

# Report Says Nixon Owes Tax on Home Improvement

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WASHINGTON, April 3 — Nearly \$100,000 of the public funds spent at President Nixon's private estates in California and Florida benefited Mr. Nixon personally and should have been declared as taxable income, according to today's report by the staff of the Joint Committee on Internal Revenue Taxation.

The report appears to contradict President Nixon's repeated denials that he profited personally in any way from Federal expenditures for his security and support at his private retreats in San Clemente, Calif., and Key Biscayne, Fla.

The staff report listed total Government spending of \$92,298.03 for improvements and maintenance at the two estates in the years 1969 through 1972 that, it said, should have been paid by Mr. Nixon personally.

This amount, the report indicated, constituted income to Mr. Nixon rather than legitimate costs of Government.

Moreover, according to the report, the standard applied by the staff was "the minimum amounts an independent objective observer would agree would constitute income to the President under the tax law."

The report went on to say that "the law creates no exception for property installed by the General Services Administration for the President of the United States."

No figure was specified by the staff for the amount of money the President should have paid on the additional income from public spending on his homes. Given his tax bracket, however, the additional taxes he could owe if the staff analysis is correct could be as high as \$60,000.

That is the bracket he would have been in those years assuming today's report is correct in stating that the President could not claim a tax exemption for his Vice-Presidential papers.

The staff used a variety of standards to determine the personal benefit to Mr. Nixon from the Federal expenditures at his estates. One was that they paid for improvements permanently affixed to his property for his or his family's "complete use and enjoyment."

If the President reimbursed or planned to reimburse the Government for such expenditures they would not be considered part of his income. But given the failure to pay back the money so far, "the staff has assumed for the purposes of this report that the President has not had such a continuing intention to reimburse."

## 'Propriety' Not Considered

The staff also took into consideration substantial increases in the cost of legitimate expenditures because of the "personal esthetic preferences or desires of the President."

It noted, for example, that the Government paid \$18,494 for an electric forced-air heating system installed at his San Clemente home at the behest of the Secret Service. The staff concluded that \$12,988 of that amount should have been paid

by Mr. Nixon out of his personal funds because that was the cost of the heating system the President, the tax report said.

he intended to install on his own. That amount should therefore be considered income to the President. The staff asserted that the report intended to examine only the tax consequences of the Federal expenditures at the two estates, "not the propriety of any of the expenditures...."

The report noted that in 1969 the G.S.A. installed a \$2,000 terrazzo tile suffleboard court at the President's estate in Key Biscayne to replace a court torn up during the construction of security facilities. However, the suffleboard court that was torn up was simply a concrete slab, the price of which was estimated at \$400.

The staff concluded that the difference, \$1,600, was taxable income to the President.

Another expenditure at Key Biscayne examined by the staff was a security fence that cost \$71,000 after it was remodeled to look like the fence around the White House at the wishes of the President and his family.

The staff asserted that the "additional cost resulting from the President's personal tastes should be taxable income to him." It therefore suggested that of the total cost of the fence, \$12,679 should be considered taxable income.

The staff found a number of other expenditures of public funds made in the name of Presidential security at the two estates that served no or only a partial security function.

One was for a bill of \$1,600 to instal four picture windows, facing the ocean, in the President's den in the San Clemente home. The windows are bullet-proof but they had not been requested by the Secret Service, which is responsible for the President's security, and served to improve the esthetics of the room rather than its usefulness, the staff reported. The President should have borne the entire cost of the windows, the staff concluded.

Other expenditures that should have been declared as income, according to the report, were for such things as landscaping and landscape maintenance, the remodeling of a gazebo, the cost of boundary and structural surveys, sewer and paving costs and several other improvements.

The report dealt only with expenditures involving the property owned by the President at the two locations. It put the total amount of Federal spending at the two estates at \$1.4-million. The staff noted that the report does not include an examination of public spending at the office complex adjoining the San Clemente grounds, which it estimated at \$6-million.

A report soon to be issued by the Democrats of the House Government Activities subcommittee, which investigated Federal spending in and around the President's private property, will state that total public funds spent as a result of the President's use of the estates was \$17-million. That figure includes the cost of personnel who provided support and service to the President at the two areas.