this problem. It extends the protection Congress used to preserve discrimination and whistleblower claims to successful litigants in other types of civil cases. It would ensure that Americans who come forward to vindicate their rights and enforce the laws are not unfairly penalized and surprised by big tax bills on money they never receive. It is a vital fix that is needed to give effect to the rights and protections Congress has worked so hard to enshrine into law. We thank you for giving this issue the attention it deserves.

Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Bill Cassidy
520 Hart Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Cassidy:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator John Cornyn
517 Hart Senate Office Bldg.
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Cornyn:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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As Congress has recognized time and again, many statutes—such as discrimination laws and employment and consumer protection laws—depend on private enforcement to achieve their goals. These laws would be “but an empty gesture” without the fee-shifting provisions that allow plaintiffs to recover their attorney fees, because no one could afford to go to court to enforce their rights.¹ By incentivizing lawyers to take these cases, these fee-shifting provisions work as an equalizer, putting power back into the hands of consumers and giving them the tools to fight back against corporate abuses.

Forcing winning plaintiffs to pay taxes on attorney fee recoveries taxes away that power. For many consumers, the tax burden imposed by the attorney fee award will wipe out any money they stand to recover in their case. In addition, because attorney fee awards can make it look like winning plaintiffs have much more income than they actually do, individuals who would otherwise qualify for important poverty-fighting benefits, such as the Earned Income Tax Credit,

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Congress already recognized the harm double taxation of attorney fee awards causes. Fifteen years ago, Congress amended the tax code to provide for an above-the-line deduction for fee awards recovered under certain laws, to ensure that winning plaintiffs in certain types of cases are not taxed for funds that are not theirs.² The 2004 fix was limited to certain discrimination and whistleblower claims, so it didn't solve the problem for everyone. Until recently, plaintiffs in other types of cases also had a partial solution: they could use the Miscellaneous Itemized Deduction to reduce their tax burden and obtain at least some relief. But with the Tax Cuts and Jobs Act of 2017, that imperfect solution has evaporated. Because the TCJA suspended plaintiffs' ability to deduct personal litigation expenses, consumers who stand up against unlawful lending practices, or homeowners who fight back against unfair debt collection practices, once again face the potential for huge tax bills as a result of winning their cases.

The End Double Taxation of Successful Civil Claims Act would solve this problem. It extends the protection Congress used to preserve discrimination and whistleblower claims to successful litigants in other types of civil cases. It would ensure that Americans who come forward to vindicate their rights and enforce the laws are not unfairly penalized and surprised by big tax bills on money they never receive. It is a vital fix that is needed to give effect to the rights and protections Congress has worked so hard to enshrine into law. We thank you for giving this issue the attention it deserves.

Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Catherine Cortez Masto
516 Hart Senate Office Building
Washington DC 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Cortez Masto:

Public Justice thanks you for introducing the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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As Congress has recognized time and again, many statutes—such as discrimination laws and employment and consumer protection laws—depend on private enforcement to achieve their goals. These laws would be “but an empty gesture” without the fee-shifting provisions that allow plaintiffs to recover their attorney fees, because no one could afford to go to court to enforce their rights.¹ By incentivizing lawyers to take these cases, these fee-shifting provisions work as an equalizer, putting power back into the hands of consumers and giving them the tools to fight back against corporate abuses.

Forcing winning plaintiffs to pay taxes on attorney fee recoveries taxes away that power. For many consumers, the tax burden imposed by the attorney fee award will wipe out any money they stand to recover in their case. In addition, because attorney fee awards can make it look like winning plaintiffs have much more income than they actually do, individuals who would

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otherwise qualify for important poverty-fighting benefits, such as the Earned Income Tax Credit, will lose their eligibility for these vital supports. In these ways, the double taxation of attorney fee awards means that people who have experienced harm and who stand up to wrongdoers are penalized for—or discouraged altogether from—doing so because of the financial cost.

