

Telegram

NO. WDS.—CL. OF SVC.	PD. OR COLL.	CASH NO.	CHARGE TO THE ACCOUNT OF	THIS MESSAGE WILL BE SENT AS A TELEGRAM UNLESS IT IS OTHERWISE INDICATED.	PRESS		OVER NIGHT TELEGRAM
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Send the following message, subject to the Telegraph Company's conditions, rules and regulations, which are on file with regulatory authorities.

air force one -- andrews to st. louis

first visitor to pool was secretary of agriculture ~~earl~~ butz, who observed that "it is only 15 inches between a pat on the back and a kick in the rear end" -- which is his best line of the day.

butz was asked whether ford will get the farm vote and he answered "yes!" he said (1) farmers are basically conservative, "respond to candor, integrity and a high level of morality," and are basically religious; (2) "like everybody else, they vote their pocketbooks." just finished three years of the highest net income on record -- \$29 billion in 1973; \$27 billion in 1974; \$25 billion in 1975, and 1976 estimate is about the same, "maybe a little bit more."

asked why the farmers are unhappy, butz said "it is in their very nature to grouse about something." he said ~~there~~ there is prosperity in rural america -- appliance dealers, for example, doing well; bank deposits grew, etc.

"they got their high net income at the ~~market~~ market place and not in government payments," butz said, adding that his department has relieved the farmer of much of bureaucratic supervision and control. as for the grain sales to russia, he said "we have made a regular customer out of an irregular customer, and created an assured market for american ~~grain~~ grain." he repeated that the trend is good for rising ~~prices~~ prices and that's why his answer is a categorical "yes" when asked whether the farmers would vote for ford.

four years ago, butz said, 71 percent of the farmers voted for nixon, and predicted that it would go about 60 percent this time. "in 1972, nixon's opponent was poison to the farmers," he said, explaining the seeming slippage.

asked about reagan, butz said he would do well among farmers because of their basic conservatism and basic opposition to big government, but when asked for figures, he said he wouldn't go into details. asked whom he would support, butz said:

"i'm going to work hard this summer for jerry ford; that's the main reason i'm staying on. i believe in this guy; he's easy to work with." butz wouldn't say whether he would stay on for a full ford term, if there is one, noting that he is 66 years old.

ron nessen came back, said president and butz are accompanied by jack marsh, sitting in for the ailing dick cheney (flu); jim cannon; alan greenspan, and ron nessen, plus sens. curtis (neb.), hatfield (ore.) and allen (ala.) and assistant secretary of agriculture ~~richard~~ richard bell. several congressmen may join in st. louis, he said.

m o r e

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andrews-st. louis -- page 2

nessen said prez would be met by gov. christopher bond and missouri attorney general john danforth, the latter the official state representative at today's funeral of leif sverdrup, st. louis civic leader who died friday. ford sent condolences to widow on saturday and probably would ask danforth to ~~convey~~ convey them in person today.

nessen pointed out that kiel auditorium holds ~~10,000~~ 10,000 people, yet farm bureau attendance between 5,000 and 5,500. because there was no attempt to fill the house with public, there will be ~~100~~ empty seats. he said the farm bureau represents 2.5 million farm families, founded in 1919. he recalled that in january, 1974, the then vice president ford addressed the same convention at atlantic city, n.j., in the "defense of nixon" speech.

in sight for this week: cabinet meeting, probably ~~on~~ wednesday, plus two-three hours a day (afternoons) working on the state of the union message.

before leaving the white house this morning, the president presided at the senior staff meeting, nessen said.

saul kohler/newhouse
 george watson/abc
 helen thomas/upi
 fran lewine/ap

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Subject: Estate Tax Proposal: Family Farms and Businesses

Your proposal to ease the estate tax burden on transfer of family farms and small businesses can be stated as follows:

- To the extent that a decedent's Federal estate tax liability is attributable to his interest in a family farm or other closely-held business qualifying under section 6166 of the Internal Revenue Code,* payment of the tax need not be made or need not commence until five years following the regular due date thereof.
- At the end of the five-year period, the deferred tax would, at the taxpayer's option, be payable in equal annual installments over the next 20 years, with simple interest at the rate of 4 percent per annum.

* Normally, estate taxes are due within nine months following a decedent's death, but under section 6166, Federal estate taxes attributable to a qualifying business interest may be paid over a period of ten years. To qualify:

- Decedent's estate must include an interest in a sole proprietorship carrying on a trade or business, or at least a 20 percent interest in a partnership, with ten or less partners, carrying on a trade or business, or 20 percent of the voting stock of a corporation, with ten or less shareholders, carrying on a trade or business.
- Decedent's business interest must exceed, in value, 35 percent of his total estate before deductions, or 50 percent of his taxable estate (i.e., his total estate less deductions allowed under the statute).

- o No interest would accrue during the five-year moratorium period, and no principal or interest payments would be required during that period.
- The five-year moratorium and 20-year extended payment proposal would apply in full only to the first \$300,000 in value of the family farm or business.
- o Between \$300,000 and \$600,000 there would be a dollar for dollar reduction in the value of the farm or business qualifying for the moratorium and extended payment provisions.
 - o That portion of the tax not so qualifying would continue to qualify for installment payments under the present ten-year rule under section 6166.
- The executor would be relieved from personal liability to the extent that estate taxes are paid under the five-year moratorium and 20-year extended payment proposal, or under the existing ten-year rule.
- o The underlying property would be subject to the estate tax lien until payment in full of all estate taxes and interest.