

A WATERGATE BILL 700 to Be Told of Special Tax Inquiries

OPPOSED BY LEVI

JUN 30 1976

Stand on Reform Measure
Vexes Senate Sponsors

NYTimes

The Washington Star

WASHINGTON, June 29—Attorney General Edward H. Levi has begun an 11th-hour campaign to block Senate passage of a Watergate reform bill that has been under consideration more than 18 months.

Mr. Levi's sudden effort to derail the legislation has surprised and dismayed its Senate sponsors, who had expected smooth sailing when the measure reaches the Senate floor next month.

They are especially baffled because Mr. Levi and other Justice Department officials repeatedly ignored requests from key Senators for comments and suggestions on how to improve the legislation.

Justice Department opposition to the bill could prove politically awkward for President Ford, who can ill afford to appear opposed to Watergate reform legislation. Yet there are indications that the White House may join Mr. Levi in fighting the bill on the Senate floor.

"The White House doesn't have a formal opinion at this time, but I can tell you our reaction is generally negative for the reasons expressed by Justice," said Kenneth A. Lazarus, associate counsel to the President.

Crimes Division Opposed

The Watergate Reform and Reorganization bill contains three main sections, and while Justice does not like any of them very much, Mr. Levi has directed most of his fire at the first part of the measure.

This would create a division of government crimes within the Justice Department to investigate and prosecute most

By JOHN M. CREWDSON

Special to The New York Times

WASHINGTON, June 29—The Internal Revenue Service has agreed to notify more than 700 taxpayers that they were among those singled out during the Nixon Administration for special attention because of their political ideologies.

In a letter delivered yesterday to Representative Bella S. Abzug, Democrat of Manhattan, the service's Commissioner, Donald C. Alexander, said that the notifications would be sent to 775 persons whose cases the service's defunct Special Service Staff had referred to field offices for some sort of action.

Mrs. Abzug, who heads the House Government Operations Committee's Subcommittee on Government Information and Individual Rights, replied in a letter to Mr. Alexander that although she was "pleased that the I.R.S. will institute this limited notification program,"

allegations of official corruption. It would also establish a mechanism to trigger the appointment of a temporary special prosecutor in extraordinary cases, such as Watergate, where the impartiality of the Justice Department itself might be in question in the public mind.

"I think Mr. Levi feels that is a slap at him, which just isn't so. This bill is definitely not aimed at him," said Senator Charles H. Percy, Illinois Republican who is a chief sponsor of the Watergate reform bill. He is a close friend of the Attorney General.

Mr. Percy is one of several senators Mr. Levi has called or visited in the last two or three weeks in an effort to halt the bill's progress toward enactment. Others include the Democratic leader, Mike Mansfield, of Montana, and two sponsors

she would continue to press for notification of all 11,000 taxpayers and groups on whom the special staff maintained files.

In his letter, Mr. Alexander noted that the notifications were being sent pursuant to a request from the Abzug subcommittee, and he said that those notified would be able, with some expectations, to obtain the information in their files for the asking.

The selective enforcement of Federal tax laws, which the Senate Select Committee on Intelligence on Activities has traced back to the Kennedy Administration, reached its zenith under President Nixon, when the Special Service was set up.

That unit, which from 1969 to 1973 collected information from other Federal agencies not only about tax resisters but on various groups who opposed the Nixon Administration, including several opposed to the Vietnam war, was described by the Senate Intelligence committee in a recent report as

"the principal instance of the use of the I.R.S. for a fundamentally improper nontax purpose."

Mrs. Abzug has sponsored a pending bill that would require that individuals subjected to improper government intelligence activities be notified that files relating to them are in existence.

Besides the revenue service, the only other Federal intelligence agency that has agreed to such notifications is the Federal Bureau of Investigation, which is currently advising several hundred targets of its counter intelligence operations of actions taken against them.

The Central Intelligence Agency, which in the late 1960's and early 1970's collected about 10,000 files on domestic groups opposed to the war in Vietnam and their members, has declined Mrs. Abzug's request to provide similar notification, a subcommittee aide said today.

of the bill—Edward M. Kennedy, Democrat of Massachusetts, and Abraham A. Ribicoff, Democrat of Connecticut.

At a meeting in Mr. Mansfield's office 10 days ago, Mr. Levi told Mr. Ribicoff and Percy he had serious constitutional reservations about the Watergate legislation. Mr. Ribicoff asked him to submit his specific criticisms in writing, and it arrived late Friday. The Senator said his staff would review Mr. Levi's comments.