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AT THE WHITE HOUSE

WITH RON NESSEN

AT 11:55 A.M. EST

APRIL 20, 1976

TUESDAY

MR. NESSEN: I think you saw the President with the Indiana University basketball team this morning. The President was interviewed at 11 o'clock by two anchormen from the Corinthian television stations. These two anchormen are from the Corinthian station in Houston. The interview will be broadcast a week from today.

I didn't hear anything in there that is going to cause front pages to be ripped out all over America. It will also be broadcast on the Corinthian stations in Fort Wayne, Indianapolis, Tulsa and Sacramento.

It was granted in response to a letter of October 22, 1975, from Mr. Greg Petersmeyer, the Chairman of the Board of the Corinthian Broadcasting Corporation, asking for an interview with his co-anchormen, Bert Roselle and Mike Morgan, and explaining how it was going to be used and saying the interview would obviously be at the President's convenience and could be done either in Washington or Houston or, as a matter of fact, at any of the other Corinthian stations, should the President be in those cities. "I know the President's time is extremely limited" and so forth, but, anyhow, it was granted in response to a request.

Q     You don't solicit those, do you, Ron?  
(Laughter)

MR. NESSEN: What, solicit these letters? Are you kidding?

Q     I just wondered.

MR. NESSEN: We would have enough to keep us busy for the next 12 years if we had all the interviews --

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Q Are we going to have a news conference next week for the local press before the District of Columbia primary?

MR. NESSEN: You mean this local press?

Q Yes.

MR. NESSEN: It is possible.

Q You mean like Monday?

MR. NESSEN: It is only possible for next week.

Q How about this week, Ron?

Q How about after the convention?

MR. NESSEN: I don't see one this week other than, you know, the various events in Indianapolis and in Georgia.

Now the Marshall Corridor dedication, you know about that. The President is going to have only limited remarks, very brief remarks, as a matter of fact, but if you like, I can give you some background on the event and that is that in March 1975 the Secretary of the Army and the Chief of Staff approved a project to refurbish the Army's Executive Corridor in the Pentagon as a memorial to the achievements of the General of the Army, George C. Marshall, the rededicated area to be designated the Marshall Corridor.

It will have a series of displays recounting Marshall's half century of service. The Chief of Military History was given the task of executing the project and his staff worked closely with the biographer of General Marshall and the Marshall Foundation.

There will be a display case located in the foyer, which the President will view, containing memorabilia of Marshall's career.

Then the President will go upstairs to the Marshall Corridor for the dedication ceremony.

The various offices which General Marshall held, the official seals of those offices, will be hung and there will be brief remarks by the people who now hold those offices, including the Chief of Staff, the Ambassador At Large, the President of the American Red Cross and --

Q Secretary of State?

MR. NESSEN: Just a moment.

The Army Secretary, Secretary Hoffman; the Chief of Staff, General Weyand; Ellsworth Bunker; the American Red Cross President, and the Deputy Defense Secretary, William Clements; and Robert Lovett, the Chairman of the George Marshall Foundation, and then the President.

The Secretary of State will not take part.

Q Will the remarks be outside, Ron -- the ceremony?

MR. NESSEN: No, in the corridor.

Q Is there going to be space for coverage in there? You said there would be open coverage yesterday.

MR. NESSEN: Yes, there is open coverage. Presumably Greener has got this organized. (Laughter)

Q Rumsfeld is not speaking at this?

MR. NESSEN: I believe Don is still down in wherever he is flying the B-1.

Q What about the Secretary of State?

MR. NESSEN: As far as I can see, he will not be there.

Q He is out of town, isn't he?

MR. NESSEN: Let's see. He has not gone to Africa yet, has he?

Q No.

MR. NESSEN: He is away on vacation.

Q Did the President ever meet George Marshall?

MR. NESSEN: That's a good question.

Q He served under him in the war.

MR. NESSEN: No, he didn't.

Q He could have. He was in Congress when Marshall was Secretary of State.

MR. NESSEN: Let me check that. That is a good question, Dick.

There will be about 250 guests there, including members of General Marshall's family, the charter members of the Marshall Research Foundation, obviously State Department, Pentagon and White House officials, diplomatic representatives from the European countries which were served by the Marshall Plan and Armed Forces members present and retired.