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The End Double Taxation of Successful Civil Claims Act would solve this problem. It extends the protection Congress used to preserve discrimination and whistleblower claims to successful litigants in other types of civil cases. It would ensure that Americans who come forward to vindicate their rights and enforce the laws are not unfairly penalized and surprised by big tax bills on money they never receive. It is a vital fix that is needed to give effect to the rights and protections Congress has worked so hard to enshrine into law. We thank you for giving this issue the attention it deserves.

Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Mike Crapo
239 Dirksen Senate Office Bldg.
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Crapo:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Steve Daines
330 Hart Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Daines:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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As Congress has recognized time and again, many statutes—such as discrimination laws and employment and consumer protection laws—depend on private enforcement to achieve their goals. These laws would be “but an empty gesture” without the fee-shifting provisions that allow plaintiffs to recover their attorney fees, because no one could afford to go to court to enforce their rights.¹ By incentivizing lawyers to take these cases, these fee-shifting provisions work as an equalizer, putting power back into the hands of consumers and giving them the tools to fight back against corporate abuses.

Forcing winning plaintiffs to pay taxes on attorney fee recoveries taxes away that power. For many consumers, the tax burden imposed by the attorney fee award will wipe out any money they stand to recover in their case. In addition, because attorney fee awards can make it look like winning plaintiffs have much more income than they actually do, individuals who would otherwise qualify for important poverty-fighting benefits, such as the Earned Income Tax Credit,

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The End Double Taxation of Successful Civil Claims Act would solve this problem. It extends the protection Congress used to preserve discrimination and whistleblower claims to successful litigants in other types of civil cases. It would ensure that Americans who come forward to vindicate their rights and enforce the laws are not unfairly penalized and surprised by big tax bills on money they never receive. It is a vital fix that is needed to give effect to the rights and protections Congress has worked so hard to enshrine into law. We thank you for giving this issue the attention it deserves.

Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Michael B. Enzi
379A Senate Russell Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Enzi:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Chuck Grassley
135 Hart Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Grassley:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Maggie Hassan
324 Hart Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Hassan:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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As Congress has recognized time and again, many statutes—such as discrimination laws and employment and consumer protection laws—depend on private enforcement to achieve their goals. These laws would be “but an empty gesture” without the fee-shifting provisions that allow plaintiffs to recover their attorney fees, because no one could afford to go to court to enforce their rights.¹ By incentivizing lawyers to take these cases, these fee-shifting provisions work as an equalizer, putting power back into the hands of consumers and giving them the tools to fight back against corporate abuses.

Forcing winning plaintiffs to pay taxes on attorney fee recoveries taxes away that power. For many consumers, the tax burden imposed by the attorney fee award will wipe out any money they stand to recover in their case. In addition, because attorney fee awards can make it look like winning plaintiffs have much more income than they actually do, individuals who would otherwise qualify for important poverty-fighting benefits, such as the Earned Income Tax Credit,

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will lose their eligibility for these vital supports. In these ways, the double taxation of attorney fee awards means that people who have experienced harm and who stand up to wrongdoers are penalized for—or discouraged altogether from—doing so because of the financial cost.

Congress already recognized the harm double taxation of attorney fee awards causes. Fifteen years ago, Congress amended the tax code to provide for an above-the-line deduction for fee awards recovered under certain laws, to ensure that winning plaintiffs in certain types of cases are not taxed for funds that are not theirs.² The 2004 fix was limited to certain discrimination and whistleblower claims, so it didn't solve the problem for everyone. Until recently, plaintiffs in other types of cases also had a partial solution: they could use the Miscellaneous Itemized Deduction to reduce their tax burden and obtain at least some relief. But with the Tax Cuts and Jobs Act of 2017, that imperfect solution has evaporated. Because the TCJA suspended plaintiffs' ability to deduct personal litigation expenses, consumers who stand up against unlawful lending practices, or homeowners who fight back against unfair debt collection practices, once again face the potential for huge tax bills as a result of winning their cases.

The End Double Taxation of Successful Civil Claims Act would solve this problem. It extends the protection Congress used to preserve discrimination and whistleblower claims to successful litigants in other types of civil cases. It would ensure that Americans who come forward to vindicate their rights and enforce the laws are not unfairly penalized and surprised by big tax bills on money they never receive. It is a vital fix that is needed to give effect to the rights and protections Congress has worked so hard to enshrine into law. We thank you for giving this issue the attention it deserves.

Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Johnny Isakson
131 Russell Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Isakson:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator James Lankford
316 Hart Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Lankford:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Edward J. Markey
255 Dirksen Senate Office Building
Washington DC 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Markey:

Public Justice thanks you for supporting the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Robert Menendez
528 Hart Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Menendez:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Jeff Merkley
313 Hart Senate Office Building
Washington DC 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Merkley:

Public Justice thanks you for supporting the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Rob Portman
448 Russell Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Portman:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Pat Roberts
109 Hart Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Roberts:

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Tim Scott
104 Hart Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Scott:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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As Congress has recognized time and again, many statutes—such as discrimination laws and employment and consumer protection laws—depend on private enforcement to achieve their goals. These laws would be “but an empty gesture” without the fee-shifting provisions that allow plaintiffs to recover their attorney fees, because no one could afford to go to court to enforce their rights.¹ By incentivizing lawyers to take these cases, these fee-shifting provisions work as an equalizer, putting power back into the hands of consumers and giving them the tools to fight back against corporate abuses.

Forcing winning plaintiffs to pay taxes on attorney fee recoveries taxes away that power. For many consumers, the tax burden imposed by the attorney fee award will wipe out any money they stand to recover in their case. In addition, because attorney fee awards can make it look like winning plaintiffs have much more income than they actually do, individuals who would otherwise qualify for important poverty-fighting benefits, such as the Earned Income Tax Credit,

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will lose their eligibility for these vital supports. In these ways, the double taxation of attorney fee awards means that people who have experienced harm and who stand up to wrongdoers are penalized for—or discouraged altogether from—doing so because of the financial cost.

Congress already recognized the harm double taxation of attorney fee awards causes. Fifteen years ago, Congress amended the tax code to provide for an above-the-line deduction for fee awards recovered under certain laws, to ensure that winning plaintiffs in certain types of cases are not taxed for funds that are not theirs.² The 2004 fix was limited to certain discrimination and whistleblower claims, so it didn't solve the problem for everyone. Until recently, plaintiffs in other types of cases also had a partial solution: they could use the Miscellaneous Itemized Deduction to reduce their tax burden and obtain at least some relief. But with the Tax Cuts and Jobs Act of 2017, that imperfect solution has evaporated. Because the TCJA suspended plaintiffs' ability to deduct personal litigation expenses, consumers who stand up against unlawful lending practices, or homeowners who fight back against unfair debt collection practices, once again face the potential for huge tax bills as a result of winning their cases.

The End Double Taxation of Successful Civil Claims Act would solve this problem. It extends the protection Congress used to preserve discrimination and whistleblower claims to successful litigants in other types of civil cases. It would ensure that Americans who come forward to vindicate their rights and enforce the laws are not unfairly penalized and surprised by big tax bills on money they never receive. It is a vital fix that is needed to give effect to the rights and protections Congress has worked so hard to enshrine into law. We thank you for giving this issue the attention it deserves.

Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Debbie Stabenow
731 Hart Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Stabenow:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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As Congress has recognized time and again, many statutes—such as discrimination laws and employment and consumer protection laws—depend on private enforcement to achieve their goals. These laws would be “but an empty gesture” without the fee-shifting provisions that allow plaintiffs to recover their attorney fees, because no one could afford to go to court to enforce their rights.¹ By incentivizing lawyers to take these cases, these fee-shifting provisions work as an equalizer, putting power back into the hands of consumers and giving them the tools to fight back against corporate abuses.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator John Thune
511 Dirksen Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Thune:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Pat Toomey
248 Russell Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Toomey:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Chris Van Hollen
110 Hart Senate Office Building
Washington DC 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Van Hollen:

Public Justice thanks you for supporting the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Mark R. Warner
703 Hart Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Warner:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Sheldon Whitehouse
530 Hart Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Whitehouse:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Ron Wyden
221 Dirksen Senate Office Bldg.
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Wyden:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

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Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.



