



Legislation Text

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Res. No. 57

Resolution urging the U.S. State Department to reverse its decision to no longer require foreign governments to pay property taxes on non-exempt diplomatic residences.

By Council Members Nelson, Dickens, Fidler, Gentile, Williams, Rivera, Crowley, Mealy, Vacca, Dromm and Ulrich

Whereas, New York City is home to the United Nations, consisting of 192 permanent missions and 110 consulates; and

Whereas, For many years, the U.S. State Department followed a policy that the United Nations missions must pay appropriate local taxes on property used for nonexempt purposes; and

Whereas, In accordance with the Vienna Convention on Diplomatic Relations and the Vienna Convention on Consular Relations, property held in the name of a foreign government for use as its chancery, chancery annexes, consulates, or as the residence of the chief of mission or the career head of a consular post is exempt from all national, regional, and municipal dues and taxes; and

Whereas, Under the New York State tax law, real property owned by a foreign government that is a member of the United Nations or any world-wide international organization is exempt from paying property tax if such property is used exclusively for diplomatic offices or as housing for an ambassador or foreign minister; and

Whereas, If only a portion of the property is used for such exempt purposes, only that portion will be exempt from property taxes; and

Whereas, For years, the City has levied property taxes against foreign governments for that portion of their diplomatic office buildings used to house lower level employees and their families; and

Whereas, New York City has experienced difficulty in getting countries to pay taxes for housing their U.N. mission and consulate employees in the same buildings where they operate diplomatic offices; and

Whereas, In recent years, the City filed lawsuits against Turkey, India, Mongolia and the Philippines seeking reimbursement of the outstanding taxes, and has actively sought back payments from other nations; and

Whereas, In 2008, a federal court ordered India, Mongolia and the Philippines to pay New York City more than \$57.6 million in back property taxes and interest for using their consulates and missions for non-diplomatic purposes; and

Whereas, India was ordered to pay \$42.4 million, Mongolia to pay \$4.3 million, and the Philippines to pay \$10.9 million; and

Whereas, Turkey settled the litigation earlier for \$5.1 million; and

Whereas, On June 23, 2009, the U.S Department of State reversed the longstanding policy requiring foreign governments to pay property taxes on diplomatic residences; and

Whereas, As a result of this ruling, the City is expected to lose approximately \$260 million in back taxes and about \$7 million a year in current tax revenues; and

Whereas, The State Department's decision to reverse its policy on foreign governments paying property taxes for the use of property for non-diplomatic purposes is especially detrimental to New York City during these harsh economic times; now, therefore, be it

Resolved, That the Council of the City of New York urges the U.S. State Department to reverse its decision to no longer require foreign governments to pay property taxes on non-exempt diplomatic residences.

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Res 2237/2009

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LS #311