

Texas A&M The Battalion

Vol. 83 No. 23 USPS 045360 10 pages

College Station, Texas

Thursday, October 1, 1987

Sales tax hike takes effect to ease state budget deficit

By Cindy Milton
Staff Writer

Texans may want to start saving their pennies, because the state sales tax increases today from 5 1/2 percent to 6 percent — the third highest tax rate in the nation.

The state comptroller's office announced after a special budget session this summer that tax increases and a broadening of the tax base were needed to solve the state budget deficit.

The higher and broadened taxes, which will raise an estimated \$3.6 billion over the next two years, are part of a \$5.7 billion overall tax increase in Texas.

"This is something the Legislature has been talking about for a long time," said Mary Jane Wardlow, spokesman for Bob Bullock, state comptroller. "They needed to raise money and taxing seemed like the best way to do it."

In addition to the state sales tax, consumers in metropolitan areas — including the Bryan-College Station area — pay a 1 percent city sales tax. This means seven cents out of almost every Texas dollar goes to the state or one of its cities. Six other states in the nation have a 6-percent sales tax rate.

Most food items — along with medicine and most professional services — continue to be excluded from the sales tax. Beginning today, however, a loosening of the definition "ready-to-eat" makes more categories of food taxable. This means the sales tax now will be charged on all food and drink purchases from such businesses as restaurants, hotels and drug stores.

In addition to the state levy and the 1 percent city sales tax, taxpayers in Dallas, Austin and Houston pay a 1 percent sales tax for transit, so their total levy now is 8 percent.

Mary Smith, from the fiscal department at Texas A&M, said the sales tax may show up in an increase in student fees next semester, but specific items to be taxed haven't been set.

Libertarians urge Clements to change mind on taxes

AUSTIN (AP) — A day before the sales tax increased, the secretary of the Texas Libertarian Party on Wednesday urged Gov. Bill Clements to call a special legislative session to repeal it.

"I am optimistic Gov. Clements will take my advice," Libertarian Party Secretary Gary Johnson said, referring to Clements' decision to sign the tax bill despite promising voters he would not. "He has changed his mind on taxes several times before."

But Reggie Bashur, Clements' press secretary, said there is no chance Clements would change his mind this time.

Asked if the governor would call a special session to erase the tax increase, Bashur said, "No."

The state sales tax increased to 6 percent from 5 1/2 percent Thursday.

In addition, the sales tax expanded to cover some goods and services that had been exempt.

These services and goods include garbage collection, landscaping, pest control, private club memberships and insurance damage appraisals.

Also Thursday, the state cigarette tax increased to 26 cents per pack from 20 1/2 cents per pack.

The changes are part of a \$5.7 billion tax increase approved this year by state lawmakers who scrambled to balance the 1988-89 budget.

The Legislature also placed a tax on items that were not taxed before, such as telephone services, garbage collection, landscaping, pest control, insurance damage appraisals, custom computer programs, transportation and private club memberships.

John Wallace, public affairs manager at GTE in College Station, said

In a letter to Clements, Johnson urged the governor to follow the example set by Florida Gov. Bob Martinez, who has called a special session in that state to take another look at a July tax increase that has sparked opposition.

"Once upon a time," Johnson said in his letter to Clements, "there lived a conservative Republican who ran for governor of a large Southern state."

"He promised to cut government spending and 'no new taxes.' He won in the year 1986."

"But after he took office, he began to work with his rivals, the Democrats, and to support higher taxes."

"He signed into law the biggest tax increase in the state's history. And the people were angry."

"Meanwhile, back at the ranch, there lived another conservative Republican who ran for governor of another large Southern state."

"He, too, promised to cut government spending and 'no new taxes.' Johnson added that that governor, like Martinez, wound up signing a record tax bill.

"That governor, of course, is you," Johnson reminded Clements.

"If you take this prudent action . . . your popularity with the people will surely increase," he said.

"You will live happily ever after," he said.

Hunter, of the local state comptroller's office. The tax raises the tax on cigarettes from 20 1/2 cents to 26 cents a pack. The taxes on snuff, chewing tobacco and pipe tobacco also rise to over 28 percent of the package price today.

More than 64,000 businesses are expected to join the 420,000 merchants already on the state tax rolls under the new tax law, comptroller's office figures show.

Hunter added that a \$25 annual charge is now being collected on sales permits. Anyone wanting to buy wholesale items to sell for profit must buy a sales tax permit, he said.

"This may affect students and other owners of small businesses — people who sell things like jewelry and T-shirts," he said.

