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and outstanding opportunities for solitude and unconfined recreation.

The enclosed draft legislation provides that designation as wilderness shall not constitute a reservation of water or water rights for wilderness purposes. This is consistent with the fact that the Congress did not establish a Federal reserved water right for wilderness purposes. The Administration has established the policy that, where it is necessary to obtain water rights for wilderness purposes in a specific wilderness area, water rights would be sought from the State by filing under State water laws. Furthermore, it is the policy of the Administration that the designation of wilderness areas should not interfere with the use of water rights, State water administration, or the use of a State's interstate water allocation.

The draft legislation also provides for access to wilderness areas by Indian people for traditional cultural and religious purposes. Access by the general public may be limited in order to protect the privacy of religious cultural activities taking place in specific wilderness areas. In addition, to the fullest extent practicable, the Department of the Interior will coordinate with the Department of Defense to minimize the impact of any overflights during these religious cultural activities.

I further concur with the Secretary of the Interior that all or part of 106 of the WSAs encompassing 3,277,546 acres are not suitable for preservation as wilderness.

Also enclosed are a letter and report from the Secretary of the Interior concerning the WSAs discussed above and a section-by-section analysis of the draft legislation. I urge the Congress to act expeditiously and favorably on the proposed legislation so that the natural resources of these WSAs in Nevada and Lassen County, California, may be protected and preserved.

Sincerely,

GEORGE BUSH

Note: Identical letters were sent to Thomas S. Foley, Speaker of the House of Representatives, and Dan Quayle, President of the Senate.

Statement by Press Secretary Fitzwater on Capital Gains Tax Regulations

September 3, 1992

In response to a request from the White House, the Department of Justice's Office of Legal Counsel has rendered a formal opinion on the issue of "indexing." We are disappointed that the opinion concludes that neither the President nor the Treasury Secretary nor the Commissioner of the IRS has the authority to act to revise the IRS regulations in a way that would index for inflation the cost of assets bought and sold in capital gains transactions.

The President believes that such indexing of cost would be sound economic policy and would be sound as a matter of fairness. Accordingly, he has instructed the Treasury Department to add to his legislative program a provision that would provide the taxpayer with the option of indexing cost when determining income subject to gain.