

Rule Changes Would Increase Taxes On Income Paid as Stock Dividends

Tougher Tax Treatment

Changes in tax rules would sharply boost taxes of the oil and gas industry, raise taxes on income individuals receive from stock dividends and curtail tax benefits enjoyed by corporation executives who have options to buy stock in their firms.

For most individuals this rule-of-thumb would apply. If you have been taking the standard deduction (10 per cent of your income but not more than \$1,000), your tax bill would be cut by a bigger percentage than if you have been itemizing your deductions.

The Treasury cited the case of married couples with two children and income of \$7,500 from wages. Those couples taking the standard deduction now pay \$877 a year in federal taxes. They would pay \$603 under Kennedy's plan—a savings of \$274 or 20.6 per cent.

If the same couple had been taking itemized deductions of \$1,500, their tax bill under present law would be only \$720. It would be cut to \$598 under Kennedy's plan, a savings of \$124, or 17.2 per cent.

Persons Over 65 They now get a double exemption — \$1,200 instead of

\$600. They also can claim a special retirement income credit. Under Kennedy's plan they would lose both these advantages. Instead, each person 65 or older would be permitted to deduct \$300 from whatever taxes he may owe.

Result: No one over 65 with earnings of \$2,000 or less (\$5,800 in the case of married couples) would pay any taxes.

This would cost the Treasury \$320 million in annual revenue.

Authors, Athletes, Etc. — Persons whose incomes fluctuate sharply from year to year would be permitted to average their incomes with a resultant overall saving of \$30 million.

Child Care — A widowed mother or father now gets a

special \$600 tax exemption to help offset cost of child care. This would be raised to \$900 if there are two children and to \$1,000 for three children or more. Child care allowances would not be liberalized for families with two employable parents. But the income limit at which the existing allowance is curtailed for such couples would be raised to \$7,000 from the present \$4,500.

Capital Gains — Profits from sale of securities or other properties held for six months now are taxed at a special low rate that ranges from 10 to 25 per cent, depending on the individual's tax bracket. The new range would be 4.2 to 19.5 per cent. However, only assets held for at least one year would qualify for lower-than-ordinary tax rates. Kennedy said this would confine benefits to investors rather than short-term speculators.

BLUE FOR YOU

Chicago (UPI)—Blue appears to be the coming housewares color preference of consumers, according to a nationwide survey conducted among manufacturers and buyers by the National Housewares Manufacturers association.

Steels Weaken On Featureless Stock Market

New York (UPI)—Stocks were firm and featureless today.

Steels weakened with Bethlehem, U.S. Steel, Youngstown Sheet and Tubes & Laughlin all off small fractions. Motors were about unchanged and chemicals softened.

Oils moved irregularly lower with Union Oil of California and Champlin off around a point each and Ashland Oil up nearly 1. Cenco was about the only wide moving electronic, up nearly 3/4.

DOW JONES AVERAGES

New York (UPI)—Dow Jones final stock averages, 30 industrial 877.58, up 2.55; 20 railroads 148.98, up 1.34; 15 utilities 134.74, up 0.45; and 65 stocks 239.29, up 1.05. Sales Wednesday were about 4.82 million shares compared with 4.81 million shares Tuesday.

Wednesday's prices on selected stocks:

Allied Chemical	43 1/2
Alum. Co.	21 1/2
American Air Lines	19 1/2
American Can	41 1/2
American Motors	20 1/2
A. T. & T.	120 1/2
American Tobacco	44 1/2
Anacosta Copper	53 1/2
Armco	38 1/2
Bendix Corp.	31 1/2
Bethlehem Steel	31 1/2
Boeing Air	39 1/2
Brunswick	15 1/2
Caterpillar Corp.	37 1/2
Chrysler Corp.	89 1/2
Coca Cola	88 1/2
CBS	48 1/2
Columbia Gas	27 1/2
Continental Can	46 1/2
Crown Zellerbach	40 1/2
Cruible Steel	18 1/2
Curtis Wright	18 1/2
Dow Chemical	60 1/2
Du Pont	240 1/2
Eastman Kodak	114 1/2
Firestone	36 1/2
Ford	44 1/2
General Electric	78 1/2
General Foods	83 1/2
Georgia Pacific	48 1/2
Greyhound	24 1/2
Gulf Oil	40 1/2
Homestate	47 1/2
Idaho Power	63 1/2
I.B.M.	414 1/2
Int. Paper	28 1/2
Johns-Manville	47 1/2
Kennecott Copper	70 1/2
Lockheed Aircraft	50 1/2
Martin	50 1/2
Merck	33 1/2
Montana Power	37 1/2
Montgomery Ward	21 1/2
National Biscuit	43 1/2
New York Central	15 1/2
Northern Pacific	40 1/2
Pac Gas Elec.	34 1/2
Penn. RR	14 1/2
Perrin Cement	27 1/2
Phillips	48 1/2
Procter & Gamble	73 1/2
Radio Corporation	63 1/2
Richfield Oil	41 1/2
Satway	46 1/2
Santa Fe	26 1/2
Sears	26 1/2
Shell Oil	36 1/2
Socomec Mobile Oil	50 1/2
Southern Co.	21 1/2
Southern Pacific	30 1/2
Sperry Rand	14 1/2
Standard California	63 1/2
Standard Indiana	49 1/2
Standard N. J.	50 1/2
Stokely Van Camp	27 1/2
Sun Mines	10 1/2
Texas Co.	61 1/2
Texas Gulf Sulfur	19 1/2
Texas Pacific Land Trust	19 1/2
Thiokol	27 1/2
Trans America	15 1/2
Trans World Air	11 1/2
Tri Continental	45 1/2
Union Pacific	45 1/2
United Carbide	108 1/2
United Aircraft	51 1/2
United Air Lines	63 1/2
U.S. Plywood	47 1/2
U.S. Rubber	44 1/2
U.S. Steel	42 1/2
West Bank Corp.	32 1/2
Westinghouse	35 1/2

