

# The President as Taxpayer

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'Almost Wiped Out'

Reluctance on Hill

By Jules Witcover

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The \$467,000 bill for back taxes and interest confronting President Nixon has "almost virtually wiped out" his personal savings and will require a reassessment of "his entire financial position," the White House said yesterday.

Deputy White House press secretary Gerald L. Warren said Mr. Nixon "will pay certain cash" to settle the debt "and then he will probably have to borrow some money to pay the remainder of that."

Warren said that the President would not, however, sell his home at San Clemente, Calif., to raise the money. He recalled that Mr. Nixon had pledged to make a gift of the home to the American people upon his death, "so obviously he won't sell that."

According to the White House accounting of the President's net worth, as of last May 31 he and Mrs. Nixon had cash

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By Lou Cannon

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The investigation that is costing President Nixon nearly half of his net worth and that has suggested stricter tax standards for future Presidents concluded yesterday on the same note of reluctant responsibility it began on.

Sen. Russell Long (D-La.) and Rep. Wilbur Mills (D-Ark.), who rotate chairmanship of the Joint Committee on Internal Revenue Taxation, had said at the outset that they were dubious about the propriety of a congressional committee determining the taxes of any citizen, even the President. The committee decided to accept the responsibility of investigating the President's 1969-72 tax returns, according to some members, because no one could devise a politically acceptable formula for refusing Mr. Nixon's direct request.

"It would have looked as if we were putting a congressional imprimatur on

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## PRESIDENT, From A1

holdings of \$432,874, including \$250,000 in certificates of deposit.

Warren said he could provide no later figure, but since that time Mr. Nixon has received 10 months' salary at the rate of \$200,000 a year. His net worth, including real estate, was \$988,522 as of May 31.

There was no indication where the President might borrow the additional money he might need. In past real estate purchases, including his homes in San Clemente and Key Biscayne, Fla., two of his wealthy friends, Robert Altman and C. G. (Bebe) Rebozo gave him loans.

Warren, asked about a reported offer from Chicago insurance executive W. Clement Stone to pay part of Mr. Nixon's tax bill or organize a fund-raising dinner for him, said while he was certain the President would be "grateful" he would pay his own IRS debt. Stone was the largest single contributor to Mr. Nixon's 1972 re-election campaign, having given a reported \$2.1 million.

The IRS' rejection of the President's bid to take a \$482,012 charitable deduction for the donation of his vice-presidential papers to the National Archives left open the question of those papers' disposition.

Asked several times yesterday whether Mr. Nixon wanted the papers back or would ask for them, Warren would say only that the archivist of the United States, Dr. James B. Rhoads, had raised a question about whether they could be kept. Warren said Mr. Nixon would abide by whatever decision was reached.

James O'Neil, deputy archivist at the National Archives, said later: "The legal position of our agency is that the papers, described in Schedule A on the chattel deed dated March 27, 1969 [from Mr. Nixon], are now the property of the United States and sub-

ject to the terms of The chat-tel deed."

O'Neil said the papers had research as well as monetary value and the archives obviously wanted to keep them. "We've not been approached by anyone to take them back," he said, "and I wouldn't anticipate we would be."

Mr. Nixon, in an appearance before the Associated Press Managing Editors' Association in Orlando, Fla., last Nov. 17, referred to his deduction for the vice-presidential papers and said:

"Now, no question has been raised by the Internal Revenue about it, but if they do, let me tell you this: I will be glad to have the papers back and I

will pay the tax because I think are worth more than that."

Reminded by a reporter of that reply, Warren said that the President had "given a gift to the people of the United States" and took a tax deduction his lawyers thought valid. He repeated that the President would abide with whatever disposition the archivist ruled was proper.

In Mr. Nixon's March 15 appearance before the Executives' Club in Chicago, he conceded that he might owe more taxes as a result of "a debatable technical point as to whether a gift of three-quarters of a million dollars' worth of presidential papers which

was delivered three months before the deadline, whether the paper work on it was completed in time to qualify for the deduction. If it was completed in time, as I understand it, I get the deduction. If it was not completed in time, I don't get the deduction. I pay the tax, and the government gets to keep the papers."

The actual IRS notice to Mr. Nixon, delivered to his tax lawyers by three IRS agents Tuesday, will not be made public, Warren said. He said the President, like any other citizen, had the right to deal privately with the IRS.

## Hill Unit's Reluctant Response

COMMITTEE, From A1

the President's taxes if we had ducked it," said one Democratic member of the committee.

Yesterday, after the committee voted to accept the substance of its staff report that the President should pay \$476,431 in back taxes and interest, both Long and Mills appeared somewhat sympathetic to Mr. Nixon.

"There are some items where the staff may have been too tough on the President," said Long, the present committee chairman. "Auditors are like that. When the IRS gets after you, they range from hard to air."

Mills, who said that Mr. Nixon could have accomplished the same purpose by taking his advice to voluntarily amend his returns, offered the opinion that "The President did the best he could under the circumstances."

The committee's official statement, issued after a brief session Thursday, mixed commendation of the President with support for the staff's report.

"While we have not completely analyzed all of the technical aspects of the re-

port, the members agree with the substance of most of the recommendations made by the staff," the statement said. "Because of the President's decision to pay the deficiencies and interest for 1969 through 1972, as asserted by the Internal Revenue Service . . . the Joint Committee on Internal Revenue Taxation has decided to conclude its examination of the President's returns.

"The committee commends the President for his prompt decision to make these tax payments."

This decision spared the committee the need for a vote that would have, in effect, determined the President's tax status since Mr. Nixon had promised to abide by the committee's findings. Overshadowing the committee's desire to avoid such a direct vote was the knowledge that every congressman may be called upon to vote an impeachment resolution or, in the case of the senators, on the President's removal from office.

It was this knowledge of the impending impeachment resolution that casused the staff to steer carefully away from the fraud issue.

"The staff believes that neither the House nor the Senate members of the joint committee would want to have prejudged any issue which might be brought in such proceedings," the staff report said.

However, a copy of the report was shipped promptly to the House Judiciary Committee, which had been awaiting the outcome of the study. The Judiciary Committee staff

had planned to consider the fraud issue to see if an impeachable offense is involved, but awaited the joint committee report to avoid duplication of effort.

The joint committee inquiry, working closely with the Internal Revenue service, was one of the most thorough inquiries of any taxpayer's deductions in history. It was motivated by the opinion, expressed frequently by Mills, that taxpayers would lose confidence in the system if they thought that the President was receiving special treatment.

"From the standpoint of the tax system alone, this confidence of the general public is essential since ours is basically a voluntary assessment system . . ." the staff report said.

With this in mind, the committee staff examined grocery bills, petty cash receipts and White House memos.

It wound up disallowing such items as \$5,391 for Tricia Nixon's masked ball and 25 per cent of the cost of a \$22.50 bill for cleaning Pat Nixon's bathroom rug at San Clemente.

As the staff report put it, "The staff has not withheld recommendations because of the office of the taxpayer involved."