Q Will you have the President's remarks before we get there?

MR. NESSEN: No, because they are very brief and very much -- they may not be written.

Q Will he be there for the full program?

MR. NESSEN: Yes, of course.

Is Sarah here?

I had all of our Amtrak stuff today, darn it.

Q Would you like to save it, Ron?

MR. NESSEN: Yes, I would.

Q How many railroads are they going to abandon?

MR. NESSEN: They are not going to abandon any, as the testimony of the Federal Railroad Administrator points out.

I don't really have anything else.

Wait a minute, I may.

That's right, John, Henry Kissinger is in Palm Springs, coming back tonight and that is why he will not be able to attend the ceremony.

Q What about an advanced text on the DAR speech tomorrow and will there be any Q and A after that speech?

MR. NESSEN: The answers are, one, that the President is going to work on the speech again this afternoon almost immediately upon returning from the Marshall ceremony, and after that I will have a good idea, I think, of how close to being finished the speech is and, therefore, how --

Q What kind of speech is that?

MR. NESSEN: I don't have the subject matter.

There will not be a Q and A.

Q There will not?

MR. NESSEN: There will not.

Q Do you have any comment as to Castro's remarks about the President -- called him a vulgar liar and said the anti-hijacking treaty was in danger?

MR. NESSEN: Well, I am certainly not going to have any comment on that other quote you had there.

On the subject of the anti-hijacking and the incidents relating to that, I guess this grew out of an episode involving some fishing boats and the United States Government notified the Cuban Government on April 16 through the Swiss Embassy in Havana, which is the method, as you know, for any communications, that the United States was conducting an investigation of the fishing boat incident and that appropriate action would be taken if it was determined that anybody subject to American jurisdiction had violated American laws.

So Cuba knew that the United States was investigating the episode, and as far as we are concerned, the United States does and will continue to honor the terms of the 1975 hijacking agreement, and we feel that we are living up to that agreement by, for instance, investigating the current or the recent fishing boat incident.

As I say, the Cubans knew about this, had been notified, and so we expect the Cubans to also live up to their side of the anti-hijacking agreement.

Q Is that investigation still going on?

MR. NESSEN: As far as I know it is, yes.

Q Will that report be sent to the President or the State Department?

MR. NESSEN: I don't know at what level that is handled. Let me check on that, Phil.

Q Do you know who is handling the investigation?

MR. NESSEN: Is that Justice or State?

I will check that aspect, too.

Q Ron, yesterday in the Harte-Hanks interview on the subject of the Panama Canal the President said that "after the termination of the treaty there would have to be an absolute insistence that there would be right of free access by all parties to the Canal."

MR. NESSEN: Sure. That is in the 1974 principles. Principle 8, I believe.

Q What I was going to ask is in view of what happened with the Suez Canal after Egypt took it over, what possible way could the U.S. be assured that there would be free access once it was in the hands of the Panamanians?

MR. NESSEN: I don't think I can speculate on something that may happen 50 years down the line. We are not going to do that today.

Q Once the treaty was terminated, there would no longer be anything binding.

MR. NESSEN: How do you know?

Q Well --

MR. NESSEN: As I said last week ad nauseum, one of the matters under discussion is what happens and what events transpire at the end of the treaty period. So, I mean, to assume that no arrangements will be made for the period after the treaty expires is not right because that is a matter of discussion.

Q If the Canal is filled with Panamanian troops under General Torrijos and bulwarked by Cuban troops, how are we going to gain this access that is said to be guaranteed?

MR. NESSEN: Les, I think after all these weeks of discussion you have really hit upon probably the central question that drives these negotiations and the President certainly indicated it yesterday; that the example of what happened in 1964 indicates that if the United States took the position that it is ours, we bought it, we paid for it -- what was the other expression he used -- you know what you can do with it--the question that you ask me is a question that ought to be asked of people who take that position. Do they favor, then, stopping the negotiations? That is a question that should be directed at people who take that stand.

If the answer is yes, which the President believes it would be, then the question is, do you believe that would cause a repetition of the 1964 riots? If you do, what would you do about them? And then your question, what would you do if the Canal Zone was filled with Panamanians backed up by --

Q Oh, no, that is not my question, Ron.

