

# The Daily Tar Heel

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You're late! You're late!

Preregistration for most students except those still in General College ended Tuesday. General College preregistration ends April 22.

SpeakBreeze

Breezy and partly cloudy today. Highs in the 70s, lows in the 50s.

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## Restaurant owners, employees unhappy with tip tax

By MIKE SHARSKY  
Staff Writer

Because of a law that went into effect April 1, working students who receive tips face tighter scrutiny from their employers and the Internal Revenue Service. Local restaurant and bar owners, managers and employees have said they were unhappy with the law.

On Sept. 3, 1982, President Reagan signed into law the Tax Equity and Fiscal Responsibility Act. A provision of that act known as the tip tax could bring the government up to \$1 billion a year in tax revenues by tightening reporting requirements for tips.

A spokesman for the IRS, who declined to be identified, said the tip tax was not a new tax, but a benchmark for reporting, designed to increase compliance with existing tax laws. Few tipped employees report more than a small fraction of their cash tips, the spokesman said. According to The Associated Press, the IRS said that "84 percent of taxable tips are never reported as income."

The tip tax attempts to reduce tax fraud by requiring restaurants to report 8 percent of their gross

sales as employee tips. Employees are already required to report all tips over \$20 a month to their employers. If total reported tips are less than 8 percent of gross sales, the employer must find a way to bring reported tips up to his calculation.

IRS officials admit the law is complex. According to the AP, Jeffrey Prince, senior director of the National Restaurant Association, said the tip tax is "bad legislation because the average tip is much less than 8 percent — maybe as low as 3 percent." Prince added that waiters and waitresses usually lost a percentage of their table tips when they tipped busboys and other restaurant workers.

As a result, an employee may have to pay tax on tips he never received, if the employer meets his requirement by allocating tips to employees who report less than 8 percent tipped income. The employee doesn't get the allocation; it's a paper figure that goes onto the employee's W-2 form at tax time.

Robert McDonald of the Foodservice and Lodging Institute told the AP that "our greatest concern is that a year from now, all hell is going to break loose when these employees find they are going to have to pay hundreds and perhaps thousands of

dollars in taxes on tips they didn't receive."

Local employees are unhappy with the tip tax because of the pinch in increased state and Federal Insurance Contributions Act taxes per paycheck, a result of reporting more tips. Although many student workers are exempt from federal taxes because of low yearly income, the effect of stringent reporting is less daily income.

A waitress at Tijuana Fats' in Chapel Hill called the new law "too arbitrary."

Other employees at Tijuana Fats' agree. One employee passed a questionnaire asking for opinions on the tip tax from Tijuana Fats' workers. The consensus response was that students working through college should be exempt from the new requirement.

Will Stauber, manager of Tijuana Fats', said that because the restaurant was liable for errors under the law, the paperwork is much greater.

Bill Moss, bar manager for a local restaurant that he declined to identify, said, "It's another report. You almost have to go out and get an accountant." He said that "it really makes it rough on bartenders in a college town," where tips are smaller. Moss said other local bartenders, some of whom are students,

shared his feelings.

Robert Wease, manager of Spanky's restaurant, called the law "frustrating and a burden on the bookkeepers." He complained that the law was unclear, and unfair. "We're the only industry being asked to police our employees," Wease said.

Mickey Ewell, owner of Spanky's and a member of the N.C. Restaurant Association, said he disapproved of a law that forced restaurants "to do the IRS's job in regulation and bookkeeping."

Wease agreed it was difficult to check up on employees and said he thought the IRS would have a hard time proving compliance by small restaurants. The IRS is focusing its attention on big cities and large establishments where a good waiter can make \$25,000 a year, because that is where the money is for the government, Wease said.

He said that some employees at Spanky's who still did not report tips were shocked by very small paychecks, a result of employer allocation, even though daily income from tips was the same.

Sterling Jones, bartender and waiter at Spanky's and a UNC student, said that by reporting more tips, his per paycheck tax bite was less severe. But he said he feared that although his daily take was

almost as much now as before TEFRA, come tax time next year, all that newly reported income would hit him hard.

