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Reagan pledges tax constraints, arms spending

WASHINGTON (UPI) — President Reagan promised Tuesday to "stand up for the people" and veto any effort by Congress to pick Americans' pockets by raising taxes or rekindling inflation by increased spending.

"The American people didn't send us to Washington to raise their taxes," he declared.

Standing firm against deviation from the basic 1984 budget he presented in January, the president criticized plans on Capitol Hill that would pare his military spending request and boost taxes to cut down the deficit.

Speaking to a national television audience in his first formal news conference in more than three months, Reagan agreed that controlling deficits — now looming toward \$200 billion a year — is important.

In a wide-ranging session in the ornate East Room of the White House, Reagan also:

— Applauded action by House and Senate appropriations panels to provide the \$60 million down payment on the controversial new 10-warhead MX nuclear missile.

Reagan said approval of the MX will "be one of the most important arms-control votes of the 98th Congress," and following its approval, "We will stand united and ready to negotiate in good faith (with the Soviets) on a mutual build-down of nuclear weapons."

— Said he is "gratified" by what he described as a bipartisan agreement on arms-control strategy that is emerging in Congress, linking plans for new weapons with renewed efforts to negotiate reductions.

— Vigorously defended his administration, and the U.S. Information Agency against charges of nepotism at the USA. Reagan said the agency is "being very well managed." He said relatives of his close friends and political associates were hired because they are "highly qualified" and for some it was "a sacrifice" to take a government job.

— Told the Soviet Union it has no place in Middle East peace efforts, and said he expects Syria will keep its promise to pull its troops out of Lebanon in conjunction with the withdrawal of Israeli and other foreign armies. "I don't see what reason they have to be there," Reagan said.

— Complained that "a pretty good hatchet job has been done" on his civil rights record, and said he is confident blacks will support Republican candidates in 1984.

— Refused to repeat his earlier vow to veto a bill passed by the House Tuesday to repeal tax withholding on interest and dividends, saying he would not make a judgment until he sees the measure in final form.

Reagan, who has been under pressure to join in the hunt for a budget

compromise, gave little sign of flexibility. He noted he backed a compromise plan drawn up by Republican Pete Domenici, chairman of the Senate Budget Committee, "to no avail."

That plan would have held the increase in defense spending to 6 percent after inflation and raised taxes by \$9 billion next year and more in future years. Reagan has asked for only about \$2.6 billion in new taxes and said he would settle for 7.5 percent more money for the Pentagon, although he originally asked for 10 percent.

Saying he is opposed to any tax hike or repeal of the 10 percent personal income tax rate reduction due July 1, Reagan said firmly, "I will veto any bill that would do this."

There was only one question concerning the hottest topic of last month, the trouble in Central America and the U.S. response to communist-backed revolution in the region.

Reagan, who defended his policy in an address to a rare joint session of Congress three weeks ago, was asked why the United States did not openly support the anti-Sandinista guerrillas fighting the government of Nicaragua.

"Because we want to keep on obeying the laws of our country, which we are obeying," Reagan said.

Several members of Congress have charged that covert U.S. aid to the rebels operating out of Honduras violates a ban on spending tax money to overthrow the Nicaraguan government. Reagan insists the assistance, some funneled through the CIA, is designed only to cut the flow of arms to insurgents in El Salvador.