A&M clubs must collect sales tax on items they sell, but do not have to get sales tax permits because the University takes care of getting the sales tax paid to the state.

The tax placed on membership to private clubs, which may include gyms and country clubs, will probably show up as an increase in membership fees, Hunter said.

The sales tax increase is part of a tax package that is being phased in this year and next year.

The sales tax permit fee was instituted Sept. 1, when the state's motor vehicle sales tax and hotel-motel room taxes went up.

Further taxing on items like data processing services — including word processing — will go into effect Jan. 1.

Also beginning Jan. 1, taxes will be charged on repair and remodeling services, except on new construction and owner-occupied homes.

A Brazos County auditor's office representative said a .05 percent optional sales tax will be added to the state and local tax for the county beginning Jan. 1, increasing the effective sales tax rate in Bryan-College Station to 7 1/2 percent.



Photo by Robert W. Rizzo

Here's lookin' at you

Members of the Corps of Cadets Fish Drill Team give "eyes right" to check their separation distance. The drill team has been practicing about four weeks. The drill team is comprised entirely of freshman cadets who volunteer for the unit.

Reagan calls book about Casey's activity 'an awful lot of fiction'

WASHINGTON (AP) — President Reagan on Wednesday denounced an investigative book about the late CIA Director William J. Casey as "an awful lot of fiction" and first lady Nancy Reagan called the book "distasteful."

The president, in an exchange with reporters, said the terminally ill Casey "was unable to communicate at all" when author Bob Woodward claims to have talked to him but he "is now being quoted as if he were doing nothing but talking his head off."

Mrs. Reagan, asked for her reaction to Woodward's book, replied through her press secretary, Elaine Crispin, "I find it distasteful to have things written about someone who's dead and who has no chance to reply — thereby leaving it up to Bill Casey's widow and daughter. I think

they have done a very good job in doing so, but that doesn't take away the fact that I find it distasteful." Crispin said the first lady had read published excerpts from the book.

Woodward, an assistant managing editor of the *Washington Post*, said in an interview published Wednesday by the *Los Angeles Times* that his hospital meeting with Casey, in which he described Casey as indicating he had known about the diversion of Iranian arms-sale profits to Nicaraguan rebels, was "not 100 percent conclusive."

"On the reporter level, I don't have evidence," Woodward said. "I have a nod. I would not describe Casey as completely lucid."

Woodward, in an article published in Wednesday's *Post*, said, "The diversion is still a long-term story. It has not been answered, yet."

BOSTON (AP) — Two days after issuing a denial, Gov. Michael S. Dukakis said Wednesday he had learned that his campaign was the source of a videotape that showed Sen. Joseph Biden lifting part of a speech from a British politician.

Dukakis, a candidate for the Democratic presidential nomination, at first refused to accept the resignation of campaign manager James Sasso, who distributed the tape, but Sasso and another staffer resigned Wednesday afternoon.

The disclosure came two days after Dukakis said he had interviewed all of his paid staffers and was assured none was the source of a videotape showing that Biden had borrowed, without attribution, a moving and apparently personal passage from a speech by British Labor Party leader Neil Kinnock.

"Although I had no knowledge of this, as a candidate in this campaign I accept full responsibility for it," a grim Dukakis said at a morning news conference.

Dukakis called Sasso's action "a very, very serious error in judgment," but had added, "I think his contributions as a public servant outweigh the mistake."

However, Sasso told reporters later that he persuaded Dukakis to accept his resignation. Dukakis also

accepted the resignation of Paul Tully, the campaign issues director who was aware of the video distribution, Sasso said.

Tully had joined the Dukakis campaign after working for former Sen. Gary Hart, the erstwhile Democratic front-runner who was brought down by his association with model Donna Rice.

"You try to be in control, and yet you try to delegate at the same time. That's what a chief executive tries to do. But all of us have been surprised from time to time. I certainly have as governor. What you must do is follow up as quickly as possible when you have found the information."

— Gov. Michael S. Dukakis

Leslie Dach, a campaign communications specialist, was appointed acting manager of the campaign.

Dukakis said he telephoned Biden early Wednesday and apologized.

Biden withdrew from the race last week amid controversy over the tape and other incidents of borrowed rhetoric and over disclosures that he

had misrepresented his law school career.

In Washington, Biden had nothing to say. "I think you ought to talk to the governor," the Delaware senator said. "I have no comment at all."

Among the other Democratic candidates, former Arizona Gov. Bruce Babbitt, who happened to be in Bos-

ton, said the disclosure is "not going to sink (Dukakis's) campaign." But he said he would have fired Sasso. "It simply cannot be tolerated," Babbitt said. "If there are rules and they are broken, you've got to go."

