WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name	DEAVER, MICHAEL: FILES	Withdrawer				
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File Folder	CORRESPONDENCE - AUGUST 1982.(3)	FOIA				
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オス MEMO	PAT BYE TO CLEARANCE CENTER (INCLUDES SOCIAL SECURITY NUMBERS)	1	8/11/1982	B6	N	144
2 LETTER	M. DEAVER TO DOUGLAS MORROW	1	8/10/1982	р Вб	oppor	145
Э́ Д МЕМО	CRAIG FULLER TO DEAVER RE DOUGLAS MORROW RESPONSE	1	8/4/1982	B 6	2/26/11	146

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would disclose finder and personner fulles and practices of an agency [(b)(2) of the FOIA] B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA] B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA] B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA] B-8 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-6 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]



MICHAEL K. DEAVER

deur al Thank you iniecely for the woondafed mech end at the give Jaw horpitality und that of the other members of schucedo won't he s whit he soon torgotten. It was a pare und migue apprimer many Thanks. Mike

THE WHITE HOUSE WASHINGTON

> Mr. Alan H. Nichols The Nichols Law Corporation Atkinson-Nichols Landmark Bldg. 1032 Broadway San Francisco, CA 94133

8-10-82

THE NICHOLS LAW CORPORATION

ALAN H. NICHOLS STEVEN J. DOI DANIEL RAPAPORT DOUGLAS S. CHAN ATTORNEYS AT LAW ATKINSON-NICHOLS LANDMARK BUILDING 1032 BROADWAY SAN FRANCISCO, CALIFORNIA 94133

AREA CODE 415 TELEPHONE 775-8200

August 4, 1982

Cand

Michael K. Deaver White House Washington DC 20500

Dear Michael:

Just a note to thank you again for joining us at Silverado Squatters. You certainly made a contribution to the camp during your short stay. In fact you produced the best (and latest) "Tumbling Tumbleweed" I have heard for a long time. I didn't get a chance to do it but wanted to thank you on behalf of everybody in the country for the important service you are performing for us all. Let me know if I can ever help.

Best regards,

ale

Alan H. Nichols

AHN:lb

WASHINGTON

8-10-82

Dear Mr. Morrow:

The President told me that he spoke with you yesterday, and that you are progressing well after open-heart surgery.

I am still trying to sort out your questions about Senate Bill 2225.

I think Treasury's argument that the direct revenue effect of permitting artists to deduct the fair market value of their works contributed to charity would be relatively small, as you suggest. However, Treasury's primary concern with this proposal is not one of revenue but of tax policy. In Treasury's view, the tax law should apply to all taxpayers equally. If S. 2225 were enacted, artists would receive better treatment than other income producers who contribute their services or inventory to charity. Creating a special rule for artists will lead to demands by other taxpayers for similar treatment which it will be difficult for Congress to justify denying.

Treasury believes that the rule which should apply to all taxpayers is the current law rule that limits the deduction for contributions of inventory-type property to the cost of producing such property. This general rule produces the same tax benefit as if the donor sold the property for its full value and gave the proceeds to charity. Absent this rule, most if not all of the economic consequences of making the gift would be borne by the Government.

Don Regan has said that you would be welcome to meet with him or the members of his staff responsible for this area to further discuss these issues. I will be happy to arrange a meeting at your convenience when you are back on your feet.

Sincerely,

Michael K. Deaver Assistant to the President Deputy Chief of Staff

Mr. Douglas Morrow 1155 North Brand Boulevard Glendale, California 91202

WASHINGTON

August 4, 1982

Before I secul this - whats his condition ,

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MEMORANDUM FOR MICHAEL K. DEAVER

FROM:

CRAIG L. FULLER / TU

SUBJECT: Douglas Morrow Response

As requested, we have had the attached response developed for the second letter from Mr. Morrow.

For whom should it be prepared in final form?

The President MKD ć CLFThe President told me that he spoke mithing you that the spoke with you yesterday and that themat. programmed the open themat. surgenzier tugin to port out Jow In still tugin Sewale piel 2225. Guestions almit Sewale piel 2225.

DRAFT PRESIDENTIAL RESPONSE

would alectricity Thank you for writing me concerning a possible misunderstanding with respect to/the revenue effect/of legislation which would permit/a larger tax deduction than permitted under current law for contributions by taxpayers of their original art work, memorandums and letters contributed to charity. arrennent

zes that the direct revenue effect of Treasury²recogr permitting artists to deduct the fair market value of their works contributed to charity would be relatively small, as you suggest. However, Treasury's primary concern with this proposal is not one of revenue but of tax policy. In Treasury's view, the tax law should apply to all taxpayers equally. If S. 2225 were enacted, artists would receive better treatment then other income producers who contribute their services or inventory to charity. Creating a special rule for artists will lead to demands by other taxpayers for similar treatment which it will be difficult for Congress to justify denying.

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Fill be happy to accurace a meeter, at green connencer when green back on your fet.

Charitable Contribution of Art Work, Manuscripts, Historical Papers, etc. by Originator

FACT SHEET

o Prior to the Tax Reform Act of 1969, a taxpayer who contributed appreciated property to charity could deduct the fair market value of the property even though the appreciation was never subject to tax. This was true whether or not the property was a capital asset. Thus, an artist could contribute his work or a President or an academic could contribute his papers to charity and get a charitable contribution deduction for the fair value of the property contributed.

o The pre-1969 Act law led to a number of problems.

