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THE WHITE HOUSE

WASHINGTON

January 20, 1975

MEMORANDUM FOR: MIKE DUVAL  
THRU: MAX FRIEDERSDORF  
VERN LOEN  
FROM: CHARLIE LEPPERT *CLP.*  
SUBJECT: Hearings on the Highway Trust Fund  
and Aviation Trust Fund

In the course of discussion with the House Public Works Committee staff and as a preliminary response to your inquiry, they indicate that pending the formal Committee organization their guess at the Committee legislative program at this time is as follows:

- (1) First priority will go to legislation which will help create jobs and lift the economy such as the EDA program, the Appalachian Regional Development Act, and probably an accelerated public works bill or program;
- (2) Secondly, they will probably start hearings on the Aviation Trust Fund which supposedly expires June 30, 1975. They could not give a date for hearings at this time;
- (3) Third, they would probably begin legislating on the Water Pollution Control Act and program;
- (4) Fourth, they will take up the highway program and trust fund. However, they indicate that the highway program had a tie-in to the Ways and Means Committee and the Mass Transit program -- primarily because of the interrelationship of Members and the "city" versus "rural" boys.

cc: Bennett



THE WHITE HOUSE

WASHINGTON

February 21, 1975

Dear Congressman Rogers:

The President has asked me to thank you for your thoughtful letter of January 31st urging the release of federal highway construction funds to spur the economic recovery.

On February 11th the President announced that he had ordered the release of up to \$2 billion in additional federal highway funds. Several factors were involved in this decision, not least the fact that these funds are needed and can be put to immediate use in highway construction projects that can be underway by June 30, 1975.

Moreover, this action assists an industry that has been one of the hardest hit during our current economic turndown. Finally, these monies come from already available highway trust funds.

Your interest in and encouragement of this action is appreciated.

Sincerely,



L. William Seidman  
Assistant to the President  
for Economic Affairs

Honorable Paul G. Rogers  
U. S. House of Representatives  
Washington, D.C. 20515

cc: V. Loeh



THE WHITE HOUSE  
WASHINGTON

Date 3-3-75

TO: NETA

FROM: CHARLES LEPPERT



Please Handle ✓ + MAKE COPY of ASA  
MEMO.

For Your Information \_\_\_\_\_

Per Our Conversation \_\_\_\_\_

Other: PLEASE CALL MIKE DWALL ✓  
JOHN ✓  
+ JACK SNOW AT DOT & TELL  
THEM MEETING WITH JONES  
IN HIS OFFICE 2426 RAYBURN  
HOB. If Snow cant make it  
Ted Lutz will.

## EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

INFORMATION

JAN 23 1975

MEMORANDUM FOR THE PRESIDENT

THROUGH: Roy L. Ash

FROM: Walter D. Scott *Walter D. Scott*

SUBJECT: New Aviation and Highway Legislation

Following discussions with you in early December concerning legislation for the extension and modification of the Federal aviation and highway programs, agreement has been reached on the major provisions of these proposals. DOT is currently drafting the necessary legislation. Key aspects of these proposals will be highlighted in your Budget Message. In addition, we recommend that the legislation be transmitted with a short, written Presidential Transportation Message within three weeks.

The aviation and highway proposals were developed with the objectives of:

- Increasing the efficiency and effectiveness of these programs by focusing Federal financing and oversight on national transportation system requirements while increasing state and local direction and flexibility.
- Dealing equitably with the complex trust fund/user charge policy issues in both programs by better matching dedicated revenues, beneficiaries, and program costs while proposing a straightforward solution to the deferred funds problem.
- Ensuring that the Administration is a full partner in Congressional deliberations by proposing programs with reasonable Congressional and interest group support.

The aviation legislation will provide contract authority to fund the Airport Grant Program at \$350 million per year and to extend authorizations for the FAA Airway Facilities Program at \$250 million per year through 1978. Under this proposal, most airport grant funding will be shifted from individual Federal project approval to a formula distribution system.



Federal aviation operating expenses will be funded from the aviation trust fund, and user fees will be adjusted by instituting general aviation landing fees (requested in the last Congress), decreasing the air carrier ticket tax on domestic passengers, and increasing the international departure tax. Unobligated grant funds of \$0.2 billion will be allowed to lapse. Attachment A provides more detail on this proposal.

