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End of Tax Exemption Of Hunt Fund Urged

By LEE M. COHN
Star Staff Writer

Representative Patman, Democrat of Texas, pressed the Internal Revenue Service today to revoke the tax exemption privileges of a foundation run by H. L. Hunt, the controversial Texas oil millionaire.

Mr. Patman, chairman of a House Small Business Subcommittee investigating foundations, charged that Mr. Hunt's Life Line Foundation had abused its tax exemption by engaging in political propaganda instead of education.

Bertrand M. Harding, acting commissioner of IRS, testified at a subcommittee hearing that the case of Life Line—formerly called Facts Forum—still is under investigation.

1962 Recommendation

The subcommittee turned to Mr. Hunt's activities after dropping an inquiry into the Central Intelligence Agency's relations with the J. M. Kaplan Fund of New York, another tax-exempt foundation.

The IRS district director in Baltimore recommended in 1962 and again in 1963 that the Life Line Foundation's tax exemption be revoked on grounds that its activities were political rather than educational.

Mr. Patman said Life Line had propagandized on such issues as the nuclear test-ban treaty, aid to education, Federal highway spending, urban renewal, farm programs, medicare, racial integration, income taxes and welfare programs.

Mr. Hunt is a noted advocate of conservative causes.

Mitchell Rogovin, Mr. Harding's assistant, outlined the difficulties of interpreting and applying the vague laws against political and propaganda activities by tax-exempt organizations.

Flat Prohibition

He said there is a flat prohibition against such organizations backing a candidate in a political campaign. President Johnson, then a Texas Senator, sponsored this ban as an amendment to a 1954 tax bill.

Mr. Patman said he knows of foundations that have worked to defeat candidates for Congress, but mentioned no names and did not indicate he was referring to Life Line.

The laws become even less clear on the subject of propaganda not involving support of a political candidate, Mr. Rogovin said. He said a foundation may lose its tax exemption if a "substantial" part of its activities involve propaganda or attempts to influence specific legislation.

Mr. Patman said later that legislation may be needed to define "substantial."

Mr. Rogovin said a foundation is within its rights to express a viewpoint on controversial matters in certain circumstances, regardless of the question of substantiality.

Methods Said Key

The key is whether the foundation's methods are educational, he said. It is all right, he indicated, to take a stand on an issue if it is backed up by facts and if the public is given a full and fair exposition of the pro and con arguments.

It is possible, he added, to take a stand on an issue without clearly advocating or opposing specific legislation.

If the foundation's viewpoint is presented as pure opinion unsupported by facts, Mr. Rogovin said, the education purpose is suspect. He said the activity also may be vulnerable if the foundation fails to present opposing arguments.

Mr. Rogovin said 24 tax-exempt organizations now are under investigation by IRS on questions involving possible political and propaganda activities.

May Call Hunt

Mr. Patman said he may call Mr. Hunt as a witness after the subcommittee staff has completed analysis of Life Line's records.

He introduced records showing that 114 individuals and organizations contributed $273,691—presumably tax-deductible—for subscriptions to Facts Forum News from 1954 through 1956. That averages about $2,400 per donor, although the annual subscription price ranged from $2 to $3.

Among the listed contributors to Life Line were Continental Supply Co. of Dallas, $35,000; First National Bank of Dallas, $33,000; Mr. Hunt, $100,000; Pacid Oil Co. of Shreveport, La., $23,489; Standard Oil Co. of Indiana, $780, and Sears, Roebuck & Co., $2,000.

In addition to contributions for subscriptions, the records showed 34 donors contributed $3,049,703 to Life Line from 1951 through 1960.

Among these donors were Gulf Oil Corp., $22,864, and Mr. Hunt personally, $2,928,500. These contributions were tax deductible.

Life Line's financial records for 1951 through 1963 showed total receipts of $5.1 million, administrative and operating expenses of $4.9 million, charitable contributions of $1,000 and awards and scholarship grants totaling $47,268.

Charitable Contributions

Charitable contributions received during those years, not counting donations for subscriptions, totaled $3,082,598, and other gross income totaled $2,046,488.

Included in gross income was $1,241,000 received from television, radio and publishing activities.

Those listed as receiving reimbursement for travel expenses from 1954 through 1957 included Karl Hess of Dallas, presumably the man who now is an adviser and speech writer for Senator Goldwater; Dr. Fred C. Schwarz, an Australian who conducts anti-communism schools here and abroad; Dan Smoot, a conservative radio commentator, and Mr. Hunt.

Total assets of Life Line and its predecessor, Facts Forum, increased from $2,500 in 1951 to $176,010 last September, according to the records.

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