

# Difficulties may await Martin's plans for taxes

By ANDY TRINCIA  
Staff Writer

Gov. Jim Martin's new tax-cut plan, which includes the repeal of three major taxes, is designed to help North Carolina businesses and consumers. Yet he may have trouble getting the plan passed by the Legislature when it convenes next month, one of his aides said.

"It will be difficult for Gov. Martin to get this passed," said David G. Balmer, Martin's assistant press secretary. "He will have to rely on Lt. Gov. Bob Jordan's help, and he will be counting on the unity of his administration."

The plan includes a repeal of taxes on business inventories and intangibles, such as stocks and bonds. In addition, Martin wants to repeal the state sales tax on food and non-prescription medicine (prescribed drugs are not taxed under the current system).

"The tax-cut package is three-fold," Balmer said. "It's not just designed for the business community but the consumers as well. It's designed to bring jobs to North Carolina and tax relief to consumers."

Balmer admitted that local and county governments were worried about losing local revenue if the tax-cuts pass. However, he said that Martin planned to replace the lost revenue with money from the large state budget surplus. "Last year the state budget surplus was \$640 million," Balmer said. "We can afford to cut taxes."

The repeal of the food and medicine tax would

save the average family of four about \$78 per year on food and non-prescription drugs, according to Balmer.

A representative of the N.C. Citizens for Business and Industry said he expected Martin's plan to pass during next year's legislative term but not this year.

"I think the plan will have a positive effect," said Paul Lawler, director of fiscal and economic affairs for the association of 1,600 N.C. businesses. "It will attract higher wage industry and attract more business."

Many people are deceived when North Carolina is referred to as a low-tax state, Lawler said.

"We have the eighth highest individual tax per dollar of income in the nation," Lawler said. "We have lower income than states like California, so it appears taxes are low but they aren't."

Lawler said the repeal of the three-cent food tax would cost the state \$160 million. "More people need to be sold on the (tax-cut) package," Lawler said. "But I think it's necessary."

Sam Taylor, director of public relations for the N.C. Department of Commerce, said the plan was the next step in the state's economic development program.

"It's what we need to improve the economic situation," Taylor said. "It will make North Carolina more attractive to businesses looking for places to locate. And it will stimulate growth in the companies

already here."

Most businessmen interviewed expressed support for the tax package, saying it would help business and consumers.

An A&P Food Store executive at corporate headquarters in Montvale, N.J., said the repeal of the food tax would allow his company to earn more money while the consumer saved money.

Glenn Hilton, senior vice president and general manager for Shuford Mills in Hickory, said he looked at the tax-cut plans from both a business and governmental point of view.

"As a businessman, it's a fine thing," said Hilton, whose company manufactures pressure-sensitive tape for textile yarns. "But as a Hickory city councilman, I know that the lost revenue will have to be made up somewhere. The Hickory area will lose about \$1.1 million. There's no guarantee the surplus will last forever. We're talking hundreds of millions of dollars."

Aubrey King, a certified public accountant and administrative principal in the Durham firm of Thomas Knight, Trent, King and Co., said that he thought the plan would hurt local government.

"I don't hardly think Gov. Martin can do it," King said. "He wants to repeal the intangibles tax, but that produces \$82 million for local businesses. Local governments will be in trouble. The surplus can only go so far. It's a questionable idea."

# Discovery lands amid secrecy

From staff and wire reports

The space shuttle Discovery landed successfully at the Kennedy Space Center in Florida yesterday amid speculation about the release of its secret payload. The shuttle was carrying a spy satellite designed to eavesdrop on the Soviet Union, but the Defense Department has restricted the release of information about the mission.

Unofficial reports, which could not be confirmed, indicated the payload was released Friday morning, the second day of the mission, and boosted into a high orbit. Air Force and NASA spokesmen refused to comment on the reports.

## Sharon returns to Israel

TEL AVIV, Israel — Ariel Sharon is returning home without a clear victory in his libel suit against Time magazine but with crucial points for a future battle over the leadership of his Herut Party and the state of Israel.

A New York jury last week found after a 10-week trial that Time had run a false, defaming account of Sharon's role in the 1982 massacre of Palestinian refugees by Christian Phalangist militiamen in Beirut's Sabra and Shatila camps.

But it also found Time acted without malice, thereby depriving the Israeli war hero of the victory and the \$50 million he sought in damages.

Sharon has filed a parallel suit against Time in a Tel Aviv court, but it was not known whether he planned to go through with the proceedings.

## Reagan rejects cuts

WASHINGTON — President Reagan rejected Republican congressional calls for further cuts in the defense budget Saturday as "very risky," saying "We've squeezed that apple pretty good."

In a wide-ranging, 30-minute live interview with reporters from six independent radio networks and one government agency, Reagan also reiterated his belief that some black leaders are trying to divide the country into "a black America and a white America" simply to keep their jobs.