The highway legislation will provide \$22.7 billion of contract authority for the Federal-aid highway program for 1977 through 1980, and extend the highway trust fund through 1980. Construction of the interstate system which will be financed from the trust fund, will be expedited by increasing funding levels and focusing efforts on completion of unfinished segments critical to national intercity connectivity. The non-interstate programs, to be financed from general funds, will be consolidated from over 30 restrictive categorical grants into three broad programs with provisions for "off-system" funding. Trust fund receipts will be reduced to the level of the proposed interstate system expenditures by shifting 2¢ of the gas tax into the general fund and permitting states to preempt 1¢ of all motor fuel taxes (\$1.2 billion) in 1978. In addition, the \$11 billion of deferred highway funds will be rescinded or exhausted by not requesting additional funds for 1976 and the transitional budget period. Attachment B provides more detail on this proposal.

Although these initiatives contain many provisions that will be supported by certain interest groups, the proposals for eliminating deferred funds and reducing the scope of the highway trust fund will face broad and substantial resistance. Authorizations for these programs have come from user financed trust funds, and in most cases are already apportioned to State and local bodies. We have reviewed many alternatives for reducing or eliminating unobligated balances, and have reluctantly concluded that there is no painless way of dealing with this problem. The straightforward approach recommended in these proposals essentially calls for "wiping the slate clean" for these programs. Likewise, it appears necessary to limit highway trust fund receipts and restrict its program to elements with high national interest if we are to get long term highway funding levels consistent with our fiscal objectives and other program priorities.

Overall, the proposals offer an opportunity to substantially increase local direction and management of these major grant programs while focusing the Federal involvement on projects of national interest. Most states, local bodies, and user groups will strongly support these efforts to eliminate unnecessary Federal involvement in and increase the efficiency and effectiveness of these grant programs.



Aviation Legislation

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- Reduce Federal involvement in local airport development and increase local flexibility in use of funds.
- Establish principle of user responsibility for financing a portion of airway system operating costs.
- Allocate user fees more equitably among aviation system users.
- Stop the growth in aviation trust fund "surplus" and eliminate unobligated airport program funds.
- Continue funding Federal airway capital development at present levels.

...Airport grant provisions would authorize a three-year program which would:

- Provide for direct formula grants to air carrier airports (\$50 per air carrier departure with a \$25,000 annual minimum per airport) to replace present project approval program. (\$260M).
- Expand projects eligible for funding to include development of passenger and baggage handling facilities (but not terminals per se) and eliminate local matching requirements.
- Establish a \$50M annual discretionary capital assistance and planning grant program to meet special requirements of national priority at air carrier and general aviation reliever airports, not adequately provided for through formula funding.
- Allocate general aviation grants on a formula basis to the states with gradual shift of program management and funding responsibilities to the states. In 1978, the last year of this transition, states would fund the program from preempted Federal aviation gas tax revenues.
- Allow \$194M in unobligated airport grant funds to lapse on June 30, 1975.
- Overall increase the annual new obligational authority for the airport grant program from the present \$325M to \$350M while reducing the Federal involvement (and Federal grant administrative staff).

...Aviation fee structure would be modified to more equitably match fees with the burden different users place on the system by:



- Reducing the domestic passenger ticket tax from 8% to 7% (\$110M annual reduction).
- Raising the international enplanement fee from \$3 to \$5 (\$30M annual increase).
- Instituting new general aviation landing fees of \$5 and \$10 at airports with FAA traffic control towers as proposed in the Budget Restraint Message. (\$80M annual increase).
- ...Airway facility authorizations for Federally owned and operated traffic control and navigation equipment would be continued for three years at the present \$250M annual level.
- ...Trust funding will be extended to include the \$430M annual maintenance costs for airway facilities, currently funded from the general fund.
- ...Aviation interest group reaction to the proposals will be mixed, but probably generally positive.
- Airport operators (includes many cities) will strongly support the direct formula grants. They will push for a larger overall program.
- Air carriers will support the domestic passenger tax reduction and most of the formula grant changes. They will push for a larger tax decrease.
- General aviation interests will support the general aviation airport proposals, but will strongly oppose landing fees.
- State aviation officials will support most of the airport grant proposals.
- All groups will oppose lapsing of airport grant funds and the opening of the trust fund for operating expenditures.
- ...Congressional reaction will probably also be mixed.
- House Public Works and Transportation Committee will be handling aviation legislation for first time. Anticipate positive reaction to formula grant proposals.
- Senate Commerce Committee will probably resist additional delegation to the states and trust fund changes.
- Ways and Means reaction on revenue proposal is uncertain. Will be substantial air carrier pressure to move legislation.





