

AMERICAN SMELTING AND REFINING COMPANY

UTAH DEPARTMENT
SALT LAKE CITY, UTAH

OFFICE OF
W. J. O'CONNOR
MANAGER

June 8, 1942.

Mr. Marriner Eccles,
Governor, Federal Reserve Bank,
Washington, D. C.

Dear Marriner:

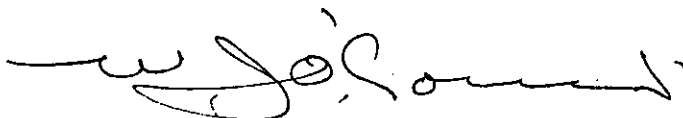
I am enclosing a copy of a letter that I have written to
Senator George, about a tax matter that is rather vital to me.

I have talked with E. G. Bennett about this, and he said that
he had approached some of his friends in Washington, and that he thought
something could be done along the lines suggested. If you have an opportunity,
and feel so inclined, you probably could do me some good on this if you
mentioned it to Senator George, or to Chairman Doughton of the House committee.

I can assure you that anything you can do will be very much
appreciated.

Kind regards.

Sincerely,

A handwritten signature in dark ink, appearing to read "W. J. O'Connor". The signature is fluid and cursive, with a long horizontal stroke at the end.

June 6, 1942.

Hon. Walter F. George,
Chairman, Senate Finance Committee,
Washington, D. C.

Dear Senator George:

I am taking the liberty of writing you about a tax situation that confronts me.

In 1927 my wife and I separated, and inasmuch as we had two children, 15 years old, I agreed to pay alimony that took practically 40 per cent of my salary. This alimony was fixed by the court, and is now a legal obligation upon me. In 1927 the Federal income tax was very light, and there was no State income tax. Furthermore, at that time I was able to make several thousand dollars a year in addition to my salary.

Some time after my separation from my first wife I was remarried to a widow with three children, one of whom is still in college. I hold a responsible position, with an income slightly over \$20,000, and from the proposals in Congress I see that the new income tax will take about 35 per cent of my income. In addition to the Federal tax there is, of course, the State income tax, that will take another 5 or 6 per cent, and numerous other taxes such as the 2 per cent sales tax in this state, and the gasoline tax.

Some of my friends tell me that there will be a clause in the new tax law providing for the deduction of alimony payments by the taxpayer, with the payment of tax on alimony to be made by the recipient. This seems to be the fair and equitable way to handle legal alimony, because certainly I do not have the use of the money required for such payments, yet the entire tax burden falls on me, while my former wife is receiving under the law the same amount that she has received since 1927, and on this she pays no taxes.

I think it is needless to point out to you that in my position it is necessary to maintain a certain standard of living, and if the alimony and tax payments are going to take 80 per cent of my income, I shall find myself in an untenable position. I do not believe that my case is an isolated one, as there are several of my friends here who are in the same position that I am, and I know that the tax burden is causing them as much nerve-destroying worry as it is me.

If you think it is just and equitable that legally fixed alimony should be deducted from income before taxes, I should appreciate very much any support you can give the inclusion of such a clause in the income tax law. Furthermore, if you could drop me a line on what you think the chances are on this phase of the tax legislation, I should appreciate having your opinion. I know that you are a very busy man, Senator, and I have been very reluctant to bother you with my personal problem, but frankly, the situation facing me compels me to ask for some consideration in framing the new tax law.

Yours truly,

June 13, 1942.

Mr. W. J. O'Connor,
Manager,
American Smelting and Refining Company,
Salt Lake City, Utah.

Dear Bill:

I have yours of June 8, 1942, with which you enclosed a copy of your letter of June 6, 1942, to Senator George, of the Senate Finance Committee, respecting the inequity of your excessive tax liability under the present income tax law.

I agree thoroughly with the position you take, and shall be glad to see what, if anything, I can do in the matter. Mr. Randolph Paul, who is now in charge of the Treasury's tax program, is a close personal friend of mine, as well as Director of the Federal Reserve Bank of New York. I shall be glad to bring this matter to his attention with the hope that some change can be brought about in income tax law that will make more just the tax burden borne by the citizens in the particular situation you are in, and there must be, of course, quite a considerable number.

