Shapp explains zero taxes

HARRISBURG (AP) — Gov. Milton Shapp said yesterday night he never paid state income taxes on his $1.9 million profit from sale of a Williamsport cable television company because he sold it prior to the enactment of the state tax.

Pennsylvania's personal income tax law became effective June 1, 1971, and Shapp finalized the company sale in May, 1971, after he became governor.

The law was passed by the legislature in August, 1971, but carried a retroactive effective date of June 1. The 2.3 per cent flat tax was reduced last year to 2 per cent.

Shapp said the current tax was the second income levy approved by the legislature. The first, a graduated version calling for a 3.5 per cent rate effective Jan. 1, 1971, was declared unconstitutional by the Pennsylvania Supreme Court.

"I fought for the original tax and I wanted it to remain law. I would have been glad to pay the tax on my Williamsport sale if it had remained legal," Shapp said.

Shapp told a reporter that some Republican leaders, apparently as part of their efforts to defeat him in his re-election bid, are inferring the June 1, 1971, effective date of the tax law was arranged to exempt the governor from the tax.

"That is a viscious, malicious outrageous lie," Shapp said.

The governor disclosed that he received a letter yesterday from House Majority Leader Robert J. Butera, R-Montgomery, containing a memorandum from Joseph W. Murphy, assistant chief legal counsel to the House GOP. The memo detailed the Williamsport tax situation and noted the regulation excluding so-called installment sale of property "saved the governor $45,728 in Pennsylvania income tax."

Under the regulation, even though income was collected after the tax was enacted, sales before that June 1, 1971 date were exempt from taxes.

"Although his non-payment of taxes is technically not illegal, the above facts raise obvious questions relevant to the enactment of our present income tax, and I recommend the committee on Ways and Means be empowered to review the situation at a public session," Murphy's memo stated.

Shapp said several newsmen had contacted Robert Kane, the governor's campaign manager and former revenue secretary, and Vincent X. Yakowicz, the present revenue secretary, concerning the tax matter.

Shapp said Kane, in reporting the conversations to him, said the newsmen sought to learn whether the governor had made any "deals" in setting the June 1, 1971, effective date to avoid paying the tax.

"Both Mr. Kane and Mr. Yakowicz denied that I had talked to either of them about the tax matter," Shapp said.

"I state categorically, and will say so under oath, that at no time did I talk to Kane or Yakowicz about any of the regulations that were promulgated to make the income tax law effective...

"The regulations covering the income tax were drawn up by the Department of Revenue under the direction of Vince Yakowicz, then a deputy, in conjunction with the Pennsylvania Institute of Certified Public Accountants and the tax section of the Pennsylvania Bar Association."

Delegate describes summit experiences

By JIM BARR
Collegian Staff Writer

President Ford's economic summit conference last weekend was a beginning in the long fight against the nation's 'public enemy number one', according to Eugene Kelley, dean of the College of Business Administration.

Kelley, a nationally known authority on marketing, was among the 700-800 delegates invited to the summit by Ford.

In an interview yesterday, he said now the nation "may get an economic program that goes beyond the 'old-time religion' of budget cutting and tight money" to control inflation.

"The conference started with the narrow traditional view that the way to beat inflation was to cut government spending and tighten the money supply," Kelley said.

But the wide range of opinions presented broadened the discussion and "focused attention on the fact that we have two economic problems, inflation and recession — or 'stagflation'," he said.

"The nation has never been in an economic situation like this," Kelley explained. "Tight money takes care of inflation but not recession."

The conference was marked by partisan disputes among political parties and special interest groups. Kelley said these disagreements were to be expected because of the broad representation and the wide effects of inflation.

"You have to expect labor to have its view and management to have a different view," he said.

On the political disputes, Kelley said, "Beating inflation will ultimately require political solutions — decisions made by politicians not by economists."

He also explained, "This was the first try to build a bi-partisan approach to economic policy. We have had a bi-partisan foreign policy in times of war, but we never really tried it with the economy before."

Despite the delegates' inability to agree on the causes and solutions for our economic problems, Kelley said the conference did produce some consensus on some of the issues involved.

He said there was general agreement that all groups will have to sacrifice something and that those groups hit hardest by inflation must be protected as far as possible.

He said he has long recognized that the dual problems the country is facing will require long-term solutions. He said he feels more of the delegates realize this as a result of the conference.

Asked about his opinion of Ford's handling of the nation's economic problems, Kelley said, "I endorse his approach to the issue. I think it shows good leadership."

Senate, House agree on campaign reforms

WASHINGTON (UPI) — Senate-House negotiators reached a package compromise yesterday, clearing the way for approval of the sweeping political campaign reforms prompted by Watergate.

A final session was scheduled for Thursday to nail down minor points in the bill and give the reforms final conference approval. The bill then would have to be passed by the Senate and House and sent to the White House for action by President Ford.

The legislation would provide public financing of presidential primaries, general elections, and national conventions; limit political contributions, and set spending ceilings for candidates.

A stalemate was broken earlier in the day when the Senate dropped its demands for public financing of congressional campaigns, accepting instead a strong, independent panel to enforce the reforms.

The major provisions of the bill include:

Presidential Elections — Each major party candidate to receive $20 million in federal financing.

Presidential Primaries — Each candidate eligible for federal financing of up to $5 million after raising $100,000, including $5,000 from each of 20 states. The government to match any contribution of $250 or less.

Presidential Spending — Presidential candidated limited to spending $10 million in the primaries and $20 million in the general election.

Senate Spending — Candidates limited to $100,000 or eight cents times the voting age population in the primary and $150,000 or 12 cents times the voting age population in the general election. An additional 20 per cent can be spent for fund-raising.

House Spending — House candidates can spend $70,000 in the primaries and $70,000 in the general elections plus 20 per cent for fund-raising costs.

National and State Committee Spending — Two cents per voting age population.

Contributions — Individuals limited to contributions of $1,000 to any one candidate in each primary, runoff and general election and an overall ceiling of $25,000. Organizations, such as unions, limited to $5,000 in each.

CONSUMER CORNER

SUPERMARKET SHOPPING TIPS

1) Compare store prices before shopping. Check newspapers and flyers for weekly specials.
2) Take 'money off' coupons to the store with you. If they don't have the advertised item ask for a rain check, or substitute.
3) Advertised specials must be available at the advertised price. If a store makes a habit of not having its specials as advertised, talk to the manager about it. If no action is taken you can notify the nearest Federal Trade Commission office.

If you do run into any consumer or housing problems, stop by the OTIS office at 20 HUB or call 865-6851.