MR. NESSEN: Excuse me. That is the question that grows out of the discussion we have been having for the past several weeks.

Q Ron, you are misquoting.

MR. NESSEN: If you take the position that the negotiations should not be held, then a whole series of questions follow from that which I have not heard asked yet.

Q Ron, my question was if it is filled with troops because we have given it away and in accordance with the eight points, that is what I mean by my question, not if they just simply invade. I mean if we pull out --

Q Ron, let me ask the question. Could you tell us does President Ford believe that the United States owns the property that is in the Canal Zone?

MR. NESSEN: I am not a lawyer and that is, as I said before, a very complex legal question.

Q It is the question. It is the question. That is what I wanted to know, who owns it?

MR. NESSEN: The point is -- I want to disagree with you, though, that the question --

Q I just raise the question, that is all.

MR. NESSEN: All right. Let me say this then. I don't mean to disagree with you.

The question of sovereignty, so-called, which has been resolved in different ways by the courts in different cases, is not an issue in the negotiations and that is why it is a periphery issue in discussing why we are negotiating and what we are negotiating.

Sovereignty in the Canal is not an issue. I mean there are numerous instances presently and in diplomatic history where one country has agreed to allow another country to act as sovereign over territory and so forth, but in these negotiations it is not an issue.

Q What does the President think his chances are in Indiana and Georgia politically speaking?

MR. NESSEN: I have not talked to him about that, Helen, frankly.

Q No readings at all?

MR. NESSEN: I will get one for you, though. I have not but I will.

Q One other thing from the interview.

MR. NESSEN: Let me just back up here on the fishing boat question. The actual investigation of the fishing boat episode is being conducted by the Justice Department and I think more detailed --

Q What is the date of the incident, do you know?

MR. NESSEN: Was it the 16th or was that the date we notified them?

I don't have the date of the incident. The State Department, I think, is well prepared to answer the more detailed questions about the episode.

Q Could we look ahead to the President's trip to Louisiana and Texas next week for planning purposes? Do you anticipate a three day trip or a four day trip? That is Tuesday through Thursday essentially or Tuesday through Friday?

MR. NESSEN: I don't know at the moment. It could possibly go to four days. I think it is a real possibility that it would go four days, three nights and four days.

Q Is there a stop in Tennessee?

MR. NESSEN: It is not planned at the moment.

Q Another housekeeping question. The stop in Louisiana is on the way to Texas or back?

MR. NESSEN: What? What cities in Texas?

Q No, no. Will the non-Texas stops be on the way to Texas or on the way back to Washington?

MR. NESSEN: On the way.

Q On the way.

Q Shreveport.

Q Does the President expect Governor Reagan to stay in the race all the way now?

MR. NESSEN: I don't know. You will have to ask Governor Reagan.

Q What is the President's reaction?

MR. NESSEN: The President has said, "I am planning to go right down to Kansas City," and whatever an opponent does really does not affect the President's plans any.

Q Has the President received some information that led him to decide to expand his trip to Texas, to spend four solid days there?

MR. NESSEN: No, not really. I mean, you know, there are so many more invitations than you can accept and they are just trying to put a schedule together but I don't know of any urgent message that has come that has led him to --

Q This is a departure, isn't it, from the weekend or semi-weekend travel?

MR. NESSEN: Obviously.

Q Is the Government running well enough that he can get away for a couple days in the middle of the week or what?

MR. NESSEN: Yes.

Q Is that going to be the pattern?

MR. NESSEN: What?

Q The long weekend?

MR. NESSEN: The primary that we are talking about is on a Saturday instead of a Tuesday so that changes all the patterns of campaigning but it will be basically back to the other pattern after Texas.

Q Is he considering a trip on a Sunday?

MR. NESSEN: Sunday after the primary? May 2?

Q Not to Texas but to Alabama?

MR. NESSEN: I have not heard of it.

Phil.

Q Is the President monitoring the price of gasoline? Is he watching this, is he bothered by it?

MR. NESSEN: The FEA certainly is.

Q Is he?

MR. NESSEN: You know he gets periodic reports from Frank Zarb.