With best wishes, I am

Sincerely yours,

LC:jg

A handwritten signature, likely of the sender, is written below the typed name LC:jg. The signature is stylized and appears to be a cursive representation of the name.

June 15, 1942.

Mr. Randolph E. Paul,
Assistant Secretary of the Treasury,
Washington, D. C.

Dear Randolph:

Enclosed is a copy of a letter to Senator George from Mr. W. J. O'Connor, who is a personal friend of mine of long standing. Mr. O'Connor is a very able person. He has been a director of the First National Bank of Salt Lake and the First Security Trust Company of Salt Lake, two institutions of the group I was formerly head of. He likewise is the General Manager of the American Smelting Company for the intermountain district. He is one of the few intelligent, realistic businessmen who lean strongly to the democratic side and has been a supporter of the Administration and Roosevelt since 1932.

I am giving this background of Mr. O'Connor as a reason why I am going to the trouble of bothering you about the enclosed letter. I am in full accord with Mr. O'Connor's position relative to the treatment of alimony.

I do not know what is or was the Treasury's position, but I would appreciate it if you could advise me what, if anything, is likely to be done by way of tax legislation to relieve situations such as O'Connor finds himself in.

Sincerely yours,

(Signed) M. S. Eccles

Enclosure

MSE:VE:b



TREASURY DEPARTMENT

WASHINGTON

JUN 19 1942

Dear Marriner:

I have your letter of June 15, 1942, enclosing a letter from Mr. W. J. O'Connor, a personal friend of yours, to Senator George. In that letter he asked for legislative relief for those persons who are faced with large Federal and State taxes and who also have legal obligations to make substantial alimony payments.

Under the present law, alimony payments by a husband to his divorced wife are treated by the regulations as "family expenses", not deductible from the husband's gross income. However, the Committee on Ways and Means has decided to include in the bill it will present to the House of Representatives an amendment on this point. The proposed amendment would change the law by treating alimony payments as income to the spouse actually receiving or actually entitled to receive such payments and by relieving the other spouse from whatever part of the amount of such payments is under the present law includible in his gross income.

If enacted, the proposed legislation should provide substantial relief to your friend and to other persons similarly situated.

Sincerely yours,

Randolph E. Paul,
Assistant to the Secretary.

Honorable Marriner S. Eccles,
Chairman, Board of Governors of
the Federal Reserve System,
Washington, D. C.



June 23, 1942.

Mr. W. J. O'Connor, Manager,
American Smelting and Refining Company,
Salt Lake City, Utah.

Dear Bill:

For your information I am enclosing a copy of my letter dated June 15 to Mr. Randolph E. Paul, who is handling tax matters for the Treasury. This letter to him was the result of your letter to me relative to relief for those persons who have legal obligations to make substantial alimony payments.

I have now received a reply from Mr. Paul, copy of which I am also enclosing. I know his reply will be good news to you.

With kindest regards,

Sincerely yours,

(Signed) M. S. Eccles

Enclosures 2

MSE:VE:b

AMERICAN SMELTING AND REFINING COMPANY

OFFICE OF
W. J. O'CONNOR
MANAGER

UTAH DEPARTMENT
SALT LAKE CITY, UTAH

June 26, 1942.

Personal

Mr. Marriner S. Eccles, Chairman,
Board of Governors,
Federal Reserve System,
Washington, D. C.

Dear Marriner:

I have your letter of June 23, enclosing copy of a letter from Mr. Paul of the Treasury Department, setting forth that the Committee of Ways and Means in the House had inserted an amendment in the tax bill providing for the payment of taxes on alimony by the recipient.

This surely is good news to me, and I cannot tell you how grateful I am to you for taking this matter up. I surely hope that the Senate permits the amendment to stand, and that this legislation will pass.

Again let me thank you for your interest in this matter, and I hope that if at any time there is any favor that I can do for you, you will not hesitate to call upon me.

Kind regards.

Sincerely,