The tip tax is considered experimental because of reports of confusion and misapplication among employers. An IRS spokesman said some employers are incorrectly withholding an extra 8 percent from employee paychecks. According to the AP, the law "specifically prohibits withholding taxes from tips except those reported by the waiter."

A spokesman for the Ways and Means Committee Tax Staff in Washington said in a telephone interview that the new law would be up for review after a study by the Department of the Treasury, due Jan. 1, 1987.

The spokesman, who declined to be identified, said many unforeseen complications arose that necessitated the Treasury Department study. For example, the law does not apply to shops with fewer than 10 employees. Although he did not elaborate, the spokesman said some shops at or near the 10-employee cutoff have already applied the tip tax in a way that left employees with "negative or zero paychecks" for some pay periods.

## Buses to roll for fund-cuts protest

By LIZ LUCAS  
Assistant University Editor

Despite last-ditch efforts to stop buses from taking UNC students to the Coalition for Education Rally in Raleigh Thursday, the buses still are scheduled to leave as planned.

Coalition for Education Coordinator Jon Reckford said Tuesday that efforts to place a restraining order on the buses would not be successful.

Phil Painter, a former CGC representative, complained Monday that the \$840 appropriated to the coalition for buses violated a Student Government Constitution amendment prohibiting funding of political or religious events.

But Painter's complaint came too late to be effective, CGC Speaker James Exum said Tuesday. Painter requested Monday that the Student Supreme Court place an injunction on the CGC bill which appropriated the money, but the request for funds had been signed and processed by the Student Activity Fees Office last week before the complaint was filed, he said.

Had the bill not yet been processed, an injunction could have stopped the buses, Exum said. The funds would have been frozen until the Student Supreme Court could rule on whether the issue was political or religious in nature, he said.

"Painter has failed," Exum said. "The bill has been processed and SAFO has written the check. The Coalition for Education has made a legally binding contract with a bus company."

The Student Supreme Court can hear the case, but it cannot stop the rally or the use of student fees for the buses, Exum said.

It is doubtful that the Student Supreme Court will hear the complaint before the rally, said Robin Michaels, an associate justice of the Student Supreme Court.

"No dates for a hearing have been set yet, and I'm not even sure whether the petition has been presented to the court," Michaels said Tuesday. "I doubt a full hearing will be held before the rally because it takes three or four days to prepare for a hearing — the petition has to be filed and a counter-suit filed," she said.

But Painter said Tuesday that the buses could be stopped by the Student Supreme Court placing a restraining order on them.

"Just because the service has been paid for, the services don't have to be consumed," Painter said. "They can order the contract broken even if the money can't be gotten back, but that's the extreme case."

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Up in the air

Bounce the Clown and Mademoiselle Oooh La La are two jugglers from Florida who were on the UNC campus Tuesday practicing their show 'Locomotion Vaudeville.' The two, who have traveled around the nation performing for college students, have been juggling for nine years and are trying to get a job juggling at UNC.

DTH/Jamie Francis

## Washington leading Epton in close race

The Associated Press

CHICAGO — Rep. Harold Washington, bidding to become the city's first black mayor, pushed into a narrow lead over Republican Bernard Epton as of midnight Tuesday after a record turnout in a racially charged election.

Epton, a white millionaire lawyer, hoped to become the city's first Republican chief executive in 52 years in his battle against the Democratic congressman.

With 2,082 of 2,914 precincts reported, Washington had 447,430 votes or 49.9 percent to Epton's 445,873 or 49.7 percent. Socialist candidate Ed Warren received 2,704 votes. It was not known which parts of the city were reporting first, so it was unclear how well the pattern would hold up.

The Chicago Board of Election Commissioners estimated 88 percent of the 1.6 million voters had cast ballots, but it appeared the final figure would be somewhat lower. A record 77 percent turned out in the Feb. 22 primary in which Washington narrowly captured the Democratic nomination in a three-way race.

