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MAR 31 1975

March 28, 1975

Dear Ken:

Thank you for your telegram urging that the President veto H.R. 2166, the Tax Reduction Act of 1975. I know that he **will** appreciate receiving the benefit **of** your views, and I shall see that they are called **to** his early attention.

With kind regards,

Sincerely,

Vernon C. Loen  
Deputy Assistant  
to the President

The Honorable J. Kenneth Robinson  
House of Representatives  
Washington, D.C. 20515

~~✓~~cc w/inc to Counsellor Marsh - FYI  
bcc w/inc to Jim Cannon - for further handling

VCL:EF:jk



The White House  
Washington

WHA099(1656)(1-936631A086)PD 03/27/75 1655

ICS IPMUAWA WSH

1975 MAR 27 PM 5 51

11066 GOVT BUWASHINGTON DC 10 03-27 551P EOT

PMS THE PRESIDENT

WHITE HOUSE DC

A VETO OF THE TAX BILL WOULD HAVE MY SUPPORT.

REP J KENNETH ROBINSON

NNNN



MAR 31 1975

March 28, 1975

Dear **Bill**:

Thank **you** for your telegram urging that the President **veto** H.R. 2166, the Tax Reduction Act of 1975. I know that he will appreciate receiving **the** benefit of your **views**, and I shall **see** that they are called to his early **attention**.

With kind regards,

Sincerely,

Vernon C. Loen  
Deputy **Assistant**  
to the President

The Honorable **Bill** Archer  
House of Representatives  
Washington, D.C. 20515

~~cc~~ w/inc to Counsellor Marsh - FYI  
bcc w/inc to Jim Cannon - for further handling

VCL:EF:jk



328

The White House  
Washington

WHB083(1505)(2-032310E086)PD 03/27/75 1505

1975 MAR 27 PM 4 01

ICS IPMBNGZ CSP

7132264941 TDBN HOUSTON TX 27 03-27 0305P EST

PMS PRESIDENT GERALD R FORD

WHITE HOUSE DC

I STRONGLY URGE YOU TO VETO THE HOUSE TAX REBATE BILL I FEEL THAT WE  
MUST PLACE THIS ACTION SQUARELY ON THE SHOULDERS OF THE DEMOCRATIC  
CONGRESS

CONGRESSMAN BILL ARCHER

1024 LONGWORTH BUILDING WASHINGTON DC 20515

NNNN



MAR 31 1975

March 28, 1975

M

Dear John:

Thank you for your telegram urging that the President veto H.R. 2166, the Tax Reduction Act of 1975. I know that he will appreciate receiving the benefit of your views, and I shall see that they are called to his early attention.

With kind regards,

Sincerely,

Vernon C. Loen  
Deputy Assistant  
to the President

The Honorable John Y. McCollister  
House of Representatives  
Washington, D.C. 20515

✓cc w/inc to Counsellor Marsh - FYI  
bcc w/inc to Jim Cannon - for further handling

VCL:EF:jk



White House  
Washington

WHB 062(1224)(1-016210A 086)PD 03/27/75 1222

1975 MAR 27 PM 1 22

ICS IPMJAWA WSH

11025 GOVT BUWASHINGTON DC 44 03-27 116P EDT

PMS HONORABLE GERALD R FORD THE PRESIDENT

WHITE HOUSE DC

MR PRESIDENT. UURGE YOU TO VETO THE TAX REDUCTION ACT.

THROUGH ITS VOTES FOR MASSIVE NEW SPENDING PROGRAMS AND ITS

INCLUSION OF ILL-CONSIDERED, FUNDAMENTAL CHANGES IN OUR TAX LAWS,

CONGRESS HAS ACTED IRRESPINSIBLY. URGE YOUR LEADERSHIP TO DRAMATIZE

FOLLY OF BIG DEFICITS.

JOHN Y MCCOLLISTER MEMBER OF CONGRESS.

NNNN



THE WHITE HOUSE

WASHINGTON

March 28, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT K WOLTHUIS  
FOR: MAX L. FRIEDERSDORF *rxw*  
SUBJECT: Tax Reduction Bill

Congressman Herman Schneebeli (R-PA) just called to report on the public reaction in his District to his vote against the tax reduction bill.

He said he met this morning with 20 leading businessmen from a five county area. In the course of the meeting, he asked what they thought the President should do with the bill. Every one of them said the President should veto it.

He has received four phone calls today from people who had read in the local paper Mr. Schneebeli's reasons for voting against the bill, and they all agreed. He says people in the street have come up to him to congratulate him on his vote.

Mr. Schneebeli says he is certain the public will support the President if he vetoes the bill, and that many Members of the House will work hard on the Floor to sustain a veto.



THE WHITE HOUSE  
WASHINGTON

March 28, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT K WOLTHUIS *RKW*  
SUBJECT: Tax Bill

Barber Conable called early this afternoon and said he now feels that you should veto the tax bill for the following reasons.

1. Republican support in the House will be damaged if the bill is not vetoed.
2. Republican Members would not take other vetoes seriously especially on smaller spending bills.
3. The 125 who had the courage to vote against the bill may feel their votes ~~were~~ in vain.
4. The bill is highly inflationary and gives Conable the feeling he is sailing on the Lusitania.

