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# California Rep. Matsui repays \$2,800 Maryland tax break

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WASHINGTON — Sacramento Democratic Rep. Doris Matsui has repaid \$2,800 in back taxes on her \$1.5 million Maryland home after state officials said she received tax breaks for erroneously claiming it was her permanent residence.

Matsui, 65, indicated earlier this year that she wanted to withdraw her application for the tax breaks and that she would voluntarily repay the back taxes, said Robert Young, associate director of Maryland's tax office.

The tax credit she sought is a homestead tax benefit for residents of Maryland. Young said Matsui had to answer a questionnaire that asked whether her property in Montgomery County, Md., was her "principal residence" and whether she was registered to vote in the state, among other things.

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Matsui's office produced a copy of the application when questioned by a reporter. It showed Matsui claiming the property as her principal residence but answering no to whether she was registered to vote in Maryland.

On that basis alone, officials said Matsui should have been disqualified for the tax break.

"As soon as I found out there was a concern, I took action and contacted the state, asking them to not give me a tax credit this year or ever again," Matsui said in a statement.

The issue surfaced Monday, when Taxpayers for Common Sense posted on its Web site a copy of a leaked House Ethics Committee report summarizing its activities. The report said the committee had examined allegations that Matsui received a Maryland homestead tax credit after October 2007, in violation of Maryland state law.

Matsui's spokeswoman, Mara Lee, said the congresswoman has been notified that the case is closed. Blake Chisam, staff director and chief counsel for the committee, declined to comment, following the panel's standard procedure.

Matsui said she has paid in full; however, the state of Maryland disagrees.

Young said Tuesday that Matsui still owes thousands and that she will be assessed penalties and interest for not paying back taxes dating to 2005.

"What I can tell you is those monies have not been repaid," he said.

Rob Hagedoorn, chief of Montgomery County's Division of Treasury, said Matsui and her husband, Robert, the former congressman who died on Jan. 1, 2005, in all likelihood had received the tax break even before 2005.

In 2007, a new state law required residents to fill out the questionnaire to qualify for the tax credit.

Hagedoorn said the county was notified on Tuesday by the state that Matsui no longer qualified for the credit.

As a result, he said, a new tax bill will be prepared for Matsui by week's end and should be in the mail no later than next week.

Matsui and her aides said she will pay what she may owe, but needs to be notified appropriately. When she reimbursed the county \$2,800, she said in her statement, "they cashed my check without a word."

"I am surprised and disappointed that the state is not acknowledging the actions I took – they do not have their facts straight," she said.

Young declined to estimate how much Matsui owes, saying the exact amount will be determined by a computer program that will recalculate her bill with penalties and interest.

"I would imagine it would probably be in the thousands – it's not going to be in the hundreds," Young said.

Matsui, who is completing her second term as California's 5th District House member, lives in Kenwood, a tony neighborhood known for its spectacular springtime cherry blossoms, in suburban Chevy Chase, Md., just across the Washington, D.C., line. She and her late husband, who represented the district until his death four years ago, bought the house in 1979 for \$250,000.

Young said a handful of other members of Congress who live in Maryland have encountered similar situations by applying for the homestead credit.

He said it's clear that many people interpret the law differently, with some concluding that they should get the credit if they live in their home for more than six months a year.

"It's subject to that interpretation," he said. "The issue is that you get the benefit where it's your legal residence. And obviously if I'm an elected official from another state, then it's not my legal residence."

Lee said Matsui simply "filled out the form that was sent to her as a Maryland homeowner."

"She had no intention of receiving any benefit she should not have," she said.

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