Tax Loopholefor Legislators Post 7.27-69

While Congress is steamed up over tax reform it is a good time to close up a loophole that Congressmen themselves are using on an increasing scale. This gimmick was brought to public attention some weeks ago by Jerry Landauer in an article in the Wall Street Journal. The article apparently stimulated Senator Williams of Delaware to introduce a bill designed to stop what he called a "racket" in which many high officials seem to be participating.

/ The tax provision in question appears to be innocent enough. It permits a person to deduct from the income on which he must pay taxes any charitable gift to an educational organization. Some Congressmen, judges and executive officials have discovered that, on retirement or before, they may give their files to a library, college or historical association and deduct the estimated value of the gift from next year's tax. Former Vice President Humphrey is said to have thus reaped a substantial sum by giving 589 boxes of documents to the Minnesota Historical Society. There are indications that former President Johnson may be doing the same thing with 20 million documents given to the University of Texas. Many other public figures of both parties acknowledge taking advantage of windfalls from this source.

It is highly desirable, of course, for public men

to give their papers to the Library of Congress, the presidential libraries, universities and other institutions where they may be preserved for the use of scholars. But why, Senator Williams asked, should the Government reward them for giving away what really belongs to the Government anyway? Most of these documents, he rightly said, were developed on Government time, with the aid of Government personnel, typed on Government, paper and stored in Government files. Yet a Congressman may save himself many thousands of dollars by putting a monetary value on his "gift" for tax purposes. Congresswoman Martha Griffiths put the practice in proper perspective when she acknowledged: "We're giving away stuff that's of no value to us, and we're getting something for it."

The Williams bill would provide that a person could take a deduction for a gift of letters or papers collected by a public official during his term of office only to the extent that he had incurred actual costs for it. The bill would also classify funds received from the sale of such papers as ordinary income and not a capital gain. We take it for granted that these reforms would not add much to the Government's revenue, but it is especially important for Congress to close up a leak into legislators' pockets while it is making other sweeping changes in the name of equity.