Washington benefitted Tuesday from an exceptional black turnout, and his campaign manager Al Raby said he was running better than 50 percent among the swing Hispanic voters.

Massive numbers of whites who voted Democratic in the primary switched to Epton. But Washington ran better among whites than he had in the February primary — up from 6 percent to about 20 percent, according to an Associated Press WMAQ-TV sampling.

Epton was watching returns in a suite at the downtown Palmer House. With him were his family and Lt. Gov. George Ryan, and spokesman Rick Murray described the mood as "excellent. Everybody up there is smiling."

However, in an interview with WMAQ-TV, the Republican lashed out at the local news media, saying they had written things about him that were unfair. Epton was particularly critical of the handling of his income tax disclosures.

"I'm not bitter — I think they're just slime," he said.

"We feel good. It looks solid," Washington, 60, said after a deli breakfast in his Hyde Park neighborhood where he voted. "We've been ahead since day one."

Washington planned to campaign through the day, while Epton — who had been a quiet candidate in the final days — headed for the Chicago White Sox home opener against the Baltimore Orioles.

"Hopefully we'll start off with a victory there, and if we're lucky and the Lord is willing we'll have a victory when we end the day," Epton, 61, told reporters at a Near North Side movie theater where he voted.

As in the primary, assistant U.S. attorneys and others monitored for possible vote fraud. By late morning, the offices of the U.S. Attorney and the Cook County's state's attorney reported more than 200 complaints. The elections board reported a quiet election.

Despite the campaign's bitterness and their harsh words for one another, Washington and Epton — former colleagues in the Illinois Legislature — have promised to meet for breakfast today, in a show of unity.

The City Council will set an inauguration date today. Traditionally, the new mayor has been sworn in to the powerful \$60,000-a-year post within weeks of the general election.

Washington, a two-term South Side congressman, was ahead in final polls. But Epton was gaining, partly on the strength of voter concern over his rival's income tax conviction, suspension from the legal profession and unpaid bills.

But Washington's race was the biggest issue, turning what would have been a rubber-stamp general election in traditionally Democratic Chicago into a horse race.

Epton ran unopposed in the GOP primary and got 11,397 votes, compared to nearly 1.2 million votes cast in the Democratic race.

## Candidate likes chances for governor

By MARK STINNEFORD  
Staff Writer

Expecting to face some of the state's Democratic heavyweights, Lacy H. Thornburg of Sylva said that being a new face in the crowd could be an advantage in his bid to gain the party's gubernatorial nomination.

Despite the potentially crowded slate, Thornburg said he had a good chance. "I'll be a new face in the group. I'm not part of the Raleigh establishment," he said in a recent telephone interview. "I think I can project a true image of positive leadership, honesty and integrity."

Thornburg, who served as a superior court judge from 1967 to March 1 of this year, announced his candidacy for governor on March 22, becoming the first to enter the Democratic primary.

Charlotte Mayor H. Edward "Eddie" Knox entered the race on April 7.

Other potential Democratic candidates include Lt. Gov. Jimmy Green, Attorney General Rufus Edmisten, Insurance Commissioner John Ingram, Commerce Secretary D.M. "Lauch" Faircloth and U.S. Rep. Charles L. Rose III.

Thornburg said his years in the courtroom and traveling around the state had given him greater insight into the problems and concerns of citizens.

Thornburg's economic proposals call for the creation of jobs through the recruitment of new industries to the state and the expansion of existing industries. New firms would be encouraged to locate in the extreme eastern and western parts of



Lacy H. Thornburg

the state which Thornburg called under-industrialized.

"I want to promote a more aggressive salesmanship of North Carolina as an appropriate place for industry to locate," he said.

The state's community college system should be geared to training workers in new, technologically-advanced industries, Thornburg said.

Primary and secondary schools should also keep pace with technology, instituting training in computer use, science and math, Thornburg said. But Thornburg emphasized that other skills must not be neglected.