Highway Legislation

...Key objectives of the legislation are to:

- Increase the efficiency and effectiveness of highway assistance programs by providing additional state flexibility for non-interstate highway system while focusing Federal efforts on the critical national aspects of the Interstate system.
- Strike a long term balance between user receipts and trust funded programs at a level consistent with Administration's long term funding priorities.
- Provide a proposal for dealing with the immediate problem of the \$11 billion Federal-aid deferral in a manner consistent with the Administration's fiscal objectives.

...Federal-aid highway Interstate assistance, financed from the trust fund, would increase significantly through 1980 while Non-Interstate assistance, financed from the general fund, would be held at the 1976 level.

Program Level (Billions of Dollars)

	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
<u>TOTAL</u>	4.6	5.2	5.4	5.6	5.8	5.9
Interstate (Trust Fund)	(2.5)	(3.0)	(3.2)	(3.4)	(3.6)	(3.7)
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- ...State preemption of 1¢ per gallon of the Federal motor fuel tax would be permitted in 1978. The potential annual \$1.2 billion in added state revenues would provide a substantial infusion of funds for local highway construction and maintenance problems.
- ...Interstate funds would be focused on unfinished segments necessary to national intercity connectivity by apportioning some of the interstate funds on the basis of unfinished critical links.
- ...Four broad program areas (Interstate, Rural and small urban, Urbanized, and Safety) would replace the present maze of categorical grants. Funding would be permitted from these program areas for roads not on the Interstate, Primary or Secondary Systems.



- ...Trust fund receipts would be reduced by the shift of 2¢ per gallon of gas tax receipts into the general fund and the local 1¢ per gallon preemption of motor fuel taxes. Receipts would equal the proposed Interstate System program level so that trust fund receipts and expenditures would be balanced.
- ...Deferred funds would be eliminated by rescinding the \$3.2 billion "advanced" year Interstate allocation, requesting no additional Federal-aid authorizations for 1976 and the transitional period, and rescinding all unobligated balances as of September 30, 1976.
- ...Interest groups will generally support the revised program structure and the increases for the Interstate System.
- ...States should strongly support provisions providing for state motor fuel tax preemption as this will substantially increase revenues and local flexibility.
- ...Highway interest groups will strongly oppose rescission and trust fund modification.
- ...Congressional Committees will undoubtedly strongly oppose many of these provisions, particularly the rescission proposals. Substantial negotiations to reach a viable solution to the deferral and long term trust funding problems should be anticipated.



**March 3, 1975**

**MEMORANDUM FOR:**

**JACK MARSH**

**THRU:**

**MAX FRIEDERSDORF  
VERN LOEN**

**FROM:**

**CHARLES LEPPERT, JR.**

**SUBJECT:**

**Federal highway and aviation legislation**

**Meetings to carry out the President's instructions to begin work immediately with Congressman Harsha and others on federal highway and aviation legislation are being held. The schedule is as follows:**

<b>2/27/75</b>	<b>10 a. m.</b>	<b>Discussion briefing with Staff Director and appropriate Majority staff of the House Public Works and Transportation Committee</b>
<b>2/27/75</b>	<b>1 p. m.</b>	<b>Discussion briefing with Rep. Harsha, Rep. Clausen and Minority Counsel Cliff Enfield</b>
<b>2/28/75</b>	<b>2 p. m.</b>	<b>Discussion briefings for appropriate Majority and Minority staff of the House Public Works and Transportation Committee.</b>
<b>3/4/75</b>	<b>3 p. m.</b>	<b>Discussion briefings for Rep. Bob Jones, Chairman, House Public Works and Transportation Committee.</b>

**Administration personnel conducting the discussion briefings were Mike Duval, Domestic Counsel; John Snow and Ted Luba, DOT; and Charlie Leppert, White House CR staff.**

**It is anticipated that the Administration proposals on federal aid to highways and aviation will go to the Hill prior to the Easter Recess which begins March 27th and preferably the week of March 10, 1975.**

**cc: Jim Cavanaugh  
Doug Bennett**



THE WHITE HOUSE  
WASHINGTON

Date: 2-29-75

TO: ~~Harry~~ CC

FROM: Max L. Friedersdorf

For Your Information \_\_\_\_\_

Please Handle \_\_\_\_\_ ✓

Please See Me \_\_\_\_\_

Comments, Please \_\_\_\_\_



THE WHITE HOUSE  
WASHINGTON



Max -

Please note

It is request.

