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U.S. Acknowledges Glomar Ownership

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The Justice Department yesterday filed suit in U.S. District Court in Los Angeles to block Los Angeles County from collecting more than \$7.5 million in property taxes on the Hughes Glomar Explorer, which the government acknowledged for the first time is a U.S.-owned vessel.

The 618-foot ship, valued at about \$300 million, recovered part of a Soviet submarine last summer in a top-secret Central Intelligence Agency operation known as Project Jennifer.

The ship will begin another secret experiment Wednesday near Santa Catalina Island, about 28 miles off the coast southwest of Long Beach, California.

A spokesman for Global Marine Co., which operates the deep-sea recovery vessel, said the ship will conduct nine

days of tests but declined comment on the mission.

The tax bill on the ship has been levied against billionaire Howard Hughes' Summa Corp., which was listed as the owner in documents filed with the U.S. Coast Guard.

The taxes came to \$4,395,152 for the tax year 1974 and \$3,119,865 for the tax year 1975, the Justice Department suit said.

Los Angeles County tax assessor Philip E. Watson, named as a defendant with H. B. Alvord, county treasurer and tax collector, has said he initially kept the ship off the tax rolls when CIA agents told him the ship was government owned and involved in a secret project.

But Watson has said that later, when he asked for docu-

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mentation of federal ownership, he received none and decided to impose the taxes.

"I've been in this business 26 years," Watson told The Los Angeles Times yesterday, and this is the first time the government has sued to get taxes canceled for a private party." Watson said he believes the Glomar Explorer is owned, at least partially, by Summa, the Times reported.

In the suit, filed by the Justice Department's tax division, which released copies here last night, the government said Summa Corp. was acting as its agent "for the purpose of secrecy and to provide cover for a classified project wherein the United States constructed, maintained and operated" the ship.

Documentation that the federal government owned and controlled the ship is contained in a classified contract, No. 8-HU-0900, the suit said.

The contract, which county attorneys read July 15, called for the federal government to indemnify Summa Corp. if it is forced to pay property taxes, the suit said. This means that the U.S. government, if it loses the case, would reimburse Summa Corp. for the tax assessment.

The Justice Department argued in the suit the taxes assessed are illegal because states cannot tax the federal government. It asked the court to declare that the federal government owns the ship and issue a court order preventing the county from assessing or collecting taxes.

An executive order limits the information about the contract that can be disclosed, the suit said, but limited disclosure was authorized in this case in an effort to convince the county not to collect the taxes.

A Justice Department spokesman said that since the county

attorney's office had seen the classified contract, "I'm certain it would be made available for inspection by the court."

But Mark T. Sheehan, assistant director of public information, said he was not prepared to speculate whether the government would want to make the document public.

In an affidavit accompanying the suit, John J. McCarthy, a tax division lawyer, said he received assurances on Aug. 6 from Los Angeles County deputy counsels that there would be no effect to collect the taxes before today.

The Justice Department filed the suit after Summa Corp. received a letter dated Aug. 7 from Alvord saying the county still was considering taking steps to collect the taxes, "including seizure and sale of property belonging to Summa Corp." if arrangements were not made by Aug. 18 to pay the assessments.