

## Work on Nixon Home

# Memo on Tax Write-offs

Washington

In handwritten instructions to former presidential lawyer Herbert W. Kalmbach, former White House adviser John D. Ehrlichman urged that improvements to President Nixon's San Clemente residence be charged to a th Secret Service because of the "tax implication," according to House Judiciary Committee evidence released yesterday.

Ehrlichman's June, 1969, longhand memorandum referred to the "tax implication of SS (Secret Service) use of buildings" on the Southern California residence.

It urged Kalmbach to "give SS up to four of out-buildings — more write-off."

According to a Judiciary Committee report on federal expenditures at San Clemente, Ehrlichman normally served as a conduit of Mr. Nixon's personal instructions for improvement of the presidential compound.

In closed-door testimony before the committee on July 17, Kalmbach testified, "I had a standard procedure to run all questions relative to matters pertaining to San Clemente past Mr. Ehrlichman and Mr. Haldeman for

their approval and direction."

Kalmbach testified there was "a great interest (by the President) in all things relative to that property," and he recalled to the committee one occasion when he walked through the San Clemente grounds with President and Mrs. Nixon and Mr. Nixon asked that various rose bushes be rearranged.

The Judiciary Committee reported on a total of \$9.1 million in federal funds that have been spent at San Clemente, including \$701,000 on Mr. Nixon's oceanfront property.

Last April, the congressional Joint Committee on Internal Revenue Taxation concluded that Mr. Nixon realized more than \$92,000 in taxable income from improvements on his property, a levy the President has agreed to pay.

Much of the Judiciary Committee's staff report is a rehash of evidence compiled by other congressional and executive branch investigating units, including the Joint IRS committee, the House Government Operations Committee, the General Accounting Office and the

General Services Administration.

The impeachment inquiry staff did question several principal figures in the San Clemente refurbishing, including Kalmbach, who served as Mr. Nixon's on-site representative when most of the work was done in July, 1969.

Kalmbach turned over to the committee the Ehrlichman memo, which, he said, was intended "to provide guidance to me in regard to the manner in which installations were to be made and financed at the President's estate."

The memo includes ten terse commands, most of which assign the cost liability of improvements at San Clemente to either the GSA or the Secret Service.

For instance, in referring to a new \$13,500 electric heating system that ultimately was installed at government expense, Ehrlichman instructed, "at SS cost, if any."

Last December, the GAO questioned "whether the government should pay the entire cost of the new sys-

tem when the President intended to install one anyway." Later, the Congressional Joint Committee ruled that the heating system was a taxable improvement to the property.

Referring to driveway and walkway paving — at a government cost of \$19,386 — Ehrlichman said, "no change except at government expense." The GAO subsequently said the paving was a "non-protective benefit" to the President and the Joint Committee ruled Mr. Nixon should be taxed for it.

Referring to \$6642 in improvements to a gazebo, or "card house," on the property, Ehrlichman wrote, "card house on North line, let SS use . . . tax implications of SS use of buildings . . . SS pay for building of (the President's) property . . . give SS up to four of out-buildings — more write-off."

The Judiciary Committee noted that prior to the gazebo refurbishing the Secret Service had decided not to use the building as a security outpost. The Joint Committee concluded the President owed \$5000 in taxes as a result.