

State Board Fight Over Nixon Taxes

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Amidst a partisan shouting match, two Republican members of the State Franchise Tax Board yesterday rejected a move by the third member, Democrat William M. Bennett, to immediately send President Nixon income tax bills for the past four years.

Controller Houston Flournoy, board chairman, had stated that the President — who has revealed that he paid no California income taxes since he moved into the White House, although he has a "voting" residence at San Clemente — "will be treated in all respects like everyone else."

"He is subject to the same requirements and liabilities, and is entitled to the same rights of confidentiality and fairness," declared Flournoy. He then joined with GOP Governor Ronald Reagan's finance director, Verne Orr, in allowing Bennett's motion to die.

Bennett agreed with Flournoy's premise that the President should be treated like anyone else — but reached the opposite conclusion as to what kind of treatment this should be.

Flournoy said what is warranted — and what is already underway — is a careful, confidential and thorough staff investigation of Nixon's tax liability, if any, during the years 1969-72, followed by a report to the board, again in confidence, as state law requires.

But Bennett, an attorney and longtime political gadfly

who currently is serving as chairman of the State Board of Equalization, said the question of "confidentiality" became moot when Flournoy, at the outset of the hearing, read a statement that, in effect, verified news reports that the tax board's staff is indeed probing the President's potential California income tax liability.

Under Bennett's sudden motion, the President would immediately have been sent a "notice of assessment," pending a staff determination of what, if anything, he owes his home state.

When Flournoy ruled his motion dead for lack of a second, a red-faced Bennett charged:

"It's hypocritical and it's favored treatment."

"If there's a liability, I'm confident the taxes will be paid," responded Flournoy.

Bennett: "Let the record show two Republican votes for Richard Milhous Nixon."

Franchise tax board members sit by virtue of other offices they hold — and yesterday's was Bennett's farewell meeting. The Board of Equalization is scheduled to elect San Francisco Democrat George R. Reilly as its chairman in January — and that election will send Reilly to join Flournoy and Orr on the tax board.