- Individuals in the high income tax brackets were able to obtain greater benefits from making charitable contributions of property than from selling the property. This was particularly true with respect to property which would be taxed at regular income tax rates (so called ordinary income property) as opposed to the more favorable capital gains rates (capital assets).
- It is very difficult to value property such as presidential papers and art work, and there was general concern that the charitable contribution provisions were being abused.
- o To address these problems, Congress modified the law in 1969 to provide that the deduction for charitable gifts of ordinary income property would be limited to the amount it cost the taxpayer to produce or acquire the property. Congress also excluded from the definition of a capital asset letters, memorandums and similar property held by a taxpayer whose personal efforts created the property or for whom the property was created.
- The 1969 Act directly affected gifts by artists of their own work, since this property is inventory or ordinary income property in their hands.

- o Under the 1969 Act, an artist's income tax deduction for works of the artist's creation contributed to charity is generally limited to the amount of money spent by the artist in creating the work. Thus, an artist donating art work to charity is in the same position as if he had sold the works and contributed the after-tax proceeds to charity. Donation of letters of memorandum by the originator are treated similarly.
- There have been a number of proposals which would permit artists to deduct the fair market value of their works contributed to charity.
- Treasury is opposed to these proposals for the following reasons:
 - We believe the approach taken by the 1969 Act is correct. It is also consistent with the treatment of other income producers. For example, a physician who works half a day in a hospital without pay does not get a charitable contribution deduction. The physician's income is unaffected, just as if he earned \$500 for his services and donated a like amount to charity.
 - 2. If artists are given special treatment, it would be difficult to rationalize denying special treatment to other income producers.
 - 3. In many cases, art work, letters and memorandum would be extremely difficult to value and permitting a deduction based on fair market value could easily be subject to abuse.

DOUGLAS MORROW

June 30, 1982

Dear Mr. President:

Re: the tax deductibility of donations of significant materials, I have checked with various authorities in this field. Not one of them can understand or reconcile the figures Secretary Regan gave you (tens of billions of dollars of revenue effect) with the figures their studies have developed.

Is it possible that whoever briefed Regan on this may have unwittingly confused this proposed legislation with some other proposed legislation that is in the hopper back there?

It is possible that there may be a proposed bill back there that is similar to AB2698 in California, which attempted to make deductible the donation of personal services to charitable institutions by persons over 55. This <u>could</u> lead to massive abuse and loss of substantial revenues. Happily, it has failed. And if something similar is in the hopper back there it, too, should be beaten. I mention this possibility of confusion because in your letter to me of 5/3 you refer to the contribution of goods or services to charity.

The legislation we're talking about only relates to significant books, works of art, manuscripts, notes, letters, memoranda, etc., which by reason of their unique literary, artistic, scientific, cultural, historical, etc., significance have a special importance to research and study, and a clearly established value in the marketplace.

The three bills addressing this problem to which I referred in my memo of 4/15 had a total estimated revenue effect of 45 million dollars. (These three bills have been consolidated into one bill, S2225.)

The Presidential Task Force On The Arts And Humanities, which strongly recommends this legislation, estimates the revenue effect at no more than 5 million annually.

It is likely that the actual amount, according to experts in the field, would fall somewhere between those two figures, 5 to 45 million dollars annually.

But tens of billions of dollars? No way, on this legislation.

I am no less concerned about possible abuse than you are. But I am assured by experts on these matters that there are ample safeguards against abuse. And the proponents of this amending legislation would support any additional safeguards to prevent abuse. The Congress should be encouraged to correct their mistake of 1969. And you should run point in this encouragement so you can get credit for it from the academic and cultural communities. You need something like this to help counteract the distorted perceptions of you the media have induced, - that you don't care about or are insensitive to the academic and cultural communities and God knows what else!

You have a lot more important things occupying you right now. If there is anything I can do to help get the facts straightened out, with Regan or whomever, just say the word.

But, in any event, I hope, upon investigation and confirmation of what I've described, you'll visibly support this legislation.

With affectionate regards to you and Nancy.

Sincerely,

PRESIDENTIAL TASK FORCE ON THE ARTS AND HUMANITIES

First Tax Recommendation: Donations of Works by Creators

The 1969 amendment to the tax code governing charitable gifts of creative works by artists, writers and composers should be amended as follows:

- that the creators of these works shall receive the same tax treatment, as a result of the charitable contribution of such work, available to a collector or other donor giving a purchased work or manuscript;
- that the value of the contribution shall be governed by the most recent arms-length sale, by the creator, or a comparable work, or by another appropriate appraisal mechanism.

Current tax law allows the creator of a work who donates the work to a charitable institution to deduct only the value of the materials that were used in creating the literary, musical, or artistic work. A donor who is not the creator may deduct the fair market value of the work. Donations of works to institutions such as museums and libraries by living artists and authors have been substantially reduced since this provision was instituted. The dispersion of collections of creators' works has had a deleterious effect on the availability of research materials for scholarly activity.

There are three immediate benefits from this proposal. First, museums and libraries will be able to acquire works of art without cost. Second, artists and authors will be able to choose the institutions where their best work will be displayed. Third, the public will benefit from the presence in public institutions of the works of living artists and writers.