This is a hardening in Conable's position over the views he expressed yesterday.

bcc: Rumsfeld  
Marsh



... ..  
MAY 1 1974

March 28, 1975

Dear Senator:

Thank you for your telegram urging that the President sign H.R. 2166, the Tax Reduction Act of 1975. I know that he will appreciate receiving the benefit of your views, and I shall see that they are called to his early attention.

With kind regards,

Sincerely,

William T. Kendall  
Deputy Assistant  
to the President

The Honorable Bob Dole  
United States Senate  
Washington, D.C. 20510

✓cc w/inc to Counsellor Marsh - FYI  
bcc w/inc to Jim Cannon - for further handling  
WTK:EF:jk



3-28



The White House  
Washington

975 MAR 28 PM 1 27



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4 WHA091(1229)(1-013738A087)PD 03/28/75 1227

5 ICS IPMNAWA WSH

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7 10029 GOVT NFWASHINGTON DC 144 03-28 111P EDT

8 PMS THE PRESIDENT

9  
10 WHITE HOUSE DC

11 I URGE YOU TO SIGN H. R. 2166, THE TAX REDUCTION ACT OF 1975.

12 WHILE THE BILL CONTAINS SOME QUESTIONABLE PROVISIONS, ON  
13 BALANCE I BELIEVE IT WILL PROVIDE THE POSITIVE ECONOMIC STIMULUS  
14 THAT IS SO URGENTLY REQUIRED TO END THE RECESSION AND PUT UNEMPLOYED  
15 AMERICANS BACK TO WORK.

16  
17 I SHARE YOUR CONCERN THAT WE MUST HOLD DOWN THE SIZE OF THE  
18 FEDERAL DEFICIT. AND AM HOPEFUL THAT CONGRESS WILL REFRAIN FROM  
19 INITIATING NON-ESSENTIAL NEW GOVERNMENT SPENDING PROGRAMS. BUT  
20 I ALSO BELIEVE THAT A VETO OF H. R. 2166 WILL, IN NO WAY, LEAD TO A  
21 REDUCTION IN THE BUDGET DEFICIT. RATHER, IT COULD RESULT IN AN EVEN  
22 LARGER, LESS MERITORIOUS BILL BEING PASSED BY THE CONGRESS.  
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ALMOST EVERYONE AGREES THAT THE TAX CUT IS NEEDED TODAY TO INCREASE  
THE PURCHASING POWER OF EVERY AMERICAN. I URGE YOU TO GIVE YOUR  
APPROVAL TO THE BILL WITHOUT DELAY

BOB DOLE USS

NNNN



MAR 29 1974

March 28, 1975

Dear Bob:

Thank you for your telegram urging that the President veto H.R. 2166, the Tax Reduction Act of 1975. I know that he will appreciate receiving the benefit of your views, and I shall see that they are called to his early attention.

With kind regards,

Sincerely,

Vernon C. Loeb  
Deputy Assistant  
to the President

The Honorable Robert E. Bauman  
House of Representatives  
Washington, D.C. 20515

✓cc w/inc to Counsellor Marsh - FYI  
bcc w/inc to Jim Cannon - for further handling

VCL:EF:jk



The White House  
Washington

WHB 043 (0932) (1-005122A 087) PD 03/28/75 0931

ICS IPMJAWA WSH

1975 MAR 28 AM 10 29

11003 GOVT BUWASHINGTON DC 56 03-28 949A EDT

PMS PRESIDENT GERALD FORD

WHITE HOUSE

WHITE HOUSE DC

REPORT THAT YOU ARE CONSIDERING A VETO OF THE TAX BILL

APPROVED WEDNESDAY NIGHT HIGHLY ENCOURAGING. THE EXCESSES

OF THIS LEGISLATION ARE ALARMING. ITS INFLATIONARY IMPACT

WILL WREAK HAVOC. CREATING ECONOMIC DISLOCATION AND EVENTUAL

HARDSHIP FOR THE INDIVIDUAL TAXPAYER. FAR OUTWEIGHTING ANY

MINOR IMMEDIATE RELIEF.

MR PRESIDENT, I RESPECTFULLY URGE THAT YOU VETO  
THIS DISASTROUS BILL

ROBERT E BAUMAN MEMBER OF CONGRESS



MAY 1 1974

March 28, 1975

Dear Senator:

Thank you for **your** telegram urging that the President **vote** H.R. 2166, the Tax Reduction Act of 1975. I know that he **will** appreciate receiving the benefit of your **views**, and I shall see that they are **called** to his early attention.

With kind **regards**,

Sincerely,

William T. Kendall  
Deputy Assistant  
to the President

The Honorable Mark O. Hatfield  
United States Senate  
Washington, D.C. 20510

**✓** bcc w/inc to Counsellor Marsh - FYI  
bcc w/inc to Jim Cannon - for further handling

WTK:EF:jk



3-28

14  
Veto  
Unnecessary  
Tax bill

MARK O. HATFIELD  
OREGON



# United States Senate

WASHINGTON, D.C.

March 28, 1975

Dear Mr. President:

I urge you to veto the tax bill now before you. While parts of it will help in combating the pressures of the recession and inflation, its overall impact will create more problems than it will solve.

MF The deficit in the bill will haunt us in the years ahead as a hidden tax. It will not create the jobs we need, and could well trigger another strong dose of inflation because of the deficit.

