

# PRIVATE SCHOOLS THAT BAR BLACKS TO LOSE TAX AID

## I.R.S. Policy Is Expected to Have Impact on Southern Segregated Academies

### A YEAR OF DEBATE ENDS

#### Institutions Will Be Allowed Several Months to Drop Practice of Color Line

By EILEEN SHANAHAN

Special to The New York Times

WASHINGTON, July 10—The tax-exempt status of private schools that continue to practice racial discrimination in admissions will be revoked under a new policy announced today by the Internal Revenue Service.

The policy will be applied nationwide, the Commissioner of Internal Revenue, Randolph W. Thrower, said. Its greatest impact, however, is expected to be felt by the racially segregated private academies that have been established in many Southern states in recent years as the public schools have been ordered integrated.

Such schools are heavily dependent on contributions, which have heretofore been regarded as tax-exempt. The loss of exemption would apply to any income or property of the schools, but the major effect would be the loss of deductibility for contributions. Tax-exempt status permits contributors to deduct their contributions from their taxable income in their returns.

#### Cleared by President

The policy statement brought an end to more than a year of debate within the Nixon Administration over the issue of tax exemption for segregated private schools. The debate produced a deep split within the White House staff as well as among different Government agencies.

The White House press secretary, Ronald L. Ziegler, said that President Nixon had seen and cleared the Internal Revenue announcement.

Schools that practice racial discrimination will be given "a reasonable opportunity" to change those practices before having their exempt status revoked, the Internal Revenue announcement said.

#### Answer to Be Required

Commissioner Thrower said at a news conference that the opportunity would extend over "the next few months" but then added that he did not think the cutoff point would be so early as next September.

All tax-exempt private schools will be required to answer a written inquiry from the Revenue Service and explain their admissions policies, so far as race is concerned.

The Revenue Service said it "anticipated that, in most instances, evidence of a nondiscriminatory policy can be supplied by reference to published statements of policy or to the racial constituency of the student body."

#### Question of Manpower

Mr. Thrower refused to give specific answers to questions concerning how the service would verify statements by schools that they were not racially discriminating.

He said that he could not state when the verification process would start because "we have quite a large undertaking of processing the initial determinations" of whether schools are still entitled to their tax exemptions.

Any school's assertion that it is following a nondiscriminatory policy will be initially accepted by the Revenue Service "subject to verification through the usual process," Mr. Thrower

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# TAX CURB IS FACED BY WHITE SCHOOLS

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said.

He would not indicate how much manpower the service would commit to the task of verifying claims of nondiscriminatory policies. However, another Administration official said that the commitment would be "major."

Mr. Thrower did note that it was standard Internal Revenue practice to follow up on complaints from citizens, thereby indicating that revenue agents would probably act fairly swiftly to verify the practices of a school where there had been a complaint that it was discriminating.

Mr. Thrower also declined specific comment on how the Revenue Service would handle situations of token integration, where a very small number of black students might be admitted to a generally segregated school; what it would do about segregated classrooms within an integrated school, or about admissions policies that, in fact, kept black students out, though for reasons that were not essentially racial.

He said that any policies covering such matters would "have to be developed from experience in the field" and that, in general, he expected "good faith conformity" by schools with statements that they were not discriminating or would not do so.

## New Problems Arising

"We are at the threshold of a new series of problems," he said. "We need to learn much ourselves."

Mr. Thrower said that he thought the Internal Revenue announcement would render moot, or no longer at issue, some cases that are pending in the courts attacking the continued tax-exempt status of private schools in the South.

In one of these cases, the Justice Department filed in May a brief supporting the continued tax-exemption.

Subsequently, Attorney General John N. Mitchell reportedly repudiated that position and joined the Treasury Department, the Revenue Service and some officials of the Department of Health, Education and Welfare in pushing for the position that was adopted today.

Among the chief opponents of the policy change, officials said, was Harry S. Dent, special counsel to the President. Other White House staff members, including Bryce N. Harlow, a counselor to the President, and Leonard Garment, special consultant, reportedly pushed for a tougher policy.

Under the new policy, any school that claims not to be discriminating but is subsequently found to be discriminating would have its exempt status revoked retroactively.

Contributors who were aware of the deception would have their deductions disallowed, but those who were not aware of it would not.

Mr. Thrower said that the revenue ruling would not affect parochial schools that confined their students to members of one religion, nor would it apply to other types of tax-exempt organizations, such as fraternal clubs.

## 6 New Florida Suits

WASHINGTON, July 10 (UPI)—The Justice Department sued six more Florida school districts today to complete action in that state against districts refusing to desegregate.

The six new suits, plus the 46 districts sued yesterday, will mean that virtually all school districts in Mississippi, Arkansas, South Carolina and Florida will have complied with the law voluntarily or will be involved in litigation to force them to unitary systems by September, Attorney General Mitchell said.

The department filed suit in Federal District Court in Jacksonville against six districts with 79 public schools attended by 36,655 white and 9,993 black students. They were Baker, Bradford, Flagler, Pasco, St. Johns' and Seminole Counties.

## Bomb Found in Montreal

MONTREAL, July 10 (AP)—A garbage collector discovered a 40-pound dynamite bomb in a lane beside a bank in the city's financial district today