Basic School Support Cutbacks Urged If Oregon Voters Reject Tax Boosts

Salem (UPI)—Cutbacks in basic school support should be made if voters reject tax hikes adopted by the 1963 legislature, the Democratic Senate and House leaders said today.

House Speaker Clarence Barton and Senate President Ben Musa both agreed basic school support was the place to make cutbacks necessary to keep the budget in balance if the voters reject tax hikes.

Barton explained "schools affect everyone, this would be the only way to spread a major cutback over all areas of the state."

"Cutbacks in welfare, or higher education, for example, would affect only selected areas and would not be felt by everyone."

"I think the education people should be out drumming up support for the legislative program."

Musa said such cutbacks in basic school support "would be an instrument that is not off base. The people at home then would have to pick up the tab."

Barton said legislators could not reduce local property taxes. "Property taxes are the product of what local people want. There's not much the legislature can do to bail out local governments. That isn't going to encourage people to economize. They will just turn to big brother in Salem."

He said increases in basic school support had not resulted in reductions in local school taxes, and cited examples where school districts

expanded budgets when additional state money was made available.

Barton explained he has no quarrel with the \$405 million budget proposed by Gov. Mark Hatfield, and predicted the legislature would "cut or add \$4-5 million."

Barton explained hearings on the welfare department budget requests would be delayed "several weeks" before hearings can begin because a completely new budget is being drafted.

Musa said he felt "constitutional revision has as much chance as a sales tax" of being adopted this session.

Musa also mentioned he wanted taxes to be levied on

all tobacco products, not just cigarettes.

Musa said again he does not favor Hatfield's budget, but wants only a \$20-\$25 million increase which could be financed by the tobacco tax and his own income tax proposal.

Foreign Briefs

WEST GERMANY HAS BIG TRADE SURPLUS
Bonn (UPI)—West Germany's economic boom leveled off in 1962 but the country still had an \$875 million trade surplus, the federal statistical office said today.

West Germany's imports rose 11.6 per cent to \$12.37 billion last year, while exports increased only 4 per cent to \$13.25 billion.

ITALIAN CIVILIANS TO PROTEST STATUS

Rome (UPI)—Italian civilian employees at all U.S. North Atlantic Treaty Organization military bases in Italy will strike for 24 hours Jan. 31 to protest their status outside Italian labor laws, their union has announced.

BRUNEI REVOLT COST BRITAIN 36 CASUALTIES

London (UPI)—Britain suffered only 36 casualties in putting down the Brunei revolt — 8 killed and 28 wounded — Defense Minister Peter Thorneycroft disclosed Wednesday.

In a written reply to Brigadier Sir John Smyth, a Conservative member of Parliament, Thorneycroft said that between 50 and 60 rebels were killed and about 2,000 captured.

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Elections Purity Code Proposed For California

Sacramento (UPI)—A purity of elections bill designed to let the public know where a political candidate gets his support was introduced in the legislature today.

The bill's author, Assemblyman Gordon Winton (D-Merced) said he hoped to get administration backing for the measure.

"The present statutes on reporting campaign expenditure are substantially unchanged from the days of Hiram Johnson," said Winton. "Conditions have changed so much that they are practically unworkable."

Toughest Feature
The measure would strike not only at winning candidates but at defeated candidates, campaign aides and anonymous committees.

Its toughest feature is one to prohibit a successful candidate from taking office if he is found to have violated the purity of elections code.

But for the defeated candidate, it provides a fine of up to \$1,000 and imprisonment in the county jail for up to six months. The same penalty could be levied against campaign aides who violated the law.

Combination of Bills
The measure is a combination of bills submitted by Winton in the 1959 and 1961 legislatures at the request of Atty. Gen. Stanley A. Mosk and a model statute on campaign contributions proposed by the National Municipal League.

It would require that the names and amount given by campaign contributors be shown if the contribution exceeds \$75. Present law requires the names but not the amounts.

In addition, every printed or duplicated bill, placard, poster or pamphlet would be required to contain the name and address of the printer and publisher and the person or committee responsible for them.

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