The legislation puts money into one pocket of a taxpayer, and then takes more money out of the other pocket. Taxpayers who think we are returning money to them will see its purchasing power erode through inflation fueled by this large deficit.

As one who opposed both the original Senate bill and the Conference Report, I respectfully urge that this legislation be vetoed. Thank you for your consideration of these views.

Sincerely,

The President  
The White House  
Washington, D. C.



**United States Senate**

WASHINGTON, D. C.

*Hatfield*

The President  
The White House  
Washington, D. C.

MARK O. HATFIELD  
OREGON

THE WHITE HOUSE

WASHINGTON

March 28, 1975

MEMORANDUM FOR: JACK MARSH

FROM: WILLIAM T. KENDALL *WTK*  
PATRICK E. O'DONNELL *POD*

SUBJECT: The Tax Reduction Act of 1975

The following 16 Senators voted against the Tax Reduction Conference Report: Bartlett, Bellmon, Buckley, Fannin, Garn, Goldwater, Hansen, Helms, Hruska, McClure, Scott (Va.), Thurmond, Tower, Young, Byrd (Va.), Stennis.

The following 8 Senators were announced as absent but against the Conference Report: Brock, Griffin, Hatfield, Laxalt, Eastland, Mansfield, McClellan, Morgan. (The Mansfield report may be a Congressional Record misprint).

The following 4 Senators were absent but have informed us they would vote to sustain a veto: Curtis, Packwood, Percy, Stevens.

Senator Scott (Pa.) voted for the Report but pledges to vote to sustain. Thus, the total of committed Senators (to vote to sustain) is 29.

The following Senators are likely prospects:

Baker: Says he "probably" would vote to sustain.

Fong: Voted for the bill and was paired for the Report, but might swing over.

Pearson: Was absent, voted for the original bill. No word from him on veto.

Roth: Voted against original. For Conference Report. Wavering.

Allen: Was absent, voted against original bill. Definitely a possibility.

Biden: Absent, voted against bill, a remote possibility.



- McGee: Absent, voted for original bill, another remote possibility.
- Nunn: Absent, voted against original bill. Told us he "might" vote to sustain, depending on the President's reasoning if he vetoed.
- Sparkman: Was absent on both votes, and is unknown.

In order to sustain, we need five of the above possibilities.

A personal note from Bill Kendall:

I believe we can get the necessary votes in the Senate to sustain a veto. After reading the Wall Street Journal editorial today I lean against the tax bill on economic grounds. However, on the political side I tend to agree with Senator Griffin that a veto will present a public relations problem in view of our campaign for a tax cut as soon as possible. There is no doubt that we would have problems with Senator Long on future tax bills and possibly the energy bills should the President veto the bill and it is sustained. A call from the President to Senator Long is recommended whether he signs or vetoes. Incidentally, I understand Bob Novak thinks the President can defend a veto politically.



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The Washington Post -- Editorial Page  
Friday, March 28, 1975



## *The Tax Bill*

**B**Y THE TIME Congress finally passed the massive tax reduction, it is doubtful that six members of either house knew exactly what they were voting on. Most of them had no opportunity even to read the conference's final version, which—fortunately—differed substantially from those that the two houses had previously debated. It is too much to expect Congress to enact a tax bill of this magnitude in a cool and orderly fashion. Taxation always stirs the passions at the Capitol. But the past several weeks' level of confusion, and the rate at which highly questionable amendments were being

converges, and where the runs are scored. But in this case, some of the amendments hung onto the tax bill were such wanton mischief that they seemed a deliberate attempt to provoke a veto and, one may speculate, preserve the depletion allowance. In any event, the Senate as a whole passed most of the committee's work along to the conference and left it up to Sen. Long's antagonists in that closed room to rescue the public interest. The result is a bill that contains a great deal more than a fiscal stimulus to the economy.

As social policy, probably the most important part of

March 28, 1975

**MEMORANDUM FOR: THE PRESIDENT**  
**FROM: JACK MARSH**

Pat O'Donnell called this afternoon to report that he had talked with Senator Paul Fannin about the tax bill.

Fannin apparently called to indicate his objection to the bill and the fact that he would support you in a veto, but more importantly, to report the very strong views of Senators Beall and Dole against your vetoing the bill. Fannin says that Dole and Beall are so strongly opposed to your veto that they have indicated if you sign the bill, they will support you in your efforts to hold down future Federal spending.

The tone of Senator Fannin's remarks was that the Dole and Beall views carry some weight with him and, therefore, he would support you either way you decide to go without strong views against a veto.

Doug Bennett of the House side called to say that he talked with Larry Woodward of the Joint Committee and Woodward indicated his concern about the temporary features in the bill becoming permanent. He told Bennett he planned to make every effort to keep these as temporary provisions only. He also told Bennett that in the reform bill he was going to try to find ways to pick up additional revenues lost through the tax bill.

Bennett also said he talked with Conable this morning and Barber feels a number of Republicans will be concerned by a decision not to veto the bill.

JOM/dl



March 29, 1975

MEMORANDUM TO:        JACK MARSH  
FROM:                    RUSS ROURKE

Ken Davis (Hugh Scott's A. A.) called from Brussels to convey the following information:

Hugh Scott wanted to reinforce his previously stated position that "the President should sign the tax bill". Davis felt that, with the exception of Bill Scott, Hugh Scott's views were shared by all of the Senators on the European trip, viz., Javits, Humphrey, Leahy, Hollings, Morgan and Culver.

