
National Legal and Policy Center

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November 26, 2008

The Honorable Gene Green, Chairman
The Honorable Doc Hastings, Ranking Minority Member
Committee on Standards of Official Conduct
HT-2, The Capitol
Washington, D.C. 20515

VIA FAX: 202-225-7392

Re: Request for Expansion of the Committee on Standards of Official Conduct
Investigation into the Conduct of Rep. Charles Rangel (D-N.Y.)

Dear Chairman Green and Ranking Member Hastings:

The National Legal and Policy Center (NLPC) respectfully requests that the Committee on Standards of Official Conduct expand the scope of the investigative subcommittee established on September 24, 2008 to determine whether Rep. Charles Rangel violated the Code of Official Conduct or any law, rule, regulation or any standard of conduct applicable to his conduct.

The basis for the expansion is the apparently inappropriate use of the District of Columbia's homestead tax exemption to secure a tax break over many years when it appears that Rep. Rangel had no legal basis for receiving such a tax break.

NLPC had investigated the apparently improper repeated usage of the homestead tax exemption by Rep. Rangel as part of its investigation into Rep. Rangel's personal finances. Earlier this year, NLPC filed a complaint with the Federal Election Commission against Rep. Rangel and two of his political committees which had been using a rent-stabilized apartment as a political office for many years. The complaint stated that not only did the use of the apartment as a political office violate the rule that rent-stabilized units could only be used as owner-occupied residences, but more importantly, the substantial amount of reduced rent – tens of thousands of dollars over more than 12 years – was a clear violation of federal election law which strictly prohibits corporate in-kind contributions to federal campaign committees. The Federal Election Commission designated the complaint as a Matter Under Review and Rep. Rangel

subsequently had his political committees vacate the rent-stabilized unit. To date, there is no indication that Rep. Rangel's committees have reimbursed their corporate landlord for the improper corporate subsidy to his committees.

The *New York Post* ran a front-page story on the homestead tax exemption matter on Sunday, November 23, 2008.¹ Subsequently, the story was covered in both *The New York Times*² and *The Washington Post*.³

The facts in this case are quite clear.

Rep. Rangel owned a home on Colorado Avenue in the District of Columbia from 1971 until he sold it in 2000. The District of Columbia's Office of Tax and Revenue has confirmed – to both *The New York Post* and *The Washington Post* – that Rangel received a homestead tax exemption on the property he owned.

The homestead tax exemption is only available to owner-occupants who – among other requirements – pay the D.C. personal income tax. Congressmen are explicitly exempt from the D.C. personal income tax and are therefore ineligible to receive the exemption.

Additionally, the New York rent stabilization rules require that beneficiaries of that program use the residence as their primary residence. Moreover, Rep. Rangel votes in New York and did during every one of the 29 years he owned the Colorado Avenue property in D.C.

D.C. rules require homeowners who seek the homestead exemption to certify their eligibility for the tax break by having the homeowner personally sign an application.

House Rule 23, clause 1 states “A Member, Delegate, Resident Commissioner, officer, or employee of the House shall conduct himself at all times in a manner that shall reflect creditably on the House.”⁴

The Committee on Standards of Official Conduct has “historically viewed clause 1 as encompassing violations of law and abuses of one's official position.”⁵

Any argument by Rep. Rangel that this apparently improper use of a tax exemption to reduce his tax bill is a minor oversight is belied by the fact that Rep. Rangel owned the house in question for 29 years and that receiving the homestead exemption required an affirmation on his part of his qualifications. Additionally, the fact that Rep. Rangel is not only an attorney but the Chairman of the powerful tax-writing House Ways

¹ “Rangel Double-Deals,” by Isabel Vincent and Jill Culora, *New York Post*, November 23, 2008, page 1.

² “Another Tax Issue Surfaces for Rangel,” by Raymond Hernandez, *New York Times*, November 24, 2008, page 21.

³ “N.Y. Congressman Rangel Incorrectly Got D.C. Tax Break,” by Lindsay Layton, *Washington Post*, November 25, 2008, page A02.

⁴ House Ethics Manual, page 12.

⁵ House Ethics Manual, page 16.

and Means Committee would seem to undercut any suggestion that he might not understand something as basic as a tax exemption.

Finally, the Committee on Standards of Official Conduct on September 24, 2008 saw fit to investigate the conduct of Rep. Rangel with respect to four other matters, including an apparent failure to pay appropriate federal income taxes over a number of years on rental income from a Caribbean beach resort he purchased from a lawyer who has been a major donor to his political campaigns. The facts outlined here suggest that there has been a pattern of improper financial activities over many years by Rep. Rangel.

With national opinion polls showing Americans' opinion of Congress at historic lows, repeated news accounts of the Chairman of the Ways and Means Committee improperly using tax exemptions to evade paying taxes, it is hard to imagine a more compelling reason for the Committee on Standards of Official Conduct to expand its investigation.

Sincerely,

A handwritten signature in black ink, appearing to read "Kenneth F. Boehm". The signature is fluid and cursive, with the first name being the most prominent.

Kenneth F. Boehm
Chairman