Furthermore, <u>since the Internal Revenue Service now has a panel which</u> monitors the value of artistic works for tax purposes, and as the revenue loss for similar legislative proposals has been estimated at no more than \$5 million annually, such a modest change in the tax code appears reasonable.*

* Report to the President, Presidential Task Force on the Arts and Humanities, October 1981, p. 20. THE WHITE HOUSE CONFERENCE ON LIBRARY AND INFORMATION SERVICES

Resolution B-5: Tax Incentives for Donations of Authors and Artists

- WHEREAS, prior to the Tax Reform Act of 1969 (PL 91-172), an author or artist who donated his or her literary, musical or artistic compositions or papers to a library or museum could take a tax deduction equal to the fair market value of the items at the time of the contribution, and
- WHEREAS, since 1969 such deductions have been limited to the cost of the materials used to produce the compositions, and donations to libraries have been severely reduced, and
 - WHEREAS, an entire generation of literary papers may be lost to future scholars through lack of an incentive to donate them to libraries, and
 - WHEREAS, restoration of a tax incentive would contribute to the equitable tax treatment of authors and artists and would increase public access to and preservation of the Mation's literary and artistic legacy,
 - THEREFORE BE IT RESOLVED, that the United States Congress enact legislation restoring a tax incentive for authors and artists to donate their creative works to libraries and museums.*

Approved in General Session, November 19, 1979

*Information for the 1980's: Final Report of the White House Conference on Library and Information Services, 1979, p. 57.

RESOLUTION ON LITERARY, MUSICAL, AND ARTISTIC DONATIONS TO LIBRARIES

- WHEREAS prior to the Tax Reform Act of 1969 (PL 91-172), an author or artist who donated his or her literary, musical or artistic compositions or papers to a library or museum could take a tax deduction equal to the fair market value of the items at the time of the contribution, and
- WHEREAS since 1969 such deductions have been limited to the cost of the materials used to produce the composition, and
- WHEREAS since 1969 donations of manuscripts and papers from authors and other figures to libraries have been severely reduced, and
- WHEREAS libraries, in their present precarious financial condition, are rarely able to compete successfully for manuscripts on the open market, and
- WHEREAS an entire generation of literary papers may be lost to future scholars through lack of an incentive to donate them to libraries, and
- WHEREAS restoration of the tax deduction would contribute to the equitable tax treatment of authors and artists and would increase public access to and preservation of the nation's literary and artistic legacy;
- THEREFORE BE IT RESOLVED, that the American Library Association go on record in support of legislative measures which would help restore a tax incentive for authors and artists to donate their creative works to libraries and museums, and
- BE IT FURTHER RESOLVED, that the American Library Association supports the restoration of the pre-1969 tax deduction equal to the fair market value of literary, musical or artistic compositions or papers at the time donated by the créator to a library or museum.

Adopted by the Council of the American Library Association Dallas, Texas, June 28, 1979



Northridge, California 91330

UNIVERSITY LIBRARIES

May 13, 1982

Mr. Douglas Morrow 1155 North Brand Boulevard Glendale, Ca. 91202

Dear Mr. Morrow:

Prior to 1969, a full fair market value tax deduction could be taken for the donation of any literary, musical or artistic composition to a charitable institution. In 1969 the tax law was changed specifically to prevent elected officials from taking advantage of this privilege. Caught up in this change was the ability of artists, musicians and writers to use the deduction, although collectors who purchase such items and later donate them to qualifying charities can still take the full deduction. Since then, donations of contemporary literary and musical manuscripts to academic and research libraries have declined markedly, as I have documented in several surveys (which I am including for your reference).

I've heard on several occasions that the Office of the Treasury feels that if a bill giving artists, composers and authors tax credit were passed, then one would have to give tax credit to people who donate personal services to tax exempt charities (for example, physicians). I would remind you that for the most part, pro bono acts by people such as MDs, no matter how laudable, are usually one-time acts and are not very susceptible to careful record-keeping and "paper trails". In the instance of artists, authors and composers, the donated work rests in the institution for all time and for all scholars the country over to use. I think that this is a gift substantially different from donated services.

I believe I have discussed with you a California Assembly Bill which deals with people over the age of 55, who donate personal services to charitable institutions. I feel that this is a totally different type of donation than what we've been discussing, and would cost a substantial sum in tax revenues. This bill is identified as AB 2698, and I have learned only this morning that it has failed.

The Treasury Office has also in the past expressed concern about artists, composers and authors making inflated claims for the value of their works. You may be interested to know that the Page 2. Letter to D. Morrow 5/13/82

IRS has policies and procedures that address themselves to this problem. A claim of market value can be rejected by the IRS before or after consultation with an expert or panel of experts in the field of the disputed work. (The IRS has many names on file, and most prominent museum and special collection curators have served in this capacity.) The IRS also has available to it handbooks listing museum/special collection curators. I would be happy to forward a list of these books to your attention if you so desire. In any event, it is the donor who is forced to prove the market value of a creative work, not the IRS. If a difference of opinion still exists between the IRS and the donor following the review by the expert(s), the donor then has the option of taking the matter to a federal district court or to the Federal Tax Court in Washington, D.C., according to an IRS Legal Officer whom I consulted a short time ago. In both instances, the courts rely upon panels of experts in the field of the manuscript or art. I believe that this procedure gives both the IRS and the country reasonable protection. If you would like to speak to someone who has served in the capacity of an expert, for both manuscripts and art works, you may contact:

Jake Zeitlan Zeitlan & Ver Brugge 815 N. La Cienega Blvd. Los Angeles, Ca (213) 655-7581

or

Jean-Luc Bordeaux (former Director of the Norton Simon Museum) Professor of Art History California State University, Northridge Northridge, Ca. 91330 (213) 885-2192

There are numerous reference materials and sale catalogs which are available to experts and to the IRS that can be used to make appraisals and market value judgements. (The Sotheby- Parke Bernet Catalogs are an example).

