

# California Tax on Nixon Salary Could Have Reached \$20,000

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WASHINGTON, Dec. 6 — President Nixon, who maintains a residence and votes in California, would pay that state's income taxes on his Government salary if he followed the example of the state's Senators and Representatives in Congress.

Even at the low rate that his \$200,000 salary was taxed for special reasons, the California tax on his pay thus far in his Presidency could have amounted to \$20,000.

Last weekend, White House sources leaked the statement to The Associated Press that Mr. Nixon had not paid either California or District of Columbia income taxes since he became President. The statement was part of financial material about Mr. Nixon provided to the news service. Mr. Nixon has promised to give the full details of his personal holdings.

Senators Alan Cranston and John V. Tunney, both Democrats, and a bipartisan mixture of 23 of the 43 Californians in the House of Representatives all said they paid California income taxes on their Federal salaries.

No California Congressman said he did not pay income taxes in his home state. California observers feel that a disclosure that one did not pay the state taxes would be politically damaging in the state. Mr. Nixon barred from seeking a third term as President, has no further voter relations problem in the state.

All of California's congressmen are covered by the same Federal law that governs Mr. Nixon's liability for state income taxes. This is a statute that exempts elected Federal officials, and those whose Presidential appointments must be confirmed by the Senate, from the District of Columbia's income taxes.

The man who defeated Mr. Nixon for the Presidency, John F. Kennedy, paid state income taxes in Massachusetts from the day he was elected to Congress until he was assassinated in 1963. President Johnson, Mr. Nixon's immediate predecessor, had no such liability because Texas had no state income tax. State tax information on other recent Presidents was not immediately available.

The Associated Press reported that Mr. Nixon's tax advisers concluded he was not liable for California state income taxes, although California is his voting residence.

Sources in Sacramento said that residence for tax purposes was a much litigated subject in California and that the Franchise Tax Board decides virtually each case on its individual elements, so that for practical purposes, each appeal is a new question.

Martin Huff, executive officer of the Franchise Tax Board, has issued orders to his staff not to comment on the Nixon tax matter, even in hypothetical terms. Hugh Flournoy, a Republican who is state controller and a member of the board, said he wanted the Nixon tax question discussed in an executive session next Tuesday.

## Resident Defined

In general terms, California law defines a resident for tax purposes as "every person who is in the state for other than a temporary or transitory purpose, and every individual who is domiciled in the state who is outside the state for temporary or transitory purpose."

Senator Cranston said that this year he paid \$3,866 in California income taxes. "I feel a moral responsibility to pay my taxes to California, which I look upon as my real home," he said.

Apparently Mr. Nixon did pay state income taxes during the years he served California as a member of the House of Representatives, as a United States Senator and as Vice President, for his state tax returns were the object of interest in a subsequent Nixon campaign.

Senator Cranston said that in 1962, when he was state controller and Mr. Nixon was a candidate for Governor of California, "someone asked me if I would permit an inspection of Nixon's tax returns to see if they revealed anything concerning the famous Hughes loan."

In 1956, Howard R. Hughes lent \$205,000 to F. Donald Nixon, a transaction that has involved the borrower's older brother, President Nixon, in controversy since 1960.

Mr. Cranston refused, he said, and proposed a resolution, adopted by the board, that prevents examination of individual returns by board members except on unanimous approval of the board.

Senator Tunney said, "I pay California income taxes because I am a Californian."