December 18, 2019

Senator Todd Young
185 Dirksen Senate Office Building
Washington, D.C. 20510

Re: The End Double Taxation of Successful Civil Claims Act

Dear Senator Young:

Public Justice urges you to support the **End Double Taxation of Successful Civil Claims Act (S. 2627)**. The bill, which would exempt successful civil litigants' attorney fee awards from being considered income for purposes of the tax code, is sorely needed to fix a problem that threatens Americans' ability to vindicate their rights in court.

Under current law, many people who win court cases are in for a rude awakening: with a few exceptions, attorney fees awarded to them are considered taxable income. This means that someone who has been harmed by a predatory lending practice or illegal corporate conduct and who successfully vindicates their rights in court is likely to wind up with a big tax bill on money he or she never receives (because it goes directly to the lawyer). Many litigants may end up paying more in taxes on their attorney fee awards than they won in their case.

Public Justice is a national public interest law firm with offices in California and Washington, D.C. We represent a national membership base, including members in all 50 states. For more than 30 years, we have been dedicated to ensuring that our nation's justice system works well and fairly for all Americans. Through our Access to Justice project, we have fought to ensure equal access to the courts by combating forced arbitration, chipping away at qualified immunity, knocking down barriers to class actions, and fighting back against court secrecy. We believe that the current tax treatment of attorney fee awards undermines Congressional intent and acts as a barrier to justice for too many Americans.

As Congress has recognized time and again, many statutes—such as discrimination laws and employment and consumer protection laws—depend on private enforcement to achieve their goals. These laws would be “but an empty gesture” without the fee-shifting provisions that allow plaintiffs to recover their attorney fees, because no one could afford to go to court to enforce their rights.¹ By incentivizing lawyers to take these cases, these fee-shifting provisions work as an equalizer, putting power back into the hands of consumers and giving them the tools to fight back against corporate abuses.

Forcing winning plaintiffs to pay taxes on attorney fee recoveries taxes away that power. For many consumers, the tax burden imposed by the attorney fee award will wipe out any money they stand to recover in their case. In addition, because attorney fee awards can make it look like winning plaintiffs have much more income than they actually do, individuals who would otherwise qualify for important poverty-fighting benefits, such as the Earned Income Tax Credit,

¹ S. Rep. No. 94-1011 (quoting *Hall v. Cole*, 412 U.S. 1 (1973)).

will lose their eligibility for these vital supports. In these ways, the double taxation of attorney fee awards means that people who have experienced harm and who stand up to wrongdoers are penalized for—or discouraged altogether from—doing so because of the financial cost.

Congress already recognized the harm double taxation of attorney fee awards causes. Fifteen years ago, Congress amended the tax code to provide for an above-the-line deduction for fee awards recovered under certain laws, to ensure that winning plaintiffs in certain types of cases are not taxed for funds that are not theirs.² The 2004 fix was limited to certain discrimination and whistleblower claims, so it didn't solve the problem for everyone. Until recently, plaintiffs in other types of cases also had a partial solution: they could use the Miscellaneous Itemized Deduction to reduce their tax burden and obtain at least some relief. But with the Tax Cuts and Jobs Act of 2017, that imperfect solution has evaporated. Because the TCJA suspended plaintiffs' ability to deduct personal litigation expenses, consumers who stand up against unlawful lending practices, or homeowners who fight back against unfair debt collection practices, once again face the potential for huge tax bills as a result of winning their cases.

The End Double Taxation of Successful Civil Claims Act would solve this problem. It extends the protection Congress used to preserve discrimination and whistleblower claims to successful litigants in other types of civil cases. It would ensure that Americans who come forward to vindicate their rights and enforce the laws are not unfairly penalized and surprised by big tax bills on money they never receive. It is a vital fix that is needed to give effect to the rights and protections Congress has worked so hard to enshrine into law. We thank you for giving this issue the attention it deserves.

Sincerely,

Stephanie Glaberson
Access to Justice Attorney
Public Justice

² 118 Stat. 1418.