Davis stated that, if and when the President signed the bill, Scott and the others would fully understand "if the President had to take a shot at the Congress in his statement tonight".

Davis added that it was the view of the majority of the Senators that only the imminence of the Easter recess kept the tax bill from being even higher. If they had to go through this entire exercise over again, with an open-ended time frame, Davis was sure the ultimate bill would be far more costly.

RAR:cb



THE WHITE HOUSE

WASHINGTON

March 28, 1975

MEMORANDUM FOR: THE PRESIDENT  
FROM: JACK MARSH  
SUBJECT: Tax Bill

Pursuant to your request, I am conveying to you some of my thoughts and recommendations in reference to the pending tax bill as to whether you should sign or veto.

As I explained to you personally, were I considering this bill as a Member of Congress, I feel certain I would vote against it and I suspect you would also. However, although this is a helpful insight, it cannot be a binding criteria for the position in which you now find yourself where you represent a National constituency.

In approaching my recommendations, I have tried to establish some criteria by which you should measure the bill from the standpoint of a veto. This criteria is set out as follows:

To support a veto on legislation of this magnitude and consequence, the bill must be totally unacceptable and the unacceptability must be apparent, or capable of being made apparent.

The elements to determine if this definition applies, are as follows:

a. Overwhelming Reason:

An examination of the Bill should lead an individual to conclude its adverse features present an overwhelming reason it should be vetoed as opposed to being signed. The growing Federal deficit lends itself to this argument but I believe it is limited for your purposes for reasons set out later in this paper.



b. An Understandable Reason:

The adverse features that lead you to a veto should, in addition to presenting an overwhelming reason, must also be an understandable reason which is capable of being explained otherwise the chances of sustaining the veto and protecting your credibility are lost.

c. Relevancy and Significance:

The adverse features in support of a veto must be measures of a significant nature and they must be relevant to the total bill. Arguments in support of a veto on a lesser or insignificant provision, regardless of merit, will be irrelevant and in the nature of nitpicking.

d. Integral Part of the Whole:

Those measures to which you object, in order to support a decision to veto, must be so germane and so significant as to go to the heart of the bill and make the whole measure unacceptable.

e. The Weight of the Facts:

It is essential that you be able to make a clear and convincing case that you are right on the basis of the facts in support of your veto when addressing objectionable features. If it is merely debatable with strong points on either side, you should sign the bill. For example, it is difficult to argue you feel that measures will become permanent when the proposed legislation clearly states they are temporary.

f. The Veto reasons must be defensible against rebuttal:

This point is closely related to the proceeding one. If you should decide to veto, then the case you make in the public forum must be so strong as to resist rebuttal. There is a question in my mind as to whether this test can be met.



g. Glaring Error:

If there is glaring error in the bill, which arose out of mistake or misunderstanding, you can probably make the easiest case in support of a veto. This type of legislation lends itself to such a flaw and the housing provision could be close to meeting such a criteria.

h. Veto Sustainability:

Finally, the practicalities of the situation cannot be ignored. Can the veto be sustained and by what margin? As of this time, I believe it can be sustained but it will require a tremendous effort and even then, the margin will, in my opinion, be less than 10 votes. A narrowly sustained veto strains future Congressional action. A failure to sustain would be a major setback. The economic outlook as of the date of the vote would have a substantial impact on the vote result. New employment statistics cannot be discounted in this regard.

In reviewing the proposed bill in light of the above tests, I am of the view that notwithstanding its objectionable features, it should be signed. I believe that we would concur in a strong veto message that points to the objections and waves the caution flag for the future.

To me one of the best reasons to support a veto is what I term the massive deficit reason which would argue that a tax reduction, coupled with uncontrolled Congressional spending, will adversely impact on the economy. Although I lean very strongly to this position, I recognize that it is a veto with no tax bill as opposed to a veto with an improved tax bill. I am doubtful you can select this option in light of the continued emphasis and demand for a tax cut since the State of the Union Message.

We all agree that your credibility is a major factor in your decision. It is for this reason that I also recommend signing the bill rather than vetoing the same. There are realities and overriding practicalities that drive your decision. This does not mean the principle must be set aside but the test of principle on one or more objectionable features of the entire bill must be weighed in terms of the overall measure on national need as well as the future effectiveness of your Presidency.

It may be that by later today, or tomorrow morning, expressions of public opinion will indicate support for a veto course, but I doubt it. However, I suggest a careful examination today of editorial statements



as well as expressions of the financial, business and labor communities as to their view of the legislation.

When you consider these, and the risk of an unsustained veto, or even a sustained veto and the chance of a minimally improved bill, I feel the arguments to sign outweigh those to veto.

Finally, you should assess the position of the Republicans who voted against the bill, particularly the House Leadership. Special attention must be given to them to assure they understand the compelling reasons that led to your decision to sign if that is the course you take.



THE WHITE HOUSE  
WASHINGTON

11:53 am

March 29, 1975

MR. MARSH:

FYI - Susan Porter saw former Congressman David Dennis last night. He suggested the President read yesterday's Wall Street Journal (the President did see this), and then VETO the bill.

connie

THE WHITE HOUSE  
WASHINGTON

March 29, 1975

1:48 p.m.

