The Honorable Gene L. Dodaro  
Comptroller General of the United States  
United States Government Accountability Office  
441 G Street, NW  
Washington, DC 20548

Dear Mr. Dodaro:

The Government Accountability Office has long played an important role in providing unbiased evaluations of the effectiveness of provisions in the United States Internal Revenue Code. With increased attention now focused on base broadening and extensive hearings conducted by the House of Representatives Committee on Ways & Means regarding tax expenditures, we write today to request your review of provisions relating to an often-overlooked group: American citizens living abroad.

Estimates vary, but most show that around 6 million American citizens live abroad in almost 200 countries around the world, a population larger than that of most U.S. states. They work in a variety of professions, but many are in the business of promoting U.S. commercial, political, and cultural interests abroad. Because exports play such a critical role in our economy, supporting nearly 10 million American jobs, lawmakers have seen fit to create tax benefits for our expatriates.

We would appreciate your assessment of the exclusion of foreign earned income and housing costs for expatriates (as outlined in § 911). Your assessment should include a description of the interaction between these two tax provisions and other provisions of the tax code affecting expatriates such as the foreign tax credit, plus information about the number and types of taxpayers making use of the provisions. The assessment should also explain how the foreign earned income and housing cost exclusions may be related to the competitiveness of U.S. exports, companies, and labor as well as the potential impacts of limiting or removing the exclusions. Such an assessment, in the light of the extensive changes to the global economy that have occurred in recent years, will provide lawmakers with better information about these provisions as we contemplate changes to the U.S. tax code in the months ahead.

Section 911 of the Internal Revenue Code have been revised in major tax legislation on eight occasions in our nation’s past, including the Revenue Act of 1962, the Tax Reform Act of 1976, the Foreign earned Income Act of 1978, the Economic Recovery Tax Act of 1981, the Deficit Reduction Act of 1984, the Tax Reform Act of 1986, the Taxpayer Relief Act of 1997, and the Tax Increase prevention and Reconciliation Act of 2005. With deficit reduction and tax reform receiving near-daily attention for Members of Congress, section 911 is likely to be put under the microscope again. We respectfully request GAO help us make informed, up-to-date decisions in this regard.
We look forward to your response and working with you. Please contact Laura Erickson Hatalsky with Representative Mike Honda’s office with any questions at (202)225-2631.

Sincerely,

Michael Honda  
Member of Congress

Carolyn B. Maloney  
Member of Congress

Jim McDermott  
Member of Congress