Finally, to bring you up to date on the status of the laws in the Senate which seek to give tax credits to artists, authors and composers, I'd like to report that the 3 bills which we have discussed have been consolidated into a single piece of legislation sponsored by the Senators concerned. The bill is S.2225, and I am enclosing a copy for your reference. In addition, you will find enclosed copies of the testimony which I have offered to two subcommittees of the Senate Finance Committee, in 1979 and in 1981, and another copy of each of my books on the subject of implications of the tax reform act. Page 3. Letter to D. Morrow 5/13/82

> Please feel free to call me with any further questions, or for clarification on any points made in this correspondence. As the Director of a large academic library, and a Trustee of the Universities' Art Gallery, I am appreciative of your efforts in this area, and am pleased to be of some assistance to you.

> > Respectfully yours,

Varmon E. anis

Norman E. Tanis Director of University Libraries

NET:bh

P.S. I am enclosing a copy of my Vita, in the event that anyone questions you about my credentials. NET

P77H CONGRESS 2D St Nation

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To as used the Intern 1-16, some Usle of 40.4 to renew cortain limitations on charitable contributions of certain items.

IN THE SENATE OF THE UNITED STATES

BLECH 17 Occisitative day, Foliot 200, 200, 200, 200 Mr. Bat CUN introduced the following bill; which was read twice and referred to the Committee on Finance

AEEL

To amend the Internal Revenue Code of 1954 to remove certain limitations on charitable contributions of certain items.

Be it coucled by the Scante and House of Representa trees of the United States of America in Congress assembled,
 That this Act may be Ted as the "Artist's Tax Equity and
 Donation Act of 1982".

5 SEC. 2. CHARITABLE CONTRIBUTIONS OF CERTAIN ITEMS

6 СКЕАТЕВ ВУ ТБЕ ТАХРАУЕВ.

Subsection (c) of section 170 of the Internal Revenue
 Code of 1954 (relating to certain contributions of ordinary

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1 income and capital Lain property) is amended by adding at
2 the end thereof the following new paragraph:

"(5) SPECIAL RULE FOR CERTAIN CONTRIBUtions of Litebary, Musical, or Artistic Compositions.—

> "(A) IN GENERAL.—In the case of a charitable contribution of any literary, musical, or arititic composition, any letter or memorandum, or similar property, if such property was created by the personal efforts of the taxpayer making such coatribution, the amount of such contribution shall be the fair market value of the property contributed at the time of such contribution and no reduction in such amount shall be made under subparagraph (A) or (B) of paragraph (1).

"(B) CERTAIN CONTRIBUTIONS BY PUBLIC OFFICIALS.—Subparagraph (A) shall not apply in the case of any charitable contribution' of any lotter, memorandum, or similar property which was written, prepared, or produced by or for an individual while such individual was an officer or employee of the United States or of any State (or political subdivision thereof) if the writing, preparation, or production of such property was related to, or arose out of, the performance of such

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(The above is being retyped, because it will not photocopy due to lightness of print)

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1 individual's duties as such an officer or

2 employee".

3 SEC. 3 EFFECTIVE DATE

4 The amendment made by section 2 shall apply to contri-

5 butions made after December 31,1981."

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[JOINT COMMITTEE PRINT]

DESCRIPTION OF TAX BILLS (S. 649, S. 851, and S. 852) RELATING TO

THE TAX TREATMENT OF ARTISTS

SCHEDULED FOR A HEARING

JE.

BEFORE THE

SUBCOMMITTEE ON ESTATE AND GIFT TAXATION

OF THE

COMMITTEE ON FINANCE

ON NOVEMBER 10, 1981

1

PREPARED FOR THE USE OF THE COMMITTEE ON FINANCE

BY THE STAFF OF THE JOINT COMMITTEE ON TAXATION

These 3 bills have been Consolidated into one bill - Gens - attached

THE WHITE HOUSE WASHINGTON

CABINET AFFAIRS STAFFING MEMORANDUM

				close of	f busine	ss,
DATE: <u>July 27, 1982</u>	NUMBER: _	072830CA	DUE BY:	Monday,	August	2

SUBJECT: Correspondence to the President from Douglas Morrow

1.

-	ACTION	FYI		ACTION	FYI
ALL CABINET MEMBERS Vice President State Treasury Defense Attorney General Interior Agriculture Commerce Labor HHS HUD Transportation Energy Education Counsellor OMB CIA			Baker Deaver Clark Darman <i>(For WH Staffing)</i> Harper Jenkins Gray		
UN USTR CEA CEQ OSTP			CCCT/Kass CCEA/Porter CCFA/Boggs CCHR/Carleson CCLP/Uhlmann CCNRE/Boggs		

REMARKS: Please review the attached correspondence and prepare a <u>draft</u> response for the President's signature.

Thanks.

Craig L. Fuller Ы

Assistant to the President for Cabinet Affairs 456–2823 Becky Norton Dunlop Director, Office of Cabinet Affairs 456-2800

RETURN TO:



WASHINGTON, D.C. 20220

August 3, 1982

MEMORANDUM FOR THE HONORABLE CRAIG L. FULLER ASSISTANT TO THE PRESIDENT FOR CABINET AFFAIRS

Subject: Response to Douglas Morrow

I have reviewed the letter the President has received from Douglas Morrow and have forwarded it to John E. Chapoton, Assistant Secretary (Tax Policy). A draft response to Mr. Morrow is also attached.

Mr. Morrow is asking the President to support S. 2225, a bill which would permit artists to deduct the fair market value of their works contributed to charity. S. 2225 would also permit taxpayers, other than public officials, to deduct the fair market value of their letters and memorandums contributed to charity. The law in this area and Treasury's concern with respect to this proposal are summarized in the fact sheet which was sent to the President on April 30 and which I have attached for your convenience.