Q Could I ask a planning question on that three or four day Texas thing? Would we be back in Washington Saturday, May 1, the whole day or are we going to campaign that day and come back that night?

MR. NESSEN: No, because the three nights would be Tuesday, Wednesday and Thursday and then come back Friday.

Q Has the President seen the Supreme Court decision or the newest ruling on Federal funding of low income housing in the suburbs, eight to zero?

MR. NESSEN: I didn't see that one myself.

Q Ron, on gasoline that he just brought up, on Page 14 of that interview yesterday the President said "in a relative short period of time we will submit the necessary documents for the decontrol of gasoline." Is the President not concerned that ending price controls on gasoline as we are going into the peak summer driving period might not cause the price to shoot up quite a bit?

MR. NESSEN: Zarb is handling the details of those decontrol proposals -- they deal with distillates and the other categories of fuel. You know what the President's position has been since a year ago January so it does not come as any great mystery or how he feels about the --

Q My question is mainly about the timing of this thing, just as the peak driving period is starting.

MR. NESSEN: Well, his position on the need to conserve fuel and attain energy independence remains the same and you know what the method is that he proposed.

Q Ron, yesterday UPI reported that there is a school board in Harlem that has voted to change the name of Fiorella LaGuardia School to Pedro Albizu Campos School, that is in honor of the leader of the Puerto Rican Nationalist Party whose followers tried to assassinate President Truman in 1950 and wounded five Members of the House in 1954.

My question is, what is the President's reaction to this and does he believe that the Federal Government's policy of withholding funds from schools that don't integrate properly should be applied to schools whose boards want to honor such people?

MR. NESSEN: I didn't ask him, Les.

Q Would you? (Laughter)

MR. NESSEN: I don't think so.

Q Okay. All right.

Q Since housing is a major issue in the campaign and since the President is known to be opposed to breaking up ethnic heritage and since Federal funding in neighborhoods might tend to do that since he has said he will uphold the law and since the Supreme Court has said that Federal funds can be used in neighborhoods --

MR. NESSEN: That is a long question.

Q -- how about going in and asking him? I think there is a lot of interest.

MR. NESSEN: For reaction to the Supreme Court decision?

Q Yes.

MR. NESSEN: I will do that.

Q Ron, is there any indication that Governor Connally will show up during the President's Texas trip?

MR. NESSEN: I have not been that close to the planning of this trip, Muriel, and I don't know what the plans are for him to come or not come. I will check on it, though.

Q Governor Connally was quoted as saying he is going to enter a non-business, non-government venture.

MR. NESSEN: Yes.

Q Does the President know what that is?

MR. NESSEN: No, he doesn't.

Q You seemed to be indicating yesterday that you knew how the President would go on the FEC.

MR. NESSEN: I hope I didn't because I don't. I really don't. As I understand it, all of it is not even written down on paper yet so it is very hard to tell what provisions there are.

Q He said he saw a study of it, didn't he?

Q There is a print on it now.

MR. NESSEN: There is now?

Q There is a draft.

Q He certainly indicated he might sign it, Ron, didn't he?

MR. NESSEN: From talking to him my understanding is that he has not decided one way or the other yet.

On the question that was in the Post today -- or one of the newspapers -- saying that the plans for building up the Navy depend on the outcome of the Texas primary, that is utter nonsense, totally false and any other strong terms you want to use.

Q You will stand by them?

MR. NESSEN: Yes. As strong as you care to make it, I will stand by it.

THE PRESS: Thank you, Ron.

END (AT 12:17 P.M. EST)

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NEWS CONFERENCE

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AT THE WHITE HOUSE

WITH RON NESSEN

AT 3:53 P.M. EST

APRIL 20, 1976

TUESDAY

MR. NESSEN: Some of you have asked over the past few weeks or so about the President's 1975 income tax returns, so that has been mailed in and we have transferred the figures and can hand it out to you.

The way we did this was we took what we handed out before -- the year-by-year compilation of income, deductions, Federal taxes, et cetera -- and simply added a bottom line, as it were -- to coin a cliché -- showing the exact same figures for 1975.

Let me just run through this for you -- the 1975 bottom line there. The gross income, that is composed of a \$200,000 salary, a \$50,000 expense account, and the remaining \$1,991.24 includes the net rental on the President's rental properties and the little bit of interest on the bank savings account and some small dividends.