MR. MARSH:

David Dennis called - made reference to the Wall Street Journal article - if the President would VETO - Dennis will publicly support him. Mr. Dennis feels this is very important to the future of this Country.

connie

THE WHITE HOUSE  
WASHINGTON

March 29, 1975

9:21 a.m.

MR. MARSH:

Congressman Dickinson called - said to tell the President to VETO the tax bill. There are enough votes in the House to sustain the veto - forget the "politics" of the thing!

connie



THE WHITE HOUSE  
WASHINGTON

March 29, 1975  
10:41 a. m.

MR. MARSH:

Vern Loen called with the following:

Rep. Mosher (R-Ohio) said to SIGN

Rep. Hyde (R-Ill) said to VETO

Rep. Montgomery (D-Miss) said to VETO

(people in his district are far ahead of Congress)

Rep. Frenzel (R-Minn) said to VETO

connie



THE WHITE HOUSE  
WASHINGTON

~~104~~ Bill  
my wife



~~SECRET~~

Results of Member Notification that President would sign Tax Cut Bill on 3/29/75

Speaker Carl Albert                      Telephoned by Vern Loen to U.S. Mission in Peking and left message with duty officer for delivery to Speaker.

John J. Rhodes                              Minority Leader - telephoned by Vern Loen to U.S. Mission in Peking and left message with duty officer for delivery to Mr. Rhodes.

Tip O'Neill                                  Majority Leader - telephoned by Leppert in Athens, Greece. Was pleased that President decided to sign tax cut bill and said "that's great."

John McFall                                  Majority Whip - telephoned by Vern Loen. Said "President was doing right thing in signing the tax bill."

Bob Michel                                    Minority Whip - Vern Loen telephoned, no direct contact, his telephone out of order. Message left with his secretary, Sharon Yard who stated she would inform Mr. Michel.

Herman Schneebeli                          Ranking Minority - Ways and Means Committee. Telephoned by Leppert, stated the President had a tough decision and felt the President would do what he had to do and that he understood that.

John Anderson                                Chairman - House Republican Conference. Telephoned by Leppert in Athens, Greece. Anderson felt President made the right decision and would respect the embargo.

Al Ullman                                      Chairman - Ways and Means  
Doug Bennett reached him in Jacksonville, Fla. His reaction was very favorable, very pleased with the President's decision. Expressed his intention to eliminate the "load" provisions of the bill (in agreement with the President).

Barber Conable                                Second Ranking Republican - Ways and Means (conferee)  
Doug Bennett reached him at home in Washington. He was disappointed but understood the apparent reasoning behind the President's decision. Commented that "He will always be my President."

Determined to be an administrative marking  
Cancelled per E.O. 12356, Sec. 1.3 and  
Archivist's memo of March 16, 1983

By     RAD     NARA date 11/16/86



Joe Waggoner

- Ways and Means Democrat.  
Doug Bennett reached him in Athens, Greece. He felt the President's decision was a wise one. Was glad the President was coming down hard on the budget deficit prospects.

Phil Landrum

- Ways and Means Democrat (conferee)  
Doug Bennett reached him in Georgia. Pleased with President's decision. Felt it was the wisest course. Again expressed his feeling that if vetoed, a second bill could cost more than \$30 B.

Dan Rostenkowski

- Ways and Means Democrat (conferee)  
Doug Bennett reached him in Chicago. Very pleased with President's decision. Again expressed opinion that Congress must now cooperate and compromise with the President.



THE WHITE HOUSE  
WASHINGTON

Sat 3/29

Cy - tax bill  
also



~~SECRET~~

Determined to be an administrative marking  
Cancelled per E.O. 12356, Sec. 1.3 and  
Archivist's memo of March 16, 1983

By DWP-NAR date 1/16/82

THE WHITE HOUSE  
WASHINGTON  
March 31, 1975

MEMORANDUM FOR: JACK MARSH  
FROM: WILLIAM T. KENDALL  
PATRICK E. O'DONNELL  
SUBJECT: Tax Bill Notification and Vietnam Announce-  
ment reaction

*WTK  
PEO*

TAX BILL NOTIFICATION

Eastland "O.K."  
Robert Byrd "Thank you for the courtesy"  
Hansen Thank you--it was a hard decision and I support him either way. Said he would honor the 7:30 embargo and also the one placed on the President's choice for Secretary of Interior. We thought it was our office, not Walker's, that conveyed such news!  
Fannin Fine--"would have supported the President either way"  
Griffin (Mexico) Agreed with signing. Was to inform Mansfield.  
Long Could not reach before speech. Press reports say he was pleased with action.

VIETNAM ANNOUNCEMENT

Stennis "Good Decision; I support"  
Thurmond "O.K., thanks"  
McClellan Could not reach



*Secret*

Page 2

Young

"Thank you"

Eastland

Would support intervention. Pleased that the President made the move.

Robert Byrd

Thinks it is all right

Case

Thanked us for informing him--no comment.

Sparkman

Thought President did the right thing.



THE WHITE HOUSE

WASHINGTON

March 28, 1975

MEMORANDUM FOR: JACK MARSH

FROM: WILLIAM T. KENDALL *WTK*  
PATRICK E. O'DONNELL *POD*

SUBJECT: The Tax Reduction Act of 1975

The following 16 Senators voted against the Tax Reduction Conference Report: Bartlett, Bellmon, Buckley, Fannin, Garn, Goldwater, Hansen, Helms, Hruska, McClure, Scott (Va.), Thurmond, Tower, Young, Byrd (Va.), Stennis.