Although supplying reporters with damaging information about political rivals is a common tactic in Massachusetts politics, the Democrats running for president have all

stressed their commitment to "positive" campaigns.

It was the second time that Sasso, who took charge of Dukakis' last two campaigns for governor, caused his boss political problems.

Sasso also embarrassed Dukakis in 1982, when he was attempting a political comeback in a tough gubernatorial primary against former Gov. Edward J. King.

A Dukakis supporter obtained a campaign radio spot featuring King's wife, Jody, in which she praised her husband for helping her overcome polio.

The supporter edited the tape to give it a sexual connotation and Sasso played the edited version for several reporters. When the incident was revealed, Sasso apologized.

Dukakis, who has campaigned on his reputation as an effective manager, addressed reporters' questions about his command over his own staff by saying no chief executive can be aware of all his staff's actions.

"You try to be in control, and yet you try to delegate at the same time. That's what a chief executive tries to do," Dukakis said. "But all of us have been surprised from time to time. I certainly have as governor. What you must do is follow up as quickly as possible when you have found the information."

Reagan takes up offensive, urges Senate to confirm Bork

WASHINGTON (AP) — President Reagan on Wednesday disputed a Democratic headcount showing his nomination of Robert Bork in trouble and exhorted the Senate to choose "statesmanship over partisanship" in voting on the embattled Supreme Court nominee.

Reagan said he is optimistic Bork will be confirmed, and both he and White House Chief of Staff Howard H. Baker Jr. challenged Senate Democratic Whip Alan Cranston's tally showing at least 49 senators now against confirmation.

Baker acknowledged the administration can count only 40 votes for Bork — the same figure Cranston has — but the Reagan aide said there are just 30 sure votes in opposition and about 80 undecided "souls yet to be saved."

Cranston had said of Bork on Tuesday, "I think he's licked." But his Republican

counterpart, Sen. Alan Simpson, R-Wyo., predicted on Wednesday that Bork would be confirmed.

By his count, Simpson said, "we're four up with about 20 to two dozen undecided." He said of Cranston, "Al might have cooked his numbers a bit; that's not the kind of trend we see."

Reagan and top-ranking administration officials, reacting to statements by Bork critics that the nomination is endangered, took the offensive as the Senate Judiciary Committee hearings wound to a quiet close on Capitol Hill after 12 days and more than 100 hours of testimony.

In other developments Wednesday: • Reagan's predecessor, Jimmy Carter, announced his opposition to Bork's confirmation, saying the nominee's views on civil rights are "particularly obnoxious."

• Judiciary Committee Chairman Joseph Biden announced the panel will vote Tuesday on sending Bork's name to the Senate floor. Still to be decided is whether the nomination will be forwarded with a recommendation of approval or disapproval or with no recommendation.

Cranston, at the Capitol, said a vote of no recommendation would be "a setback to Bork's candidacy" because most nominees receive a favorable recommendation.

Majority Leader Robert C. Byrd, D-W.Va., has said the full Senate likely will not take up the nomination until around Nov. 1, but Cranston predicted the date would be earlier. White House spokesman Marlin Fitzwater said, "Whenever they're ready, we're ready."

At the outset of the final day of hearings on the 60-year-old Bork, a judge on the

U.S. Circuit Court of Appeals for the District of Columbia, Biden said that 1,925 deans and professors, from 153 of the nation's 172 law schools, have signed letters to the committee opposing Bork.

But in the auditorium of the Old Executive Office Building, Reagan was telling an audience of what the White House called "grass-roots" Bork supporters that the judge enjoys a growing and impressive list of endorsements, including those of retired Chief Justice Warren E. Burger, two current members of the court, four former attorneys general and legal scholars from around the country.

Supporters testifying for Bork have included two former Carter aides, Griffin Bell, who was attorney general, and Lloyd Cutler, who was White House counsel.

But Carter himself, in a letter to Biden, said, "It is of deep concern to me that Judge

Bork took public positions in opposition to advances in freedom for our minority citizens.

"Only recently, with the vision of a seat on the Supreme Court providing some new enlightenment, has Judge Bork attempted to renounce some of his more radical writings and rulings."

On the first day of the hearings on Sept. 15, former President Ford sat at Bork's side and gave a hearty endorsement.

Reagan, who will use the swearing-in of FBI Director William B. Sessions on Thursday to speak out again for Bork, made an impassioned appeal to his audience on Wednesday.

"Let us insist that the Senate not give in to noisy, strident pressures and that elected officials not be swayed by a deliberate campaign of disinformation and distortion," he said.