The next column is Taxable Income -- \$204,605.83, on which the President paid taxes.

Now, to get from the gross income to the taxable income you deduct certain things. You deduct medical expenses there, the standard \$150 deduction; you deduct contributions -- \$6,759.34.

As I mentioned before, the President prefers not to disclose what specific charities he contributed to other than to say that this is mostly relatively small contributions to a number of charities such as the Boy Scouts, the American Red Cross, and so forth.

The taxes there in the next column, State taxes are paid in Michigan, if you recall. Other parts of that are taxes he pays on the property he owns, the usual standard calculation from the tables as far as sales taxes go and so forth.

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Q Those property taxes would be property taxes in Michigan, Virginia and Colorado, right?

MR. NESSEN: Alexandria; Vail, Colorado; Grand Rapids, Michigan; and South Branch Township, Michigan; that is correct.

Q He got reassessed. (Laughter)

MR. NESSEN: I read that on somebody's wire, yes.

The interest payments, the President has a couple of small loans on which he pays interest. You notice that the loans have been reduced considerably from 1974 to now.

Q Are those the children's loans?

MR. NESSEN: I am not sure of all the details of the loans. I know one of them was a small bank loan to close in the garage of his Alexandria home at the time he was Vice President.

Q Is it still that one?

MR. NESSEN: Some of it is that, yes.

Q Ron, is all of his real property free and clear? How about the condominium in Vail?

MR. NESSEN: If you recall from the financial statement that we put out in December, there are no mortgages outstanding on any of the properties.

Q So this interest on loans does not apply to mortgages?

MR. NESSEN: Mortgages? It does not.

Q Personal loans?

MR. NESSEN: Yes.

Now, in addition to those deductions, you have \$3,750 in personal exemptions; in other words, five personal exemptions at the maximum amount allowed by law -- \$750. That is, the President and Mrs. Ford, Susan, Jack and Mike. Now he did not take Steve as an exemption -- did I say personal exemptions?

Q Yes.

MR. NESSEN: It is personal exemptions.

He did not take Steve as an exemption this year because Steve does not qualify since he did not live at home and was not a full-time student. So that is a slight change from previous years.

The remaining amount that you subtract from gross income to get taxable income is roughly \$23,000. This is business expenses which you deduct from the \$50,000 expense allowance. You account for it and show how and why it was a business expense and then you don't have to pay taxes on it.

I don't have a complete breakdown of that. The individual items are not large. Probably the largest single item was the 35,000 Christmas cards and the postage for 35,000 Christmas cards.

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Q How much was that?

MR. NESSEN: I am just told it is the biggest single item, but I don't have the exact amount.

Q Explain that \$23,000.

MR. NESSEN: You have \$50,000 expense allowance. If you can't account for how you used it then you pay taxes on all \$50,000. For every penny you can account for as a business expense you reduce the amount of that that you have to pay taxes on. The President has accounted for \$23,000 of it.

Then as you see, the column that says Federal Income Tax, that is the tax paid, it is \$94,568.92. It is the tax he is paying on \$204,605 taxable income. It amounts to -- 42 percent of his gross income goes for Federal income -- all taxes.

Q How did he come up with the \$94,000? That is to say, was a substantial portion of the \$94,000 withheld from his salary? I mean, is that withholding taxes, the kind of stuff we pay?

MR. NESSEN: There is, of course, money withheld from his salary.

Q I would like to know how much he had to pay over and above that which was withheld.

MR. NESSEN: I don't have that information. That is a good question. I will have to take that one.

Q Or if he got a refund or whatever.

Q Did he pay a quarterly estimate tax?

MR. NESSEN: Maybe we can call Jim Connor and get that on the phone.

Number one, did he --

Q How much above what was withheld?

MR. NESSEN: In other words, did he have to pay on top of what was withheld in order to pay off the \$94,000 liability or did the withholding take care of most of it or did he get a refund?

Can you call Jim Connor?

MR. CARLSON: The second question was did he pay quarterly?

Q What I would like to know is does the President have to write out a check like a lot of us do at the end of the year and pay so much and how much?

Q Not quite all of us. Some of us still get around it.

