



NATIONAL FRATERNAL ORDER OF POLICE

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The Honorable Ronald L. Wyden
Chairman
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Michael D. Crapo
Ranking Member
Committee on Finance
United States Senate
Washington, D.C. 20510

Dear Chairman Wyden and Senator Crapo,

I am writing on behalf of the members of the Fraternal Order of Police to advise you of our support for the inclusion of an amendment offered by Senators Daines (R-MT), Stabenow (D-MI), and Grassley (R-IA) to the "Enhancing American Retirement Now (EARN) Act."

We continue to improve the ways in which we support and care for the families of our fallen heroes and the ways that we honor their service. However, we still must work to improve the ways we support and care for those that have been severely injured in the line of duty.

In 1985, the Internal Revenue Service (IRS) clarified in the IRS Revenue Ruling 85-105 that service-connected disability compensation for first responders is tax-exempt. Unfortunately, too many IRS auditors and public safety officers are not aware of this tax benefit and pay taxes on their disability compensation unnecessarily or are being audited for taking advantage of the tax exemption. Codifying the Revenue Ruling would ensure that these public safety officers' injury-related compensation is tax-exempt, ending the frustration and stresses that come with continually being audited for a benefit they have rightfully earned.

The FOP supports the EARN Act and we believe that the inclusion of this amendment would help public safety officers seriously injured in the line of duty. This amendment would also accelerate the effective date of the Putting First Responders First Act provision to one year after enactment and would make the tax-exempt status of the compensation permanent. Currently, injury-related compensation becomes taxable once the officer reaches normal retirement age, which places a large financial burden on officers who have been living on a limited income. Service-related disability compensation that is structured like a worker's compensation benefit is already considered tax-free through retirement under law.

On behalf of the more than 364,000 members of the Fraternal Order of Police, I thank you for considering the FOP's urgent request for the inclusion of an amendment offered by Senators Daines (R-MT), Stabenow (D-MI), and Grassley (R-IA). We greatly appreciate your leadership on this important issue and championing its inclusion in the Chairman's Markup of the EARN Act. If I can provide any additional information about this amendment, please do not hesitate to contact me or Executive Director Jim Pasco in our Washington, D.C. office.

Sincerely,

Patrick Yoes
National President