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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

MARCH 28, 1984

NATIONAL SECURITY AND
INTERNATIONAL AFFAIRS DIVISION

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The Honorable Daniel Patrick Moynihan
United States Senate

RELEASED

Dear Senator Moynihan:

Subject: Information on Selected Tax Revenue
Losses Due to Diplomatic Exemptions
(GAO/NSIAD-84-80)

In your letter of July 20, 1983, you requested that we provide an estimate of the proposed annual cost of reimbursing state and local governments for real estate tax losses resulting from diplomatic exemptions. The exemptions cover such properties as foreign embassies, consulates, and international organizations. In subsequent discussions with your office, we agreed to obtain information on tax losses in the seven cities with the largest diplomatic presence. We also agreed to supply a copy of our comments to the Chairman, Senate Committee on Governmental Affairs, on a bill, S. 1640, introduced by you to reimburse state and local governments for their lost tax revenues on diplomatic properties.

We contacted local tax officials in the seven cities in an attempt to obtain the information. These cities are New York, Chicago, San Francisco, Los Angeles, Miami, New Orleans, and Houston. We also contacted tax officials in Washington, D.C., and in selected localities in the New York City and Washington, D.C. metropolitan areas.

Some cities responded with written detailed lists of diplomatic tax losses, while others provided only estimates. One location, Houston, did not provide any information. Many localities do not assess tax exempt properties, and consequently actual tax losses are not tracked. Based on our discussions with local tax officials, we believe the information they provided is reasonable.



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Listed below is the information we have received to date from the cities and localities surveyed, showing a total annual estimated loss of about \$28.5 million.

<u>City/locality</u>	<u>Annual estimated tax loss</u>
New York City	\$18,300,000
Chicago	1,095,377
San Francisco	340,000
Los Angeles	245,000
Miami	7,000
New Orleans	-0-
Washington, D.C.	7,208,000
Montgomery County, Md.	557,000
Nassau County, N.Y.	448,000
New Rochelle, N.Y.	151,000
Mt. Vernon, N.Y.	30,000
Arlington County, Va.	33,000
Fairfax County, Va.	<u>42,000</u>
	<u>\$28,456,377</u>

If we receive any additional information from the cities we contacted, we will notify your office. If we can be of additional assistance regarding this matter, please let us know. Copies of this report will be sent to other interested parties after 7 days or sooner, if you release it.

Sincerely yours,



Frank C. Conahan
Director