MR. NESSEN: Call Jim Connor and if you can't get him call Dorothy Downton.

All right. That is about the major items on here. I think the only other thing I would say is that the President, in doing this, suggests that all the candidates seeking the Presidency publish their income tax records, the record of their income and their deductions and the amount of taxes they pay both to the Federal Government and to the State and local governments in as much detail as he has so that the American public will have this information.

Q Do you, by chance, know if any of the others have not published it in such detail and who they might be?

MR. NESSEN: I don't know. The President mentioned to me that he had seen, for instance, in the paper that Mo Udall had published his in as much detail as this.

Q You don't know about Ronald Reagan?

MR. NESSEN: I don't personally know whether he has or not.

Q You really don't know, Ron?

MR. NESSEN: I do know that he has not, of course.

Q This \$150 for medical, obviously that is the cost of an insurance policy.

MR. NESSEN: That is correct. The law allows you to deduct, I think, half of your premium payments and then if your actual medical expenses go three percent above your income you can take additional ones. His medical expenses have not gone above three percent so all he can do is take half of his insurance premium.

Q He does not pay Social Security?

MR. NESSEN: The President got a small refund on his Federal taxes because his withholding more than paid for his --

Q What does he do, quarterly estimates? Is that the way it is? He makes an estimate of what it is going to be? Is that how he pays?

MR. NESSEN: It would not be hard to estimate since his income is stable.

Q He pays it quarterly?

MR. NESSEN: Well, he got a small refund on his Federal taxes. He had to pay a little on his State taxes.

Q Can we have some specifics here rather than "small" and so forth?

MR. NESSEN: Let's take all the questions then and get all the answers at one time.

Q I was wondering if he got his check back yet from the IRS.

MR. NESSEN: He only mailed his returns out about the first of April and I think this is a little early for it to come back.

Q Have you explained before, do you know why the medical was so high in 1970 and 1971?

MR. NESSEN: I didn't ask about that but clearly in those years there was some -- was that the year he had his knees operated on?

Q I don't know.

MR. NESSEN: I think so. Let me take that question, too.

Q Did you ever get an answer to Frank's question on the quarterly payments?

MR. NESSEN: We are working on that over here now.

Q Ron, who prepared the return?

MR. NESSEN: The same gentleman who has always prepared his returns -- oh, there is the expert.

Mr. McBane of Grand Rapids. You recall his first name from the --

MR. CONNOR: Ralph.

MR. NESSEN: Ralph McBane. A CPA from Grand Rapids who has prepared his returns for a number of years.

Q Ron, last year the President had very little cash on hand. Do you have figures on that?

MR. NESSEN: Well, Russ, basically the statement of net worth that we put out was dated December 31, 1975, and that takes you right up to the end of the period covered by these tax returns. Now the President's financial situation has not changed materially since the three or four months since then. The normal time span for putting out a financial statement or a net worth statement is annually so we did not prepare a new net worth statement since the one put out on December 31.

Q There have been no major changes, then, in his financial status.

MR. NESSEN: Not since December 31, no.

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Q To go back to that \$50,000 of expenses, I am not clear. If you can account for it as business expense, then it becomes deductible?

MR. NESSEN: The amount you can account for is subtracted from your taxable income. The amount you cannot account for as a business expense is taxed as regular income. In other words, if he started out with \$50,000, he has accounted for \$23,000; therefore, the remaining \$27,000 was taxed as income.

Q How come he cannot account for that? I mean, I would imagine with all the entertaining he does and all that he would have a pretty good idea.

MR. NESSEN: It would have to be a business expense. If he has some friends in for dinner or drinks, it is a personal expense.

Q Christmas party for the press?

MR. NESSEN: Yes, I would think that is one.

Q Didn't he write that off?

MR. NESSEN: I didn't see the return myself.

Q Does that mean that the other \$27,000 really just became income for him?

MR. NESSEN: It is required by law to be shown as income, that is correct.

Q Are you suggesting he pocketed it?

MR. NESSEN: No, I am sure he spent it but he didn't spend it in a way that he could legitimately claim it as a business expense.

MR. CONNOR: First of all, he paid half of it right back to the Feds again in terms of taxes since that money is taxed to the marginal rate, so anything that is not accounted for is taxed and at his marginal rate half of it goes to the Feds and some portion of it goes to the State of Michigan, as well.

