

From the Big House to a New House

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It isn't unusual for prison inmates to dream of acquiring a home away from "home." But it has been quite rare, until recently, for them to get a tax break for it.

Nearly 1,300 inmates managed to score a total of \$9.1 million through a recent federal program designed to boost housing sales, according to the Treasury Department's inspector general for tax administration. (Blessed are the inspectors general, for they protect us from complete and utter insolvency.)

IRS officials told The Associated Press they're tracking down the money and collecting. In addition to the intake by inmates, more than 12,000 other Americans wrongly received tax credits totaling close to \$18 million, according to the inspector general's report.

Make no mistake - to borrow one of President Barack Obama's favorite phrases - the tax incentives for first-time homebuyers did help bring some life to the badly suffering housing market, albeit briefly. The National Association of Realtors estimates the now-expired tax breaks generated about 1 million new home sales.

Fortunately, fraudulent and erroneous claims accounted for a relatively small fraction of the \$18.7 billion in tax credits disbursed through the initiative. But obviously, the Obama administration and the IRS need to examine the sloppy review process and take steps to thwart similar bumbling in current and future incentive programs.

According to the inspector general, one home was magically purchased by 67 buyers using the tax credits. And, investigators found, some taxpayers received credits even though they purchased their homes outside the eligible time period.

Fraud and errors are ever-present dangers in any government program.

But the feds really need to do more to catch tax cheats at the front door, not after they've slipped out the back with the loot. Or, in the case of the inmates, as they're counting cash on their cots.