

**Congress of the United States**  
**Washington, DC 20515**

May 19, 2017

Ms. Nina E. Olson  
National Taxpayer Advocate  
Internal Revenue Service (IRS)  
1500 Pennsylvania Ave, NW  
Washington, DC 220229

Dear Ms. Olson:

Thank you for your testimony before the Ways & Means Oversight Committee on May 19, 2017 at the hearing on "IRS Reform: Lessons Learned from the National Taxpayer Advocate." We were pleased to hear that your office has submitted a request to the Internal Revenue Service, urging them to consider priority guidance on how Connecticut homeowners harmed by crumbling foundations may apply for federal tax relief. While this is just the first step in a longer process, we thank you for your advocacy on behalf of Connecticut homeowners.

As you are aware, stakeholders have identified a particular provision in the tax code that allows taxpayers to deduct the cost of casualty losses. While usually limited to sudden losses, the IRS has issued exceptions in the past. In particular in the case of imported corrosive drywall, which affected thousands of homeowners in southeastern states, the IRS issued a revenue procedure to apply casualty losses to this non-sudden case.

In order to complete the record for the hearing, we ask for a copy of the request submitted to the IRS' Office of Chief Counsel regarding CT homeowners and their crumbling home foundations caused by the mineral, pyrrhotite.

Background:

As discussed in the hearing, homeowners in three dozen towns in north central and northeast Connecticut have reported that their foundations are failing. The cost of repairs is estimated to be \$150,000 per home and it is not covered under any homeowners' insurance policy. While over 500 formal complaints have been registered with the state's Department of Consumer Protection, the reach and impact of this problem is much wider. A recent Associated Press article estimates that as many as 30,000 homes could be affected.

After months of meeting and working with homeowners, local leaders, state officials and my colleagues in the Connecticut federal delegation, it is clear to many of us that there is no single solution to this crisis and that any response to this problem must be multi-faceted, with a range of options on the local, state and federal levels.

I would appreciate receiving your response by **May 23, 2017**. Please send your response to the attention of our offices:

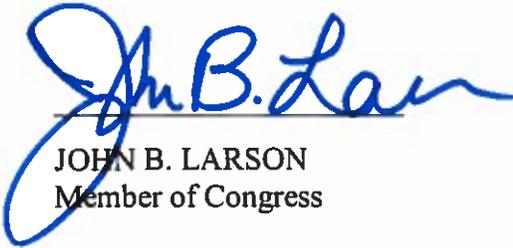
Rep. John B. Larson (CT01)  
1501 Longworth House Office Bldg  
Washington, DC 20515

Rep. Joe Courtney (CT02)  
2348 Rayburn House Office Bldg  
Washington, DC 20515

In addition to a hard copy, please submit an electronic copy of your response to [sylvia.lee@mail.house.gov](mailto:sylvia.lee@mail.house.gov) and [beata.fogarasi@mail.house.gov](mailto:beata.fogarasi@mail.house.gov) with our respective offices.

Thank you again for your testimony and your attention to these questions.

Sincerely,



JOHN B. LARSON  
Member of Congress



JOE COURTNEY  
Member of Congress

Cc: Taxpayer Advocate Service, Hartford, CT