The following 8 Senators were announced as absent but against the Conference Report: Brock, Griffin, Hatfield, Laxalt, Eastland, Mansfield, McClellan, Morgan. (The Mansfield report may be a Congressional Record misprint).

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Pearson: Was absent, voted for the original bill. No word from him on veto.

Roth: Voted against original. For Conference Report. Wavering.

Allen: Was absent, voted against original bill. Definitely a possibility.

Biden: Absent, voted against bill, a remote possibility.



McGee: Absent, voted for original bill, another remote possibility.

Nunn: Absent, voted against original bill. Told us he "might" vote to sustain, depending on the President's reasoning if he vetoed.

Sparkman: Was absent on both votes, and is unknown.

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Washington Post - 3/30/75

# *The Decision to Sign*

By Lou Cannon

Washington Post Staff Writer

President Ford's decision to sign the \$23.1 billion tax cut bill despite severe misgivings reflects both his congressionally acquired preference for compromise and the belief of key advisers that he was unlikely to get a better bill from Congress.

"We had been dinging Congress for its failure to act for the last several weeks," said one highly placed White House official. "We couldn't very well turn

Mr. Ford had been told by Republican allies in the House that he had a good chance of mustering the votes to sustain a veto. The Associated Press yesterday quoted House Minority

Washington Post - 4/2/75

*Rowland Evans and Robert Novak*

# The Tax Bill: Alienating the Republican Right

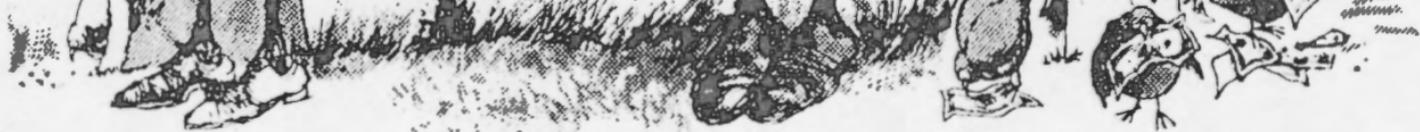
Passing up what may be one of his last, best chances to appease the Republican right by vetoing the tax cut bill, President Ford again rejected advice from his staunchest congressional supporters—and probably his own instincts—to follow the urgings of White House aides.

The veto recommendation came not

But others at the White House meeting learned more of the future by watching the President's aides instead of the President. Political counselor Robert T. Hartmann's expressively glowering face did not hide displeasure over veto recommendations. "That told me a lot," one onlooker said. "I

from going public is doubt that Reagan, the logical challenger, will run.

Signing the tax bill is seen by such



By MacNelly for the Richmond News Leader

“Why, yes . . . As a matter of fact, I am a congressman . . . How could you tell? . . . Was it my WIN button?”



Washington Post - 4/3/75

*Hobart Rowen*

# The Tax Bill: It Could Have Been Worse

There are so many positive and negative features to the new tax bill that it is hard to decide, on balance, whether it is a good law. This is entirely apart from the obvious fact that President Ford had no choice, except to sign it, to get the anti-recession benefit of its overall economic stimulus.

The best parts of the bill, the way tax reformers see it, include those that most disturbed President Ford. These

trend) hit the poorest groups the hardest, this is just the way the tax cut should be distributed. And virtually all of the money will be spent, "trickling up" to all sorts of goods and services.

This is a distinct victory for congressional liberals, who will doubtless seize the opening wedge of the limited "negative income tax" to try for permanent reforms when these provisions, most of them temporary, expire this

two breadwinners in a single family, where the expenses are larger than incurred by one wage-earner.

Third, the housing credit. This is an inexcusable giveaway, providing a 5 per cent credit up to \$2,000 for the purchase of a new house or mobile home, if under construction before March 26. It may stimulate sales, but will cost the Treasury a minimum of \$600 million. I liked Saul Klamman's

United States Senate

WASHINGTON, D.C. 20510

OFFICIAL BUSINESS

*Barry Caldwell*  
U. S. S.

*Reading*  
*PAID*

The President  
The White House  
Washington, D. C. 20500

April 3, 1975

Dear Senator:

I am taking this opportunity to acknowledge receipt of your March 31 letter to the President and to assure you that it will be called to his attention at the earliest opportunity.

With warm regards,

Sincerely,

William T. Kendall  
Deputy Assistant  
to the President

The Honorable Barry Goldwater  
United States Senate  
Washington, D.C. 20510

✓  
cc: w/incoming to Bob Wolthuis for further handling

WTK:VO:ve



APR 3 11 25  
**HAND DELIVERED**

UNIT

4  
BARRY GOLDWATER  
ARIZONA

COMMITTEES:  
AERONAUTICAL AND SPACE SCIENCES  
ARMED SERVICES  
PREPAREDNESS INVESTIGATING SUBCOMMITTEE  
TACTICAL AIR POWER SUBCOMMITTEE  
NATIONAL STOCKPILE AND NAVAL PETROLEUM  
RESERVES SUBCOMMITTEE

## United States Senate

WASHINGTON, D.C. 20510

March 31, 1975

4-3

The President  
The White House  
Washington, D. C. 20500

Dear Mr. President:

MF  
When we first visited in your office after you had been sworn in, I told you that from time to time I would be in touch with you relative to positions you have taken which I feel might be harmful to you or, more importantly, helpful.

