

SF Examiner

JAN 13 1974

State may challenge Nixon on his income tax status

By Sydney Kossen
Political Editor

A reluctant State Franchise Tax Board may soon be prodded into an investigation of President Nixon's California income tax status, instead of waiting to hear again from Nixon's tax lawyer.

"It's wrong that the President hasn't paid," said George Reilly, newly chosen chairman of the Board of Equalization, the State's main revenue agency.

"The President could pay under protest, if he wants to, and then let the law take its course in whether he is entitled to a rebate."

Mr. Nixon's position is that he is not officially a California resident while he occupies the White House. He owns a home at San Clemente and is a registered California voter.

However, there were reports from San Clemente that the president anticipates an adverse ruling from the board and has privately expressed willingness to pay the back taxes.

As Equalization chairman, Reilly, a San Francisco Democrat, will join two Republicans on the Franchise Tax Board, which administers and collects California income taxes.

Holdover members are Controller Houston I. Flournoy, who is running for the GOP nomination for Governor, and State Finance Director Verne Orr, appointed by Gov. Reagan.

"Of all people," Reilly said in an interview, "the President should set an example and pay like any other California voter and homeowner with an income. Besides, he can deduct it from his federal income taxes."

Nixon's modest federal tax payment on a \$250,000 income is a subject of lingering controversy.

When the Franchise Tax Board meets again at the call



WILLIAM BENNETT
His motion denied



GEORGE REILLY
"Wrong not to pay"

of Chairman Flournoy, Reilly plans to tell the staff to "come up with the answers on the President's tax situation."

Reilly, first elected to the Equalization Board in 1938, laughingly added, "I'm not going to get excited and start yelling."

He thus contrasted himself to volatile William M. Bennett, Kentfield Democrat, whom Reilly succeeded as head equalizer and Franchise Board member.

Bennett fumed after last month's panel meeting. His move for a public inquiry into Nixon's "tax cheating" died for lack of a second by Flournoy or Orr.

"I'm more convinced than ever that Nixon has been cheating on taxes," Bennett said yesterday. "I've been doing research. I'm still the complainant. As a lawyer, I know Nixon owes the state taxes. I'm going to keep this case alive."