

Nixon Tax Bill in California Expected

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SAN FRANCISCO, April 4 — It appeared certain today that California would make claims for back taxes from President Nixon after a legislative committee's investigation is finished.

The unresolved question is whether the claim will be limited to a share of the profits he made in selling part of his San Clemente, Calif. estate, or whether the President will be asked to pay state income taxes as well.

The amount involved could range from a minimal sum to under \$50,000, sources in Sacramento estimated.

Early this year, the state Franchise Tax Board held that Mr. Nixon did not meet the definition of a California income taxpayer because his principal residence was the White House, not his San Clemente estate from which he is registered to vote.

At the same time, Mr. Nixon did not pay District of Columbia income taxes. His spokesmen have said that this was because a Federal statute exempts elected officials and those whose appointments are confirmed by the Senate, from the District of Columbia income tax.

California Taxes

All California members of both houses of Congress have said that they interpreted this to mean they should pay California income taxes, and they said they did.

Late last year William M. Bennett, a Democrat on the State Board of Tax Equalization, asked whether Mr. Nixon had paid California income taxes. When Mr. Nixon's December financial statements showed that he had not, Mr. Bennett insisted that the state act to collect them.

But state income taxes here are collected through the Franchise Tax Board, of which Mr. Bennett was a temporary member. His term there ended on Dec. 31. The board chairman is Houston I. Flournoy, state controller, and a candidate for the Republican nomination for Governor.

Mr. Flournoy, and the third board member, Verne Orr, the state director of finance, who was appointed by Republican Gov. Ronald Reagan, voted against Mr. Bennett. They held that Mr. Nixon was not obligated to pay California taxes, no matter what he did in the District of Columbia.

The question rested there until political heat began to be generated by leaked disclosures that the Congressional Joint Committee on Internal Revenue

Taxation would find that Mr. Nixon owed Federal taxes substantially above those that he had paid in four years in office.

Last Tuesday, Bob Moretti, Speaker of the State Assembly and a Democratic candidate for Governor, used a rarely employed statute that gives a legislative committee authority to check into the normally confidential tax records of an individual—in this instance, Mr. Nixon.

Linked to Voting

"When a man votes here, he declares himself to be a resident of the state," Mr. Moretti said at a news conference during which he announced that he would order an investigation of Mr. Nixon's tax status.

To the Republican protests that political motivations were behind his action, Mr. Moretti replied, "He owes the state some money. There's no doubt in my mind on that."

Mr. Flournoy said that the legislative investigation, which will be carried out by the Revenue and Taxation Committee of the Senate Assembly, was "wasteful political garbage" and "useless duplication" in view of the studies being done by the Franchise Tax Board. The board's staff is looking into capital gains on the sale of about 24 acres of his San Clemente estate.

But Democratic Assemblyman Joe A. Gonsalves, of Norwalk, a Los Angeles suburb, chairman of the committee, said the investigation "will look into the reasons behind the state Franchise Tax Board ruling that Mr. Nixon is not a California resident for tax purposes."

'Taxes by April 15'

"The main thing I am concerned with is a lot of people in the state will have to pay their income taxes by April 15 and they are wondering why the President doesn't have to," Mr. Gonsalves said.

In a news conference today, Mr. Flournoy said it was likely that Mr. Nixon owed back taxes on the profit from the sale of the San Clemente acres.

"I think the presumption would be that there would be some kind of tax," Mr. Flournoy said. But he qualified that adding "it is possible that it is offset" by expenses or other deductions from the gross net profit of \$117,836 that Federal tax investigators reported Mr. Nixon had realized.

The property in question was sold by Mr. and Mrs. Nixon on Dec. 15, 1970, to an investment company set up by Robert H. Abplanalp of Bronxville, N. Y., a friend of Mr. Nixon's.

The existence of that trans-

action was not known publicly until May 25, 1973, when the White House made a written statement that reviewed some aspects of Mr. Nixon's real estate transactions. The statement was designed to answer press questions about the purchase of the San Clemente property.

Even that statement did not disclose that Mr. Nixon's friend and neighbor, Charles G. Rebozo of Key Biscayne, Fla. had participated in the land purchase. That fact was revealed later in a more detailed statement of Mr. Nixon's dealings, in response to questions raised by the May statement.

The subsequent statement was followed by a December financial statement, which contributed to the present troubles for the President.