I am very vitally concerned and interested with your tenure as our President, not just because we have been long, personal friends, or that you stuck by me in '64, when wisdom probably said go elsewhere, but most importantly because you are my President, and I want you to be the very best. That is why from time to time I will continue to direct remarks to you personally, and when I intend them to be made in public I'll let you know. However, this is not one of those cases.

I watched you on television the other evening as you explained your reasons for signing the Tax Reduction Bill and, frankly, Mr. President, I was a bit disappointed. I could understand completely and fully the position you took that you might get a worse bill from this Congress if you vetoed it, but even though I understood it, Mr. President, I think what was needed at that particular point in our history was a demonstration of leadership, not compromise. You could have taken a very strong stand against this measure because, believe me, I'm not speaking from just my own experience, I'm speaking from the experience of many people with whom I have talked, the country is not sold on the need for this tax reduction or, in fact, any at all.

The country really would like to know what a \$50 billion deficit repeated one, two or three years in a row will do to us and, frankly, no one has told them. The other night with your speech I thought maybe we are going to get it but still the average American is in the dark as to what a deficit will do to him. The average American, and this includes the great majority of the members of Congress, have absolutely no understanding of the operation of our economic system, particularly the monetary side of it. I have charged publicly that any deficit in the neighborhood of \$50 billion repeated for two years could bring national bankruptcy within five years and I have yet to be refuted by any economist either on the left or the right.



United States Senate

WASHINGTON, D. C. 20540

March 31, 1975

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Washington, D. C. 20500

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WHITE HOUSE  
MAIL ROOM

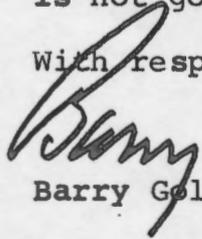
1975 APR 3 AM 11 43

March 31, 1975

What you have done, in effect, is to possibly have given the country a little respite but a little is going to be all and respite may be a very calm word for it. When the federal government has to start borrowing money from the private sector for the deficits that are coming up, interest rates are going to mount again, building is going to stop again, jobs are going to fall off again, and we will be right back where we were about December or January of this current fiscal year.

Now I apologize to you for having lectured in an economic way when all I wanted to tell you was at that particular time, on that particular evening you could have won the backing of the American people in such a way that they would have looked upon you as a leader. Now I'm afraid, with all respect to you and to your office, you are going to have to wait until another time comes. Tax reduction at this time is not going to work, it's only going to hurt.

With respect,



Barry Goldwater



THE WHITE HOUSE  
WASHINGTON

Bob,

As per our  
telecon -

✓Q

V/M

THE WHITE HOUSE

WASHINGTON

April 7, 1975

MEMORANDUM FOR: JAMES J. CANNON, III  
L. WILLIAM SEIDMAN

THRU: JOHN O. MARSH  
MAX L. FRIEDERSDORF  
VERN LOEN *VL*

FROM: DOUGLAS P. BENNETT ~~DPB~~

SUBJECT: Housing Tax Credit (\$2,000) Provision in the  
Tax Reduction Act of 1975

Dr. Larry Woodworth, Chief of Staff of the Joint Tax Committee, Friday advised me that both Chairmen Long and Ullman have been concerned that the applicability of this provision may be retarded in a fashion contradictory to the intent of the provision. Apparently, many new housing developments and condominiums are priced in such a manner that the first few units are sold as "loss leaders" so as to attract buyers and as sales pick up, the prices of the housing units are increased so as to eventually reflect the "true" sales prices.

Under the certification provision of the statute, the seller is required in the face of civil and criminal penalties to certify that the particular unit is being sold at the lowest price at which it has ever been offered. Obviously, the above described practice would disqualify many of the housing units in the current inventory thereby diminishing the sought-after effect of this provision.

Long and Ullman are considering issuing a joint statement suggesting that this technical defect be corrected by minor amendment. The matter has been discussed with the Treasury Department and, I understand, Secretary Simon concurs with the amendatory approach as the defect cannot be remedied by Treasury regulations.

cc: Secretary William E. Simon, Secretary Carla Hills, Honorable James T. Lynn, Honorable James H. Cavanaugh, Honorable Tod Hullin



APR 7 1974

THE WHITE HOUSE  
WASHINGTON

April 7, 1975

TO: DOUG BENNETT  
FROM: *Ham* GLENN SCHLEEDE  
SUBJECT: PETROLEUM TAX  
PROVISIONS OF THE  
TAX REDUCTION ACT

Is this analysis correct?

cc: Mike Duval



MAJOR PETROLEUM TAX PROVISIONS  
OF THE TAX REDUCTION ACT

Determined to be an  
Administrative Marking

Domestic

By 90 NARA, Date 4/21/14

- (1) Oil depletion lost entirely for integrated companies.
- (2) Oil depletion cut sharply for non-integrated companies which are actively drilling:
  - (a) Limited to 2000 B/D phased down to 1000 B/D by 1980.
  - (b) Rate phased down from 22% to 15%, 1981-1985.
  - (c) Limited to 65% of taxable income (after deducting dry hole and development intangible expenses) - oil plus gas depletion limited to 65%.
  - (d) Reduced at 6-to-1 ratio to the extent that gas depletion is taken.

