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Nixon Tax Break On Gift of Papers

Washington

Throughout most of 1969, Congress was considering elimination of an obscure tax break in which both Lyndon Johnson and Richard Nixon had a very large personal financial stake.

The stake was big enough that both men took a personal interest in the legislation. Attorneys and aides of both former President Johnson and President Nixon lobbied Congress in 1969 to write the law in such a way that their clients could get at least one more tax break before the new law went into effect.

Mr. Nixon succeeded, to the tune of at least \$250,000 in savings on his federal income taxes.

The 1969 legislation involved eliminating the tax writeoffs permitted famous public figures, artists and writers when they donate their valuable public papers, manuscripts and art to the U.S. or to universities and libraries.

Recent American presidents had been major beneficiaries of this tax benefit. Presidents Eisenhower and Johnson and, in 1968, President elect Nixon, had already saved hundreds of thousands of dollars in taxes by periodically giving their public papers to the country.

However, Congress was debating in 1969 whether public officials should be permitted to reap financial gains merely by giving the

government papers that in the first place had been prepared by government employees at government expense.

The problem that Lyndon Johnson and Richard Nixon faced in 1969 was how they could obtain a grace period to make one more round of tax-deductible gifts of their public papers before the looming new law eliminated the tax benefit.

A battle ensued in Congress over whether the law should be made retroactive to stop all gift tax advantage after 1968, or whether its effective period should allow a grace period, sought by Mr. Johnson and Mr. Nixon.

The 1969 law, as finally enacted in December, 1969, as part of a nine-month struggle over an omnibus tax bill, cut off tax benefits for any given after July 25, 1969.

As matters turned out, President Nixon claimed one more deduction for a gift given earlier in the year, but President Johnson made no last-minute gifts. According to his advisers, Mr. Johnson decided not to attempt a gift of his presidential papers, which would have been worth millions in tax writeoffs, while the debate on the bill was in progress.

The manner in which President Nixon managed to make his 1969 tax-deductible gift raises a number of questions about the handling of this gift to the U.S., including the question of whether the gift was made before July 25, 1969, the cutoff date for the tax break.

CIRCUMSTANCES

The circumstances of this Nixon gift varied significantly from the handling of earlier gifts.

The deed of gift was not signed by the President; the National Archives didn't receive the deed until more than a year after it was signed; officials at the Archives refused to acknowledge receipt of the deed since it didn't contain the President's signature; and some officials at Archives contend that the items actually given to the country were not selected until November or December, 1969.

A high White House official, serving as an official spokesman for the President, told the Washington Post that President Nixon did take a deduction from his 1969 income taxes on a gift to the country of papers that the spokesman said "were appraised at somewhat over \$500,000."

GIFT

This gift, according to the White House spokesman, was made on March 27, 1969, and consisted of 1176 boxes of papers including Mr. Nixon's general correspondence as Vice President, his foreign trips as Vice President, and the visit of Nikita Khrushchev to the U.S. The papers are now in the National Archives.

Several tax attorneys said in interviews that the President's gift of papers valued at \$500,000 would have saved him a minimum of \$250,000 in income taxes over the period 1969-73. If the President had additional income above his \$200,000 annual salary, the tax experts say, the saving could be substantially more than \$250,000 in taxes.

Washington Post Service

Fuller story, and later clippings, filed Nixon, real estate.