"We're going to have to start a good mix in our educational system, keeping in mind that you have to have a well rounded individual and not just somebody who is trained like a monkey to punch buttons," he said.

Increased teacher pay is essential to the quality of the educational system, Thornburg said.

"I doubt that we could come up with all the money that teachers and other state

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## NBC program carries out students' fantasies

By CLINTON WEAVER  
Staff Writer

Those who dream of fantastic places and unreal situations which never seemed possible, beware: Those wishes might become reality, with the help of television.

*Fantasy*, a daytime show on NBC which debuted in September 1982, is soliciting the wishes of UNC students and faculty and residents of Chapel Hill.

They are restricted to requests which would be suitable for daytime network television, said Dennis Sullivan, a researcher for the show. "We cannot fulfill fantasies of a sexual nature."

Sullivan also said that the show did not give prizes just because someone asks for them. "We are not simply interested in doling out things but in fulfilling people's fantasies."

The show "singles out the average American and puts them in the limelight for a few minutes," he said. "We are trying to do nice things for people, show them that we care about them."

*Fantasy* combines the surprises of *Candid Camera*, the reunions of *Truth or Consequences*, the earnest-man-elevated strategy of *Real People* and the imagination of *Fantasy Island* into a show designed to be different from other daily television fare.

Chapel Hill residents and UNC students have a variety of fantasies. Gwen Robinson, a sophomore from Goldsboro, said, "(I would like to) send my mother on a trip, a Caribbean cruise, maybe. She has sacrificed so much and she's always saying she would like to do something like that."

In fact, Sullivan said that dream vacations were a frequently requested wish. He also said people were often reunited with old friends or family on the show.

Jean Larrabee, a senior anthropology



major, said she had a best friend from childhood she would like to see. "It would be interesting to see whether she would still be my best friend," she said. "She knows some secrets that no one else knows."

Holly Benedict, a freshman from Winston-Salem, said she would like to learn to skydive. "It's adventurous and I've always wanted to try it," she said. "I've always wanted to be a stewardess and high altitudes excite me."

Sullivan said the show was looking for "students who want to do something in-

teresting, such as hang gliding or piloting. (If it is) something they have never done, then we will do it."

The show also gives amateur musicians a chance to perform on its "fantasy spotlight." "Usually it's singers with their own music and we provide the accompaniment," Sullivan said.

Ned Bixler, a Chapel Hill resident, has a fantasy of being a rock 'n' roll star, but he said that would be hard to simulate in a studio.

"They'd have to . . . set up the audience so they would clap and every-

thing," he said.

Larrabee said, "I wouldn't mind singing a song in front of a whole lot of people, one that I had thought I could sing very well but no one had ever heard of."

The show's producers want interesting and unusual requests. Mundane desires for cars, stereos, televisions and trips to Hawaii aren't usually fulfilled, Sullivan said.

Myriam Adriaenssens, a junior physics and business major, had a fantasy to meet those requirements. She would like to travel by horse through Greece or Yugoslavia. "It would be real slow-paced," she said. "It would be nice and relaxed . . . and you wouldn't have to wait in line."

Some fantasies would be hard to fulfill and some would be impossible. Tom Rose, a freshman from New York, said he would like to be in a James Bond movie.

"I've always wanted to be the villain with all those super-gadgets," he said. Rose said he thought he could be the spy who finally killed 007.

A man washing dishes at Ye Old Waffle Shop on Franklin Street, said his fantasy was as follows: "It's the end of the world and I've got a cabin up in the mountains. There's nobody coming onto me and I'm not coming onto nobody and I've got the rest of the world around me."

*Fantasy* is not shown by the local NBC state, WPTF-TV (channel 28), but Sullivan said he hoped to bring the show to the area soon. He acknowledges that its 3 p.m. time slot is competitive, opposite ABC's *General Hospital*. But he said the ratings had picked up a couple of percentage points since September.

"We want more students who are addicted to soap operas," he said. "We think university students will be inventive and imaginative."