

House Member to Propose Bar On Nixon Tax Gain From Tapes

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WASHINGTON, May 9—A key member of the House Ways and Means Committee said today that he believed Congress would act promptly to keep President Nixon from realizing any future tax deduction if he should seek them by giving White House tapes to a library or an archive.

Whether Mr. Nixon had plans to make such a gift and take a tax deduction is not clear. It was reported by CBS News yesterday that members of the Watergate prosecution staff believed that one of the reasons for creation of the President's elaborate taping system was to provide future tax deductions for him.

The 1966 law that disallowed deductions for the gifts of papers of public officials applied to just that—papers. The law did not deal with films, tapes and other memorabilia, apparently because of an oversight.

Representative Sam M. Gibbons of Florida said today that he would immediately ask Congressional staff experts to prepare an amendment to a tax bill pending in the Ways and Means Committee to disallow future deductions for any item owned by a public official that was prepared by persons who were on the Government payroll.

He said that he thought his proposal would win quick approval.

Letter From Appraiser

At least one key person who worked for Mr. Nixon was aware of the loophole in the 1969 act before the taping system was installed, according to a document included in the report on Mr. Nixon's taxes that was made by the Congressional Joint Committee on Internal Revenue Taxation.

The document, dated March 5, 1970, was a letter to Mr. Nixon's tax lawyer, Frank DeMarco Jr., from Ralph G. Newman, a professional appraiser from Chicago who appraised Mr. Nixon's gift of his Presidential papers to the National Archives.

The letter refers to the prohibition of deductions for gifts of papers that went into effect on July 25, 1969, under Section 514 of the 1969 Tax Reform Act, and then continues as follows:

"As I mentioned over the telephone, the President has a considerable amount of material in the National Archives that qualifies as gift material under this bill. This includes books, trophies, plaques, artifacts and other items not covered by Section 514."

Mr. Gibbons, who is a Democrat, said today:

"I'm shocked that it would be anybody's purpose to take

Government-financed property operated by Government employees and turn it into private property for private enrichment. "I thought we gave notice in the 1969 act that that was not to be done."

The White House taping system was installed in June, of 1971, according to President Nixon, "because my advisers felt it was important to President Nixon, "because my advisers felt it was important in terms particularly of national security affairs to have a record for future years that would be an accurate one but a record which would only be disclosed at the discretion of the President."

The papers that Mr. Nixon gave to the Archives were valued by Mr. Newman at \$576,000. Both the Congressional Joint Committee and the Internal Revenue Service found, however, that the gift had not actually been made before the July 25 cutoff date, and disallowed the entire deduction. The disallowance was by far the biggest single item in the tax delinquency of more than \$400,000 that both the committee and I.R.S. found against Mr. Nixon.

Fund Recovery Urged

WASHINGTON, May 9—The final draft of a proposed House report concludes President Nixon's homes have cost \$17.1-million in Federal funds and says agencies should try to recover any "improper expenditures."

The report, to be considered by the House Government Operations Committee next Tuesday, says the \$17.1-million includes \$7.6-million in personnel costs, \$5.6-million for communications, \$2.2-million for administrative support and \$1.7-million for protection.

The study retains previous findings that some of the spending had been for items "far in excess of what was required to meet security requests" and that some had been paid by the Government after they had already been procured by Mr. Nixon's aides.

The draft report recommends tightening controls over spending for protection of Presidents under the charge of the Secret Service.