In requesting the President's support for S. 2225, Mr. Morrow emphasizes that the revenue effect would be small. We do not yet have a revenue estimate on S. 2225. However, we can say that the revenue effect of permitting artists to deduct the fair market value of their works contributed to charity would be small, as Mr. Morrow suggests. To permit taxpayers other than public officials to deduct the fair market value of letters and memorandums contributed to charity could significantly increase the revenue effect of this proposal, depending upon the types of documents which would qualify for the deduction.

Moreover, S. 2225 represents a major exception to the general rule that taxpayers may only deduct the cost of inventory contributed to or services performed for charity. The more exceptions that are made to this general rule, the more difficult it becomes to deny similar treatment to other income producers, such as doctors, lawyers, or anyone who volunteers services or donates inventory to charitable organizations. If these further exceptions were made, the revenue effect would be enormous.

Both Secretary Regan and John E. Chapoton have again indicated they would be happy to meet with Mr. Morrow to further discuss these issues.

David L. Chew Executive Assistant to the Secretary

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Attachments

WASHINGTON

August 4, 1982

MEMORANDUM FOR MICHAEL K. DEAVER

FROM:

CRAIG L. FULLER

SUBJECT: Douglas Morrow Response

As requested, we have had the attached response developed for the second letter from Mr. Morrow.

For whom should it be prepared in final form?

The President

MKD

CLF

DRAFT PRESIDENTIAL RESPONSE

Thank you for writing me concerning a possible misunderstanding with respect to the revenue effect of legislation which would permit a larger tax deduction than permitted under current law for contributions by taxpayers of their original art work, memorandums and letters contributed to charity.

Treasury recognizes that the direct revenue effect of permitting artists to deduct the fair market value of their works contributed to charity would be relatively small, as you suggest. However, Treasury's primary concern with this proposal is not one of revenue but of tax policy. In Treasury's view, the tax law should apply to all taxpayers equally. If S. 2225 were enacted, artists would receive better treatment then other income producers who contribute their services or inventory to charity. Creating a special rule for artists will lead to demands by other taxpayers for similar treatment which it will be difficult for Congress to justify denying.

Treasury believes that the rule which should apply to all taxpayers is the current law rule that limits the deduction for contributions of inventory-type property to the cost of producing such property. This general rule produces the same tax benefit as if the donor sold the property for its full value and gave the proceeds to charity. Absent this rule, most if not all of the economic consequences of making the gift would be born by the government.

Don Regan has said that you would be welcome to meet with him or the members of his staff responsible for this _ area to further discuss these issues.

Sincerely,

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WASHINGTON

August 11, 1982

TO: ANNE HIGGINS

FROM: Mr. Deaver's office - Pat B

SUBJECT: Request for Office Coverage

Mr. Deaver requests that his office be covered during the absence of the regular staff traveling with the President to California during the month of August and the first week in September.

Arrangements have been made and confirmed with Ann DeLuca for coverage August 19, 20 and the 23rd and with Gail Ledwig for coverage August 24th thru the 27th. Coverage from August 30th thru September 3rd is required and will be worked out by Gail Ledwig with possible assistance from your staff if needed.

Thank you.

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Ronald Reagan Library

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WASHINGTON

August 12, 1982

Dear Bruce:

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- 一日本 へんたい しゅうかい かいかい

Thanks for your recent letter regarding the President meeting with your editorial board at a future date. We can't do it on this trip, but will certainly keep you in mind for the future.

Thanks, too, for sending the copy of Adweek's article about The Daily News. It was most interesting, and you have apparently done an excellent job.

Sincerely,

MICHAEL K. DEAVER Assistant to the President Deputy Chief of Staff

Mr. Bruce Winters Editor/Executive Vice President Daily News 14539 Sylvan Street Van Nuys, CA 91411

DAILY NEWS 14539 SYLVAN STREET NUYS, CALIFORNIA 91411 MUYS, CALIFORNIA 91411 MUY OU MELEPHONE 28 July 1982 28 July 1982 July 1982 July 1982 July 1982 July 1982 July 1982 VAN NUYS, CALIFORNIA 91411 EDITOR / EXECUTIVE VICE PRESIDENT

Dear Mike:

BRUCE WINTERS

I know this request does not fall into your bailiwick, but your help would be appreciated.

Since we regard ourselves as the second newspaper in Los Angeles (Brand X is number one), we feel snubbed because the boss has visited with two other editorial boards but not our own. Seriously, we have changed considerably since the Green Sheet days and even Lyn, the old grouch, singled us out as among the ten best overlooked newspapers. (I wonder if he was putting us on? See attached.)

Anyway, do you think a meeting with our editorial board could be squeezed into the president's schedule on one of his next trips west? We would be honored to have him, and I do not have to tell you that our circulation area--from Glendale to Thousand Oaks--contains a slug of Reagan supporters.

Thanks for any help with this project.

personal regards, Best

Michael K. Deaver Assistant to the President Deputy Chief of Staff The White House Washington, D.C. 20500

ADWEEK

umbed to a similar fate.

foday the paper *appears* to be making a comeback—"appears," because it is too early to tell where its current redefinition will take it. But the changes have been distinct enough to convince most of ADWEEK's advisers—from "Lou Grant" to Lyn Nofziger and Jody Powell—that the *Sun* is not getting the recognition it deserves.

It is, however, a paper that always has lived somewhat of a schizophrenic existence. *The Sun* has fought unfair comparisons that judged it alongside such larger institutions as *The Washington Post*, against which it competes only to a minor degree in the nation's capital.

The result is that *The Sun* often has been overlooked for what it is—a *Baltimore* paper, a paper that stands out on its own as a state or local paper that retains a tradition of excellence that perhaps has become clearest since the closing last year of *The Washing*ton Star, which netted the Sun such talent as political columnists Jack Germond and Jules Whitcover and Supreme Court veteran Lyle Denniston.

