

"Nixon Ruled California Nonresident" for tax purposes by Martin Huff, executive officer, state Franchise Tax Board (WxPost 2/2/74). This and Huff got a generous TV news play last night. However, whatever the basis for his ruling, it is a fact that ~~not~~ Californians in the military do not have this benefit. They do have to pay state taxes. They have a \$1,000 exemption. Nixon's absence from the state in which he does have a voting residence is less permanent and was less interrupted by duties elsewhere than any in the military assigned overseas or to other stateside posts. It does not seem like a normal ruling or interpretation. HW 2/2/74



MARTIN HUFF

... announces decision

*Puzz 2/27/74*

## Nixon Ruled California Nonresident

SACRAMENTO, Calif., Feb. 1 (AP)—President Nixon is not a California resident for tax purposes, state officials declared today. But they said there still is a chance he may owe some California income taxes for the years 1969-73.

Martin Huff, executive officer of the state Franchise Tax Board, said the decision was based on records provided by the White House, including logs of the amount of time the President and Mrs. Nixon have spent at their seaside estate at San Clemente, about 40 miles south of Los Angeles.

Huff said a further decision will be made later on whether Mr. Nixon may have any California tax liability on sources of income originating in California.

As a nonresident, Mr. Nixon would be exempted from paying California income tax on anything earned outside the state, such as his \$200,000 annual presidential salary.

Even as a nonresident, there is the possibility an individual may owe California taxes on income from California sources, Huff said.

The question has been raised by some tax experts that Mr. Nixon might owe taxes on money received for the sale of some of his San Clemente property to his industrialist friend, Robert Abplanalp.

The White House said on

Dec. 8, that Mr. Nixon had paid no state or local income taxes since becoming President in 1969. It was in 1969 that he bought his San Clemente home and re-established California as his voting residence.

Huff's decision was that the Nixons are "domiciled" in California by virtue of owning property in the state and voting here.

But he concluded that their absence from the state is more than "temporary or transitory" and therefore they are not residents for income tax purposes.

Until today, the state had refused to comment on Mr. Nixon's tax status, arguing that he has the right to confidentiality about his personal financial affairs that all citizens enjoy.

Mr. Nixon paved the way for today's public declaration by waiving confidentiality over certain aspects of his tax status.

The waiver did not extend back before 1969, however, and Huff could not say whether Mr. Nixon paid income taxes while he was Vice President.

White House sources recently said Mr. Nixon was seemingly disposed to pay California taxes, possibly in the course of amending his federal tax returns.

Huff said his office is awaiting action of Congress' Joint Committee on Internal Revenue Taxation on Mr. Nixon's federal taxes.

"After we have had an opportunity to evaluate the committee's data and determination, we will be in a position to proceed further to make our determination on those issues that are relevant to California income tax law," he said.

He declined to comment on whether Mr. Nixon would have to pay a penalty if it is determined he has some tax obligation. But any tax due would be assessed interest at the rate of 6 per cent a year, he said.

Here is the key paragraph of Huff's statement: "The conclusion is that under the definition of resident in Section 17014, Revenue and Taxation Code, and prevailing law and decisions, President Richard M. Nixon and Patricia R. Nixon are nonresidents."

Huff said he alone made the decision under authority delegated to him by the Franchise Tax Board. He said that ruling cannot be appealed. But if it is later determined that tax is owed, that could be appealed, he said.