

On November 3rd The Journal ran my letter in full and replied as follows:

The following note is from Wall Street Journal Managing Editor Paul Steiger:

I respectfully disagree with Mr. Buffett. The article wasn't misleading. His central point to our reporter was the huge disparity in taxes on his home in Nebraska vs. those on his properties in California. Mr. Buffett described this disparity in the context of discussing with the reporter the troubled state of California's finances, strongly hinting that raising property taxes in California closer to levels in Nebraska might be one way of narrowing California's huge budget gap.

In the interview, Mr. Buffett did make the other point that his letter emphasizes, that of the sharp disparity in tax rates between the levies on one California property that he had bought many years ago vs. those on a nearby property that he had bought more recently. This additional point was interesting and might well have been included in the story in detail. Instead, it was referred to only briefly. In the tight confines of a newspaper article we always have to choose which of an interviewee's many remarks to report. In this case, because of Mr. Buffett's overriding theme of the potential value to California's state and local governments of additional sources of revenue, it was hardly misleading to exclude it.

For readers who want to consider these issues in more detail, the full text of the original article is available free, along with follow-up articles, on the Journal's Web site at www.wsj.com/journallinks.

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I appreciate the courteous and professional manner in which Mr. Steiger has handled my complaint.

Unfortunately, Mr. Hallinan was unable to comply with my request that my interview be taped. Mr. Steiger, therefore, could not hear directly – though Mr. Hallinan's notes will confirm – that my *initial* point was the comparison of taxes on the two California homes. Just as a reporter emphasizes his central point by placing it high up in the story, so did I.

It's not necessary to raise real estate taxes across the board in California. Simply correcting extreme inequities in the imposition of those taxes would provide much additional revenue for the state. This return to fairness could be done in a manner that protects homeowners with limited incomes, living in homes whose values have soared. Several proposals include such protection.