One of *The Sun*'s major changes has been Murphy, brought in last year as the newspaper's first outsider publisher. The timing of Murphy's arrival may have been providen-

A month after he took over, the *Star* crossed in Washington, creating a void in the Maryland suburbs that he quickly moved to fill with what he called his "Maryland" newspaper.

But he quickly asserts that the Sun's scramble to regain the respect it once had as the paper of H.L. Mencken, whose portrait hangs in the anteroom of Murphy's office, goes beyond the Star's demise. "This paper simply has made a commitment to quality," he said. "Some of it had to do with the Star, but much of it is related to the development of new features and new talent that have just made this a better newspaper."

The Charlotte Observer Circulation: 170,000

While *The Charlotte Observer* does not display the growth and zest of some of its Sunbelt counterparts, it shows signs of vitality that distinguish it from other mainstay papers in the region. One ADWEEK judge called it "a first-class operation—a quality —ver with good, strong leadership." Anoth-

said the legacy of "fine Southern journalism" lives on in Charlotte.

Not everyone is that high on the Observer. Some question whether it is as good as it once was. Others say the Observer's stature as the largest paper in the Carolinas should not eclipse the editorial excellence of papers in neighboring Raleigh or Greensboro. But no one can accuse the *Observer* of laziness. It took on the cotton industry and state and federal regulators in a series entitled "Brown Lung: A Case of Deadly Neglect" and won a bookcase full of awards.

"The Observer took on the biggest industry in its state, a courageous decision which alienated a powerful economic and political force in the Carolinas," said the judges for the Roy W. Howard Public Service Awards.

Mark Ethridge III, The Charlotte Observer's managing editor, said going that extra mile is a trademark that has made the paper "a good place to work" and a powerful force. The Observer has a circulation of 170,000, which Ethridge said is healthy and growing.

And he has equal praise for the paper's owner, Knight-Ridder, and its "terrific staff—folks who could, by and large, go to larger papers—a bunch of very excellent journalists. But they like living in a good, Sunbelt, growing city."



Conservatism runs strong through the heart of Kansas. And publishing an aggressive, liberal-leaning newspaper in the most conservative part of one of the country's most conservative states hardly seems the way to win friends and influence people. In its 110 years, *The Hutchinson News* has learned that lesson. It has made its share of enemies—but won its share of respect in the process.

It was not all that long ago when Robert Dole, then a rising political star and today one of the real powers of the U.S. Senate, denounced the *News* as "the prairie *Pravda.*" Dole since has made up with his former nemesis at the *News*, John McCormally. But the paper's present editor, Richard Buzbee, points with pride to the legacy left by those attacks. The *News*, he said, "has a heritage of an unusually candid and forceful editorial policy. It has always been on the liberal side. It has become more conservative in recent years, but it is still quite liberal for Kansas."

Today the *News* is less an aberration in the state's political fabric than it was 20-plus years ago. But its reputation lives on strengthening in turn the image of its owner, the Hutchinson-based Harris Group, whose holdings include other small papers in Kansas, Iowa and California.

"Harris runs good newspapers," said a news executive who has dealt with other chains. "They spend more money than they have to, they have a good reputation, and outside of the Kansas City Star and Times, they [the Harris Group] run the best paper in Kansas."

Harris supplements its local and wireoriginated copy with offerings from an intracompany news wire that feeds features and columns to its holdings. But Buzbee said local coverage keeps the *News*'s readers coming back. And they work off their feelings about its editorial page by "writing a lot of lovely letters," he noted. "We print five or six letters to the editor every day, which is a fair number for a paper this size."

The News has paid a price for its aggressiveness. In 1960, when it endorsed John F. Kennedy over Richard Nixon, several thousand outraged Kansans canceled their subscriptions. They've come back. Circulation now stands at 45,000.



Because of post office practices and citieswithin-a-city like Beverly Hills and Santa Monica, it's hard to play the geography game in the West's giant megalopolis, Los Angeles, without a scorecard. Given those problems, pity might ordinarily be in order for the Los Angeles *Daily News*, the little paper with the big name. Its mail is addressed to Van Nuys, it shares a market with the *Los Angeles Times*, the journalistic leviathan of the West, and, to make matters worse, not too many years ago the *Daily News* was still being given away as a lowly shopper.

These were hardly auspicious beginnings. But in the course of the last year or so the *Daily News* has evolved into a quality daily paper that should cry out at the top of Page One in billboard fashion: "Watch this space for further development."

It is, more than any other paper on AD-WEEK's list, an industry comer. It won high praise from ADWEEK's judges—not because of its potential for taking on the *Los Angeles Times*(there is none)—but because of what it has accomplished in its own right.

The Daily News is a metropolitan daily but one that has yet to conquer its own anonymity outside its marketing area. One recent exclusive was picked up by one of the major wire services, only to be greeted with skepticism by an editor in Washington who, with brow furrowed, remarked, "Just what the hell's the Los Angeles Daily News?"

The paper began as a weekly shopper, the Valley News and Green Sheet. The "Green Sheet" was dropped in 1979 as the paper's frequency was increased. Still, the Valley News was not exactly making journalistic history. As ADWEEK panelist Lyn Nofziger

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April 1982

Much of the credit for its success goes to Bruce Winters, a former national political reporter who molded it into an informative, upstart paper that could compete in a tough, competitive market.

Winters said the new name helped overcome the lingering image of a throwaway shopper. And he notes that the *Daily News*, now owned by the Tribune Co., had the largest circulation increase—18 percent, to 140,000—of any of the 100 largest dailies in the country, a distinction he calls "very gratifying."