Actively drilling companies lose depletion dollar-for-dollar once the income limitation is reached. Royalty owners and companies not drilling are not greatly affected by (c).

- (3) Gas depletion cut sharply after mid-1976:
  - (a) Regulated gas exempt from cut until July 1, 1976, unless FPC raises price.
  - (b) Fixed-price gas exempt.
  - (c) Integrated companies lose all other gas depletion.
  - (d) Non-integrated companies limited to 2000 B/D oil equivalent, reduced at 6-to-1 ratio to the extent that oil depletion is taken - oil plus gas limited to 2000 B/D oil equivalent.

Foreign

- (1) Per country method repealed for taxable years after 1975.
- (2) Overall method seriously impaired:
  - (a) Foreign-source income divided into "oil-related" and "other" with no transfer of unused credits between categories. Chemicals in "other;" primary feedstocks uncertain. Interest from foreign-incorporated petroleum affiliates is oil-related, but not from U.S.-incorporated petroleum affiliates (drafting error?).

Oil-Related	Other
Refining; Marketing; Pipe Lines.	Chemicals; Insurance; Interest from U.S.-incorporated oil affiliates
Tankers	
Extractive (Producing)	



- (b) Unused foreign tax credits from oil production can be transferred to other oil-related, but limited to 4.8% of taxable income in 1975, 2.4% in 1976, 2.0% thereafter.
  - (c) Tanker income taxed currently unless covered by other credits or reinvested in foreign flag ships.
  - (d) Foreign losses (over-all) subject to recapture by U.S. Treasury after 1975 - affects exploration losses and intangibles expensed.
- (3) No foreign tax credit on purchases above or below market price where there is no economic interest in property.



THE WHITE HOUSE  
WASHINGTON

April 8, 1975

MEMORANDUM FOR: JAMES J. CANNON, III

THRU: JOHN O. MARSH  
MAX L. FRIEDERSDORF  
VERN LOEN *VL*

FROM: DOUGLAS P. BENNETT *DPB*

SUBJECT: Tax Reform Bill

In discussion with Dr. Larry Woodworth last week, he described to me the items expected to be included in the Tax Reform Bill which will hopefully be completed by the Ways and Means Committee by late summer or early fall. Apparently, this reflects the thinking of Chairmen Ullman and Long.

The starting point for consideration of this legislation will be the Ways and Means' tax reform bill which was reported out of that Committee late last year but never was acted on by the House. That bill was basically structured by Chairman Wilbur Mills.

Larry expects about \$5 B revenue will be raised by the following changes in the law:

(1) Minimum Taxable Income (MTI) - The concept advanced by the Treasury Department and included in last year's bill will be structurally changed this year. The changes will probably be reflective of the opposition from charitable organizations claiming that the Treasury approach would substantially reduce charitable giving.

(2) Limitation on Artificial Accounting Losses (LAL) - This proposal relates to the so-called tax shelters. The most "popular" of which are oil shelters, real estate shelters and farm shelters.

(3) Repeal of DISC.



(4) Repeal of Certain Foreign Taxation Provisions - These will probably include those provisions in last year's bill which were not dealt with in the recently signed Tax Reduction Bill. (In addition, some provisions further dealing with oil depletion will be included primarily for political reasons).

The other provisions to be included will be the simplification proposal of the Treasury Department which is basically an effort to simplify tax return preparation by individuals accomplished by eliminating certain complicated, difficult to compute, itemized deductions and substituting a "simplification deduction".

Secondly, capital gains and losses will not be dealt with other than by increasing the capital gains and losses holding period - from six months to twelve months and also a three-year elective loss carryback. In place of the sliding scale proposal for capital gains there will be included the concept of integration. Basically, this means that to some extent the profits of corporations and dividends received by shareholders would be taxed only once. 100% integration would cost approximately \$9 B, therefore, they will probably only go 25% of the way toward integration. Provisions relating to the banking and insurance industries may also be included.

Thirdly, estate and gift tax law will be dealt with in a separate bill to follow the general tax reform bill.

I am certain that various other provisions will be added in committee but apparently Ullman hopes to end up with a net revenue gain from this bill.

cc: Secretary William E. Simon, James T. Lynn, Frederic W. Hickman,  
Paul H. O'Neill, William Seidman, Alan Greenspan

bcc: Bill Kendall  
Pat O'Donnell  
Charlie Leppert  
Bob Wolthuis



APR 12 1975

THE WHITE HOUSE  
WASHINGTON

April 11, 1975

M

MEMORANDUM FOR: MAX L. FRIEDERSDORF  
THRU: VERN LOEN *VL*  
FROM: DOUGLAS P. BENNETT *DPB*  
SUBJECT: John Rhodes

With respect to the final consideration of the House regarding the Conference Report on the Tax Reduction Act of 1975, it strikes me that John Rhodes, rightly or wrongly, ended up out on a limb and way out front in his statements that evening and the next day that the President would veto the bill. He realizes that nobody ever said absolutely that the bill would be vetoed but his interpretation was that there was a very, very strong possibility that the bill would be vetoed. It seems to me that it would be wise for the President to somehow pacify John by thanking him for his efforts to get a better tax bill and perhaps explaining personally the reasons why he signed it.

cc: Jack Marsh  
Charles Leppert  
Bob Wolthuis