Q It was nonetheless spent for legitimate business expenses regardless of whether it is shown that way?

MR. NESSEN: \$23,000 was. \$23,000 was spent in a way that could legitimately be claimed as a business expense. The rest of it is treated as income, is taxed as income, as Jim said, at roughly a 50 percent rate, and it goes into his income.

MR. CONNOR: Let me describe it. What this says is that when they set the salary of the President, the last time they set it, which was, what -- 1969, I guess -- the salary is identified as \$200,000 plus \$50,000 for expenses. Okay, that \$50,000 does not have to be accounted for as one would account, for example, for one's expenses on a trip or something like that. It is just in recognition of all the expenses you might bear. In terms of receiving the money, you don't have to specify each nickel, what you spent it for. It is just to cover it all.

In terms of your tax situation, however, which is a different kind of an arrangement, if you claim something as an expense item you have to be able to identify what that expense item is and that is really what we are talking about here.

He claimed out of that money something like \$23,000 in specifically identifiable expenses and, thus, is not required to pay taxes on that. He is required to pay taxes on anything else that he did not identify.

Q Can you give us some examples of what he might not be able to claim and yet spend out of the remaining \$27,000; that is, what could he not legitimately claim?

Q You are saying that that money is the same as salary?

MR. CONNOR: It is effectively salary and that is basically what it is. The way the law was written is it is \$200,000 plus \$50,000 for the expenses associated with the office.

Q So for tax purposes the President received \$227,000 in wages from the Government?

MR. CONNOR: Correct. He received \$220,000 in taxable wages.

Q The other \$24,000, as I recall -- Ron, can you refresh my memory on that -- isn't that from rental on his properties?

MR. NESSEN: No, I don't think you can do it that way, John. You have to go by the way it is done here.

The first column, Gross Income, \$250,000. That is salary and the \$50,000 expenses -- \$1,991.24 in the net rent interest received and dividends received. When I say "net rent" I am talking about rent minus expenses on the rental property and the remainder is what you have to pay the tax on.

Q That is included in the gross?

MR. NESSEN: Yes.

Q Did he not rent that Arlington house? That seems like an awfully low figure -- less than \$2,000 on three rental properties.

MR. NESSEN: I don't know exactly what the figures on the Alexandria house are or any other house.

Q Condominium and at least one apartment in the Grand Rapids area.

MR. NESSEN: But you deduct from your gross rent the depreciation on the house, the expenses to keep the house up, the management fee, the taxes on it and whatever other --

MR. CONNOR: Any period of vacancy and whatever. I don't know what these were.

Q Are you saying that the President is generally in the 50 percent tax bracket?

MR. CONNOR: Yes. It is 50 percent marginal. You know how that works. That is, that it starts out lower and each increment gets taxed at a higher level until you reach the 50 percent tax bracket.

MR. NESSEN: So that anything above that is taxed at 50 percent, in other words.

MR. CONNOR: Income that he earns above and beyond his salary is taxed at an even higher than 50 percent bracket. That is taxed at -- I guess it would be around the 70 percent bracket.

Q Did you ever find out if he paid quarterly estimates?

MR. CONNOR: No, he had it deducted here.

Q So this \$94,000 was all deducted or substantially deducted?

MR. NESSEN: Substantially more was deducted.

MR. CONNOR: When we gave that thing out last year it indicated they withheld \$106,200, or something like that.

MR. NESSEN: That was for the full calendar of 1975.

Q So he got about \$12,000 back.

MR. NESSEN: Yes. The hundreds go the other way.

Q When does he get his check?

MR. NESSEN: He gets a weekly check.

Q A weekly?

MR. NESSEN: Somebody checked and found that he gets his weekly and everybody else gets theirs biweekly.

Q What was that 11,000 figure?

MR. NESSEN: That was the difference between what he paid in his withholding and what his taxes were so he got it as a refund, in other words.

Q \$11,000?

Q How is he going to spend it? Is he going to take a trip? (Laughter)

Q This passed me over. This is what he got back?

MR. CONNOR: Yes.

Q What was the figure?

MR. CONNOR: About \$11,000.