Winters gives his readers—scattered from Van Nuys to Venice—an ample diet of national and international news. But he believes local news sells the paper. Unlike the Los Angeles Times, the Daily News has no bureau in Nairobi, no 35-member Washington staff—just a lot of people covering the valleys.



The Orlando Sentinel-Star and Fort Myers News-Press have one obvious thing in common—geography. The second thing they have in common—excellence—may be directly linked to the first.

In fact, there are characteristics unique to the Florida market that have fostered the development of top-notch papers like the St. Petersburg Times and the Orlando and Fort Myers papers. O. Reid Ashe, the Southernborn and Northern-educated publisher of the Jackson (Tenn.) Sun, explains that "newspapers down here just have to be good to survive. You're not fighting entrenched habits. Everyone's been there a relatively short period of time, they've read papers all their lives and they know a good paper—and will buy it—when they see it."

Theory aside, the Tribune Co.-owned Sentinel-Star has experienced meteoric growth in the last two years, as has its market, which includes Disney World. Winter circulation has gone from 189,000 to 227,000 and is expected to expand as Disney World does.

The Tribune Co. bought the paper in the mid-1960s and "didn't do much except take

money out in boxcars," said executive outor Steve Vaughn. But that wasn't unusual for the time in Florida.

In 1976, Jim Squires was brought in as editor, and during the next five years—before taking over the *Chicago Tribune*—he oversaw what Vaughn called "possibly the most aggressive and complicated edition

zoning in the country." The news reports and advertising were packaged for market areas. With special production techniques, Vaughn said, the *Sentinel-Star* ensures "the zoned news is what happened last night, not what happened two or three days ago."



Farther to the south, along Florida's Gulf Coast, the Gannett-owned Fort Myers News-Press sells an average of 70,000 newspapers on weekdays and 81,000 papers on Sunday to a population that varies with the seasons.

Critics contend that Gannett, the nation's largest chain, does not do as much to improve its papers as it does its profits. But executive editor Ron Thornburg points out that in 1971, the year Gannett took over, the *News-Press* did not win a single journalism prize. The next year it won one and by 1980 it had won 88.



The real action in the newspaper industry these days is not in the cities, but the suburbs. *The Patriot Ledger's* offices are four miles from the sprawling plant of the venerable *Boston Globe*. And while the paper's editors may sometimes hope the proximity is causing consternation in the *Globe* board room, it is not because they envision themselves as the next great Boston daily.

The Patriot Ledger has become one of the country's fastest-growing dailies not by going head-to-head against the Globe but by developing its own market in the Globe's backyard—offering a complete, yet locally oriented paper that has risen in circulation from 73,000 to 90,000 over three years.

"They do one hell of a job," said a Bostonarea news executive. "It's an extremely progressive paper that has done a good job responding to the community's needs. There isn't much that walks or talks in their area that they don't know about."

The main driving force has been publisher K. Prescott Low, who also serves on the board of the American Newspaper Publishers Association. But along with his willingness to make a financial commitment to excellence, Low has a penchant for tapping talent.

He brought in Bill Ketter, a former UPI executive in Boston and New York, as editor. Ketter, in turn, established a demanding style and—in the words of one staffer— "breathed life into this one."

How does The Patriot Ledger compete so close to The Boston Globe? City editor Johanna Seltz said, "We are what the Globe isn't—people's hometown paper for 28 towns and one city."

According to Ketter, failing pm papers forgot that "useful hard, spot news is what people buy a paper for." He runs features and soft news because "you have to be complete to appeal to a wide variety of readers," but he believes fresh news is what sells newspapers best. "We are the only place our readers will find out about the town meeting or the fire in the neighborhood."



The weekly *Mountain Eagle* has some 7,700 paid subscribers. One of them is Charles Kuralt, longtime man-on-the-road for CBS and an ADWEEK panelist. "It is a weekly you ought not to overlook," he advised. "It is a brave little paper that has run into all kinds of trouble over the years. It is very brave, even noble."

If a paper can be measured by the trouble it incites on behalf of the right causes, *The Mountain Eagle* would be on anybody's list. *The Mountain Eagle*'s motto, "It screams," was changed after the paper was firebombed in 1974. Today it reads, "It still screams."

The *Eagle* is a family-run operation headed by Tom Gish, his wife Pat, their son Ben and son-in-law Fred Oakes. The family has owned it for 25 of its 75 years. Ben Gish says the firebombing came after a series of editorials denouncing police harassment of youths. A city policeman convicted of hiring two people to carry out the bombing was handed a one-year suspended sentence.

Given that there are only 30,000 people in all of Letcher County, nestled among the Cumberland Mountains in eastern Kentucky, Ben Gish says he is proud of his 7,700 circulation. Kuralt voices his own pride in *The Mountain Eagle* for "fighting the vested interests of fat cats."

"It has done what it was supposed to do," the veteran newsman says. "It survived when it looked like it couldn't. It has stood up for what is decent in a politically corrupt part of Appalachia."

This report was compiled by Norman D. Sandler in Washington, DC, and Paul E. Schindler in San Francisco with the help of the ADWEEK panel of judges.

WASHINGTON

August 12, 1982

Dear Mr. Stumpff:

Thank you for your letter. I regret that this response has been delayed. However, due to the hectic pace here in Washington, it is not always possible for me to reply as quickly as I would like.

It was good of you to give me the benefit of your views on the proposed Products Liability Act of 1981. The Administration is currently considering the concept of Federal legislation providing uniform standards of product liability. You can be sure that I will keep your comments in mind as we continue deliberations on this topic.