The president, who has begun a second-term public relations offen-

# News in Brief

sive by giving interviews and, according to some reports, planning trips outside of Washington to raise support for his economic program, spoke from the Roosevelt Room less than half an hour after resuming his first weekly radio broadcast since the November election.

## Talks set for March

WASHINGTON — The United States and the Soviet Union announced Saturday they will start negotiations on nuclear and space weapons March 12 in Geneva, Switzerland and President Reagan pledged to stay at the bargaining table "in the hope that we can arrive at actual reductions."

In an interview with six radio correspondents and the Voice of America, Reagan expressed optimism, but "not euphoria" over the possibility of reaching an arms accord.

In a joint announcement by Moscow and Washington, the Soviet Union said its delegation in the three-fold talks will be headed by Viktor Karpov, who was its lead negotiator on strategic nuclear weapons that were suspended in late 1983.

## Bodies arrive home

MINNEAPOLIS — The bodies of victims aboard Galaxy Flight 203 began arriving home Saturday as relatives and friends grieved for the 68 people killed in the crash of the chartered plane just after takeoff near Reno, Nev.

The first eight caskets were flown into Minneapolis-St. Paul International Airport Saturday morning on a United Airlines commercial flight. The bodies were flown to San Francisco and Chicago before arriving in Minnesota, where they were loaded into hearses.

United spokesman Ray Thoreson said a total of 63 bodies would be transported to Minneapolis and St. Paul on flights through Monday. At least 50 of the victims are from Minnesota and several others are from other states in the Upper Midwest.

# CBS calls Helms' letter an attempt to control press

By JOSEPH A. CINCOTTI  
Staff Writer

A move spearheaded by Sen. Jesse Helms to take over CBS is underway, but it's too early to tell whether it will succeed, said a spokesman for Fairness in Media, a group associated with the takeover bid.

Claude Allen, former Helms press secretary and spokesman for the newly formed Raleigh group, said one million letters had been mailed urging conservatives to buy 20 shares of CBS stock and, in effect, "... become Dan Rather's boss."

The fundraising letter, signed by Helms and dated Jan. 21, was leaked to the press four weeks ago. CBS responded with a statement issued by Mary Boies, vice president of corporate information, stating, in part, "CBS intends to take all appropriate steps to maintain the independence and integrity

of its news organization."

Richard Cole, dean of the UNC School of Journalism, said it was certain some of Helms' backers would follow the senator's call.

"He has some stalwart supporters," Cole said. "I don't think there's much doubt that a number of those supporters will buy stock, but I don't think they'll have any effect on Dan Rather or CBS. Maybe they will get a seat on the board of directors, but I don't think they'll be able to get control of the news department."

But some question Helms' effort as a possible attempt to manipulate the news media.

"He's just wrong," said Jack Behrman, associate dean of the UNC Business School. "There should be no crossover of government into the media and as long as he is part of the

government, of the legislative branch, he should not interfere in the workings of the media. In this case, rectifying bias means injecting bias."

CBS has criticized the attempted takeover as an infringement of freedom of the press.

"To seek control of an organization for the sole purpose of subjecting its news operations to political influence contradicts the tradition of a free and independent press," the company said in a prepared statement.

But Allen denied the move was an effort to deny freedom of the press to CBS news coverage.

"This has nothing to do with freedom of the press," Allen said. "It has to do with the acquisition of public stock."

"CBS has not reported the whole truth," Allen said. "We're making people realize liberal bias. We felt the best way to deal with it was to purchase stock in the company."

Estimates vary, but in order to gain a controlling interest in CBS, Helms and Fairness in Media would have to control between \$325 million and \$1 billion worth of securities.

Neither Helms nor his Washington office would comment, referring to the takeover attempt as a "non-legislative matter."

In documents filed with the Securities and Exchange Commission, three members of the National Congressional Club were named as officials of Fairness in Media, including Thomas F. Ellis,

NCC chairman; R.E. Carter Wrenn, NCC executive director; and James P. Cain, former NCC official.



According to The Associated Press, Terry Dolan, executive director and founder of the National Conservative Political Action Committee, promised to match the first \$100,000 raised by Fairness in Media with \$100,000 from NCPAC.

"CBS has a very bad record and has been very arrogant," said Reed Irvine, chairman of Accuracy In Media, a media watchdog group often associated with conservative causes. "Corporations are subject to takeover, why should the media be different? If people vote with their bucks, they might make a difference."

AIM, founded in 1969, has owned stock in CBS for ten years and that has allowed the group to raise questions and submit resolutions at annual shareholders' meetings.

"They don't like it when shareholders vote on resolutions critical of the corporation," Irvine said.

Allen said CBS was the most biased against the Reagan administration of the three networks. He cited a 1983 article in TV Guide showing CBS, by a margin of over seven-to-one during the week-long survey, tended to cast the Reagan White House in a more negative light than either ABC or NBC.





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