

Panel Airs San Clemente Tax Details

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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 estate be linked to the 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 estate.

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

Moreover, 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.

"The normal and more frequent procedure was for the President to discuss the details of the work and operations at San Clemente with Ehrlichman or Haldeman, who would pass along instructions," the Judiciary Committee report asserted.

H.R. (Bob) Haldeman was the President's chief of staff at the White House.

In closed-door testimony before the committee on July 17, Kalmbach testified, "I had a standard procedure to run all questions relative

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to matters pertaining to San Clemente past Mr. Ehrlichman and Mr. Haldeman for their approval and direction," according to a partial transcript released yesterday.

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 spent at San Clemente, including \$701,000 on Mr. Nixon's oceanfront property. The bulk of the remainder has been spent on an adjacent summer White House office complex, military communications and personnel permanently assigned there by the Secret Service, Coast Guard and other agencies.

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 committee, the House Government Operations Committee, the General Accounting Office and the

General Services Administration.

But 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 10 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 General Accounting Office questioned "whether the government should pay the entire cost of the new system, 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.

When 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 \$6,642 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 property . . . give SS up to four of outbuildings—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 \$5,000 in taxes as a result.

In its report, the Judiciary Committee staff made no conclusions about presidential culpability with respect to the San Clemente expenditures and government-paid improvements at Mr. Nixon's home in Key Biscayne, Fla.

However, in a four-page section entitled, "Presidential knowledge of improvements and their financing," the staff implied through a recitation of Mr. Nixon's visits to the estates about the times the work was being done that the President was aware of how much public money was being spent on his homes.

The staff report concluded cryptically that last Dec. 8, Mr. Nixon announced he would donate the San Clemente estate to the nation after his and Mrs. Nixon's deaths.

"This announcement came approximately six months after the House Appropriations subcommittee hearings, one month after the House Government Activities Subcommittee hearings and 10 the days before the GAO published its report on expenditures at the President's properties," the Judiciary Committee staff noted.

In another study, the Judiciary Committee staff backed off from saying that the Nixon administration's impoundment of funds appropriated by Congress constitutes grounds for impeachment.

"It does not follow," the staff said in a 91-page report released yesterday, "that the impoundments necessarily constitute grounds for impeachment of the President."

The staff pointed out that each of the three branches of government will push its constitutional powers to the fullest, and in doing so may temporarily step on the powers of another branch.