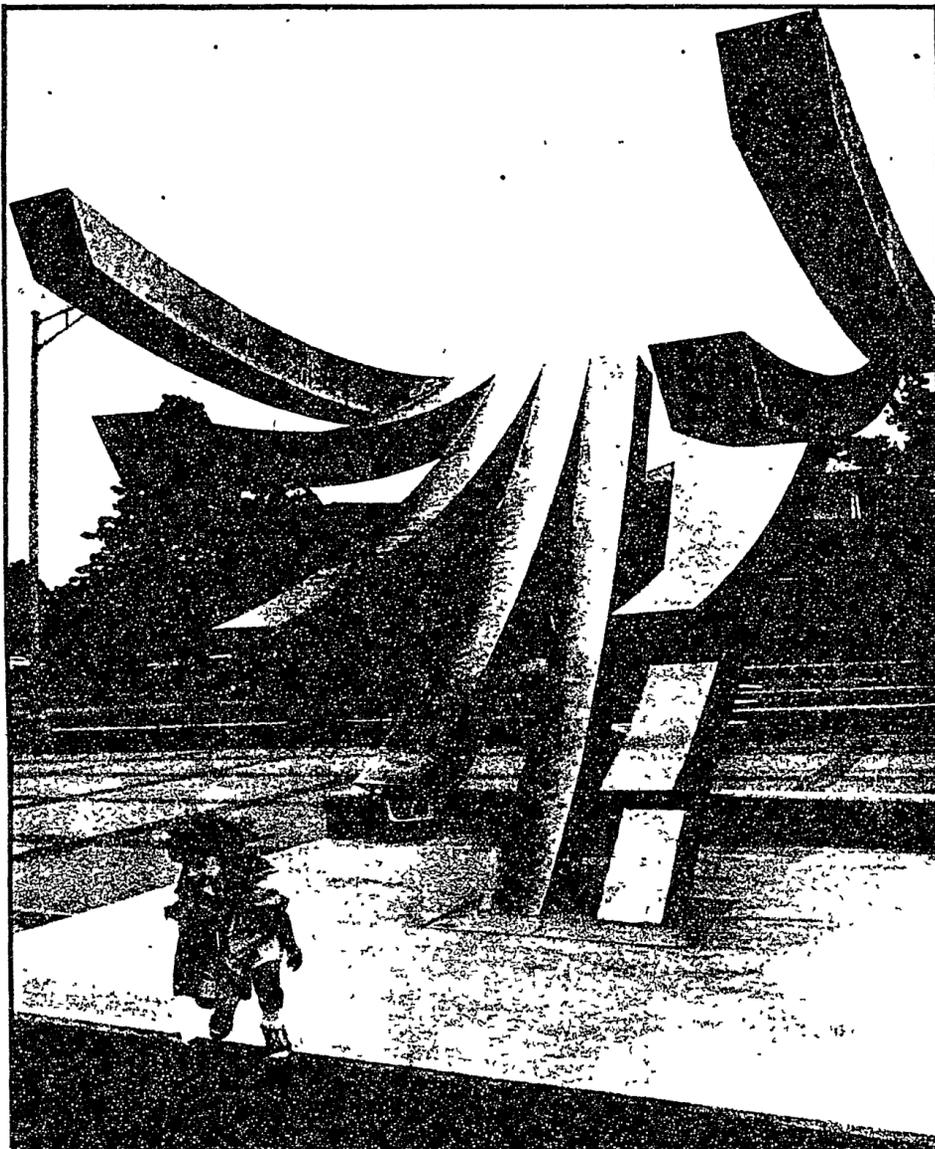
On other topics, Reagan: — Asserted his decision to open grain sales talks with the Soviets is not a concession, arguing, "We're not offering any credit deals." Requiring Moscow to pay "cash on the barrelhead" would divert funds from the Soviet military buildup, he said.

— Said that if interest rates go up they would be a serious threat to the economic recovery, but, "I don't see any sign of that. In fact, I think you'll see them go down further."

— Refused to comment on whether he would reappoint Paul Volcker head of the Federal Reserve Board, saying "when the time is right, we'll go into that."

— Said he pardoned Watergate burglar Eugenio Martinez last week because "he was not in any way a ringleader or activist. He served his sentence. Since then he has led a model life." He said pardon requests from two other Watergate figures never reached his desk.

— Speaking of a recent critical report on the nation's schools, said, "What they're talking about can be corrected without money."



See Katie jump

Too young to read, 2-year-old Katie Basiotis, daughter of Cheryl Basiotis of Columbia, plays by the sculpture outside the Columbia Public Library on Broadway.

Stephens chooses six finalists

By Major Garrett
Missourian staff writer

A festive atmosphere of toasts, accolades and kudos for retiring Stephens College President Arland Christ-Janer on Tuesday night belied much more serious deliberations by the college's Board of Curators for his replacement.

Curator Mary Lee Johnston confirmed reports that the finalists for the presidency, which has been vacant for eight months, have been whittled from 13 to six.

The candidates — all women —

form a cross-section of educational backgrounds with two holding degrees in education administration, one of whom became a Utah legislator and later that state's first female cabinet member.

Curator Johnston said the finalists are all "super women and all qualified to meet the challenges of president." They are:

— Gloria Randle Scott, vice president of Clark College in Atlanta, a predominantly black co-ed college with an annual enrollment of 2,200. Ms. Scott, the only black finalist, has supervised faculty, student life, de-

velopment and planning, budget and business affairs at Clark since 1978.

Ms. Scott previously held the position of assistant to the president at Texas Southern University in Houston. She holds a doctoral degree in college and university administration and a bachelor's and master's degree in zoology.

— Margaret Bates, associate vice-president and executive officer of the Council of Presidents at the Claremont Colleges in California. Since 1981, Ms. Bates has supervised

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Tax hike gets votes

Riders stopped to aid recovery

By Dean Kahn
State capital bureau

JEFFERSON CITY — The Senate Tuesday narrowly rejected an effort to eliminate a proposed \$65 million tax increase.

And the upper chamber overwhelmingly turned down a proposal to raise taxes on married, working couples.

The votes came after at least five hours of often-heated debate on a tax package that included a proposed \$36 million increase in the state corporate income tax.

The increases had been attached to a House-approved bill expected to raise \$47 million next year by upgrading the Missouri Revenue Department's tax-collection procedures.