With best wishes,

Sincerely,

MICHAEL K. DEAVER Assistant to the President Deputy Chief of Staff

Mr. Gene A. Stumpff President HAMMARY Post Office Box 760 Lenoir, NC 28645

HAMMARY

P. O. Box 760 • Lenoir, North Carolina 28645 • 704 728-3231

June 21, 1982

The Honorable Michael K. Deaver Deputy Chief of Staff and Assistant to the President The White House Washington, D. C. 20500

Dear Mr. Deaver:

I am writing to urge your cosponsorship for H.R. 5214, the Products Liability Act of 1981, introduced by Congressman Shumway of California.

Uncertain and inequitable products liability tort laws are a serious problem to our company, which employs over 700 persons.

Product Liability tort laws are largely judge-made, and are different in each of the fifty states. In fact, product liability tort laws are continually changing; for products manufactured today, we do not know the standard of conduct to which we will be held tomorrow.

Since the law of the state where the injury occurs is generally applied, and since we ship our product into virtually every state, there is little that the North Carolina legislature can do to protect us.

H.R. 5214 provides uniform principles which will be applicable in all states. These principles place responsibility for harm on the person best able to avoid injury, and otherwise respond to our concerns by equitably balancing the needs of product sellers for certainty with the needs of injured product users for adequate redress.

This measure is presently pending in the Committee on Energy and Commerce's Subcommittee on Health and the Environment. This Subcommittee is chaired by Congressman Henry Waxman, who had indicated that, the Subcommittee's schedule permitting, he expects to hold hearings on product liability tort legislation later this year.

It is important for you to add your name as a cosponsor to H.R. 5214 at this time. Your cosponsorship will help assure a speedy consideration of this legislation, and will demonstrate that support for this approach transcends geographic and partisan consideration.

Thank you for your attention and cooperation in this matter.

Respectfully,

Gene A. Stumpff

President





WASHINGTON

August 12, 1982

Dear Father Lester:

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It was good to hear from you again. One of the most pleasant aspects of my position is the opportunity it gives me to keep in touch with old friends.

It was good of you to take the time to give me your insights into the question of nuclear disarmament. I am taking the liberty of forwarding your letter to Mr. John F. Burgess, Special Assistant to the President for Public Liaison.

Again, thank you for writing.

With best wishes,

Sincerely,

MICHAEL K. DEAVER Assistant to the President Deputy Chief of Staff

The Reverend William Lester, S.J. Foundation for Moral Education 2980 Senter Road San Jose, CA 95111



2980 Senter Road San Jose, California 95111 (408) 281-2151

August 4, 1984

Board Members Mrs. John D. Crummey San Jose

Dennis Delisle

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Mr. Michael Deaver THE WHITE HOUSE Washington, D. C.

Dear Mike,

I know you're busy so right to the point.

The President seems very concerned about the proponents of nuclear-freeze. Perhaps the following points from the moral view may be of some use to him, especially with Catholic leaders.

Contrary to the stand of some bishops, distinguishing between combatants and non-combatants in a total war is next to impossible. Even civilians are in the war effort. So, it seems even though civilian centers have low priority for our bombing, they need not be held absolutely immune.

Self-defense is a moral right. Also, we may die in our battle to avoid unjust slavery. Hence, it seems the great number of deaths that would come to us in a nuclear war against the Kremlin and its likes is morally allowable. (Catholic leaders seem to overlook that point entirely.) It is even more allowable to kill the unjust aggressor if that is the only way of stopping him.

Catholic leaders of nuclear-freeze argue that disproportionate means -- an overkill -- may not be used in self-defense. The principle is correct. But they fail to see that the destruction to the free-world alone, if it surrenders to the enemy, would probably be as great as the probable destruction to both sides in a nuclear war. Two countries alone, the U.S.S.R. and China, rounded up and executed like sheep 50 million people (conversative estimate) and put millions more in prison camps and still do it. Twice that would surely be slaughtered if our part of the world were taken over where freedom has long been experienced. Then, too, the enemy's totalitarianism would seek to destroy the very spirit of man.

Evidently some of the Catholic leaders lack a basic knowledge of Marx-Leninism and the Kremlin. Archbishop John Quinn of San Francisco, for example, stated in his talk to the Commonwealth Club that the Kremlin leaders have the same desire for peace as our leaders. People like Quinn see the war not as the free world's struggle for survival

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C (d Traynor F. Cent Alpha Recorded Tape Eugene White Chairman Amdahl Corporation of freedom and human, civilized living but simply as an unconscionable, deadly fight between two good persons.

Mike, don't bother to respond to this letter unless somehow I can be of help.

You're in our prayers here.

My best.

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Sincerely,

Wm. Lester, S.J.

Enclosure: Archbishop Quinn's statement as reported by Commonwealth Club

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WASHINGTON

August 12, 1982

Dear Mr. Lee:

Mr. Deaver received your August 11th Mailgram. No one in this office knows the name of the man or men who hired Ronald Reagan to work for General Electric Theatre. Sorry we could not be of more assistance to you.

Sincerely,

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SHIRLEY MOORE Staff Assistant to Michael K. Deaver

Mr. Bill Lee 21225 Lopez Street Woodland Hills, CA 91364

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(MR DEAVER White House 1600 Pennsylvania ave Washington DC 20500	4 (
	DEAR MR DEAVER:	<u> </u>
((I GOT SERIOUS TROUBLE IN LOS ANGELES, I NEED TO FIND OUT THE NAME OF THE GUY WHO HIRED THE PRESIDENT TO WORK FOR THE GENERAL ELECTRIC THEATRE BACK IN THE 50'S? DID HE DIE OF A HEART ATTACK RECENTLY? BILL LEE 21225 LOPEZ ST WOODLAND HILLS FA 81364	
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