Q Can you give us the exact figure on that?

MR. CONNOR: No, I would have a hard time.

Yes, you could calculate it out, I guess, but I think that number was \$106,200 and deduct whatever he paid, whatever that Federal tax payment is.

MR. NESSEN: \$94,568.

Q Deduct the two of those so it is \$11,000 something or other.

Q Somebody said he had to pay a little more State. Do you have that figure?

MR. NESSEN: Well, it is hard to calculate exactly the State taxes. The \$11,941 is a combination of State taxes and local property taxes and sales taxes.

Q Isn't that increase accounted for by the Alexandria house?

MR. NESSEN: No. I would say the increase is largely accounted for by his increased income -- in other words, higher State income taxes.

MR. CONNOR: That puts it in a higher bracket.

MR. NESSEN: 1975 was his first full calendar year as President.

Q Isn't that \$11,941 figure for calendar year 1974 on State, local and other taxes?

MR. CONNOR: No.

MR. NESSEN: No, because --

Q That is the actual State and local he paid this year?

MR. CONNOR: For calendar 1975.

MR. NESSEN: \$11,941?

Q Yes.

MR. NESSEN: \$11,941 is State, local and other taxes for calendar 1975.

Q Can you get us an exact figure on the State return or refund?

Q That is payment.

MR. CONNOR: Is it that important?

Q It is better than saying a few hundred dollars.

MR. CONNOR: I will see if I can get it for you. It was not a refund, it was a payment in.

Q He paid additional?

MR. CONNOR: He paid in, yes.

Q But on the Federal he got some back?

MR. CONNOR: The Federal over-withheld.

Q By \$11,000.

MR. CONNOR: Yes.

Q And the State --

MR. CONNOR: What he did was loan the Federal Government interest free \$11,000 for the calendar 1975.

MR. NESSEN: Where do we show his withholding in 1975?

MR. CONNOR: We did it on the last time we issued that form, Ron. That is the exact same form we issued the last time but you remember at the end of it there was a little footnote which said for 1975 the President had not filed his returns but here are the gross numbers, \$250,000 plus in income, \$106,200 withheld in Federal, so much withheld in State.

MR. NESSEN: All right. So this will be, hopefully the President thinks, a model for the degree of detail that all Presidential candidates ought to supply to the voters they are asking to elect them to office.

Q For a degree of detail -- what was that?

MR. NESSEN: The degree of detail for tax information that all candidates should issue to the voters they are asking to elevate them to the Presidency.

Q Ron, this is a very minor point but if you add the \$23,000 business expenses plus the medical, the contributions, the taxes and the other plus the \$204,000 taxable income, you should get the gross income but you don't.

MR. CONNOR: No. Add \$3,750 for the personal exemptions and then you will get it.

Q When you said about those personal exemptions, Mike does not live at home either.

MR. NESSEN: No, but Mike qualifies as a full-time student and, therefore, is qualified as an exemption -- not a deduction but an exemption.

Q But Steve neither was at home nor --

MR. NESSEN: Nor is a full-time student, that is correct.

Q Does the President support him? Does the President contribute to the majority of his support?

MR. NESSEN: Does he?

Q Yes.

MR. NESSEN: Yes, because he has got tuition and stuff and living expenses.

Q Is he going to cut down on his withholding this year because of the \$11,000 overpayment this year?

Q Will he take a trip after the election to get a bigger refund next year?

Q Ron, did you get any information on the Supreme Court housing decision?

MR. NESSEN: The Legal Counsel's Office has the Opinion and is studying the Opinion but it is going to be a while before we have anything to say about it.

Q Did he contribute to a political party?

MR. NESSEN: Of his choice?

Q One dollar write-off.

Q Ron, what is the DAR speech going to be about, do you know now?

MR. NESSEN: It is being prepared now in the Oval Office.

Q Do you have the text?

Q Foreign policy?

MR. NESSEN: Well, within about 15 minutes I ought to know what the speech actually looks like.

Q Will we get a text today, do you think?

MR. NESSEN: Hopefully.

Q Is that embargoed for 6:00 A.M.?

MR. NESSEN: I think we will do it on delivery.

THE PRESS: Thank you.

END (AT 4:15 P.M. EST)