Sen. Robert Johnson, R-Lee's Summit, didn't care for higher taxes on corporations or on married, working couples.

"I'm tired of all this rhetoric about the need to fund more programs when we've never looked at those programs," he said.

Sen. Jim Mathewson, D-Sedalia, countered that programs cry out for more money. Education is especially needful, he said, noting senators are under pressure to reinstate \$50 million in education funding hikes approved by the House.

The Senate Appropriations Committee recommended eliminating most of those increases.

The Senate turned back Johnson's motion, 15-16. Sen. Roger Wilson, D-Columbia, voted against removing the taxes on corporations and married, working couples.

When legislators turned to a proposal to eliminate higher taxes on married, working couples Sen. Edwin Dirck, D-St. Ann, led the charge.

"We know the corporations don't pay taxes, the poor don't pay taxes," he said. "What we're doing here is overburdening the overburdened."

The marriage-tax provision would have raised \$27 million next year by requiring working couples to count a recent federal deduction as part of their taxable state income. Congress recently passed the deduction to remedy the so-called "marriage penalty," whereby working couples had paid higher federal-tax rates than families with only one worker.

Because the state's income tax is tied to the federal system, the federal deduction lowered the amount of money going into state coffers. But Missouri already gives working couples a break on their state income tax, Dirck's opponents were quick to point out.

"There's no reason in Missouri — where we already take care of that — to subject ourselves to an additional loss of revenue," said Sen. John Schneider, D-St. Louis.

Dirck's motion passed, 21-5.

Uncertainties of Hancock worry county

By Kevin T. Dougherty and Miriam Harline
Missourian staff writers

Two Missouri Supreme Court cases may provide the answer to a Hancock Amendment riddle that county officials have been pondering for weeks.

County officials fear a clause in the amendment might prevent the county from raising the property tax rate without voter approval. The decisions on the cases could give the county some guidance on whether the clause actually requires an election.

Either way, property taxes could go up five-fold — unless sales taxes provide the county with sufficient revenue.

In January 1983 the County Court finalized a budget prepared by former Presiding Judge Bill Frech. That budget set the 1984 property tax at 10 cents per \$100 assessed valuation — an 8-cent increase over the current rate of 2 cents per \$100 assessed valuation. The additional \$320,000 generated would help provide a money surplus to guard the county against un-

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expected expenditures, Treasurer Kay Murray says.

But the Hancock Amendment is throwing its long shadow over the proposed rate hike. The amendment says an election is necessary to raise taxes, licenses or fees over "the current levy authorized by law."

What that clause means is where the problem begins.

County Clerk Wendy Noren says a strict interpretation of "the current levy" would be the 33 cents per \$100 property tax that was in effect at the time of the amendment's passage. But she interprets the amendment as setting the rate ceiling at the legal limit of 50 cents per \$100 valuation.

County officials hope to get a guide to Hancock's interpretation from the court rulings, which deal with two St. Louis County cases. But the county can't wait much longer for the decisions.

According to state law, the new tax rate must be set by Sept. 20 to be effective in 1984. If the court's decisions show that Boone County must hold an election before the rate is raised, the county will have to put the question on the August ballot — and the deadline to turn in sample ballots is June 14.

According to Ms. Noren's interpretation of the amendment, the county can raise the rate without recourse to an election. But officials fear that setting the new rate without voter approval may land Boone County in court.

The jump in property taxes, however, may not be necessary, says County Treasurer Kay Murray. Whether the property tax must be raised depends on how much revenue comes in from the county sales tax, she says.

The revenues from the two taxes have been linked by law since the sales tax's inception in 1980.

By law, the property tax must decrease by half as much as collected under the year's sales tax, Ms. Murray says, so that revenues stay in the same range as budgeted expenditures.

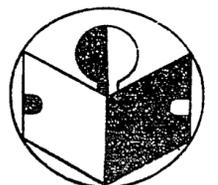
This connection between the taxes has resulted in falling property taxes throughout the sales tax's history. In 1980, the first year of the sales tax and the year Hancock became law, the county rolled back its rate to 33 cents per \$100 assessed valuation. In 1981, the levy was 3 cents per \$100 assessed valuation; in 1982 and 1983 the levy was 2 cents.

If sales taxes continue to draw in large revenues, the county may not need the extra money from the property tax, says Ms. Murray. She says she will not be able to forecast the county's financial needs until June, but sales tax revenues for December through March have been promising enough that the county may not need more revenue. The county raised \$916,381.18 in sales taxes in those four months.

If sales taxes do not bring in enough revenue, Ms. Murray says the county may need the extra property tax revenue to keep abreast of inflation and to provide insurance for a rainy day. The county currently keeps a cash surplus of \$2.4 million. Ms. Murray says the county needs to have that cushion and the \$400,000 that a 10-cent property tax would generate.

TODAY

7:30 p.m. West Junior High School instrumental night



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