Please follow-up  
with Jim.

Thank you  
John

FEB 19 1975

THE WHITE HOUSE  
WASHINGTON

February 18, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JIM CAVANAUGH  
FROM: JERRY H. JONES  
SUBJECT: New Highway and Aviation Legislation

The attached memorandum to the President on the above subject has been reviewed and the following notation was made:

-- A lot of work should be begun immediately with Harsha and others, including Don Clausen of California.

Would you please put together a legislative strategy plan which will implement the President's instructions and submit through the Office of the Staff Secretary.

Thank you.

cc: Don Rumsfeld  
Jim Lynn  
Jack Marsh



## EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

INFORMATION

JAN 23 1975

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March 7, 1975

MEMORANDUM TO: MAX FRIEDERSDORF  
THRU: VERN LOEN  
FROM: CHARLES LEPPERT, JR.  
SUBJECT: Follow-up meeting with  
Chairman Bob Jones,  
House Committee on Public  
Works and Transportation

The follow-up meeting requested by Chairman Jones on our meeting with him on March 4th has been scheduled for 3 p.m. Wednesday, March 12, 1975, in Room 2426, Rayburn House Office Building.

The purpose of the follow-up meeting is to discuss Administration proposals on federal aid to highways and aviation.

cc: Doug Bennett  
Jerry Jones  
Mike Duvall  
Ted Lutz - DOT

CK:cjd



## INCREASING THE FEDERAL SHARE OF HIGHWAY PROJECTS

MARCH 21, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. JONES of Alabama, from the Committee on Public Works and Transportation, submitted the following

### REPORT

together with

### SEPARATE VIEWS

[To accompany H.R. 3786]

The Committee on Public Works and Transportation, to whom was referred the bill (H.R. 3786), to authorize the increase of the Federal share of certain projects under title 23, United States Code, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

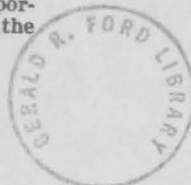
The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

That, notwithstanding any other provision of law, the Federal share of any project approved by the Secretary of Transportation under section 106(a), and of any project for which the United States becomes obligated to pay under section 117, of title 23, United States Code, during the period beginning February 12, 1975, and ending June 30, 1975 (both dates inclusive), shall be such percentage of the construction cost as the State highway department requests, up to and including 100 per centum.

SEC. 2. The total amount of such increases in the Federal share as are made pursuant to the first section of this Act for any State shall be repaid to the United States by such State before January 1, 1977. Such repayments shall be deposited in the Highway Trust Fund. No project shall be approved under section 106 or section 117 of title 23, United States Code, for any project in any State which has failed to make its repayment in accordance with this section until such repayment has been made.

SEC. 3. Notwithstanding any other provision of law, any money apportioned under section 104(b) of title 23, United States Code, for any one Federal-aid highway system in a State (other than the Interstate System) may be used during the period beginning February 12, 1975, and ending June 30, 1975 (both dates inclusive), for any project in that State on any Federal-aid highway system (other than the Interstate System). The Secretary shall deduct from moneys apportioned to a State under section 104(b) of title 23, United States Code, after the



date of enactment of this section for a Federal-aid highway system on which money has been used under authority of the preceding sentence, an amount equal to the money so used, and the deducted amount shall be repaid and credited to the last apportionment made for the system for which the money so used was originally apportioned. Each deduction made under the preceding sentence shall be at least 50 per centum of the annual apportionment to which the deduction applies until full repayment has been made.

INTRODUCTION

Over the past few months, the ranks of the Nation's unemployed have grown at an alarming rate. There are now 7.5 million Americans out of work, and the prospect looms for even greater joblessness over the next several months.

Department of Labor statistics show that the overall rate of unemployment climbed from 5.4 percent in August 1974 to 8.2 percent in January and February 1975. Unemployment in the construction trades rose from 11.3 percent to 15.9 percent during the same period. 688,000 construction workers were unable to find work during the month of February.

In an effort to generate employment and to expedite highway construction, the President on February 12 ordered the release of \$2 billion in impounded Federal-aid highway funds. Release of the additional funds increases the highway program funding level for fiscal year 1975 to \$6.6 billion. As of the end of February, \$3.1 billion of this amount had been obligated, leaving some \$3.5 billion available to be obligated before the end of the fiscal year. For the time being, States are being permitted to obligate on a first-come, first-served basis, subject only to individual State apportionment limitations.

Accelerated construction of highways is an effective means of putting people to work; and the Committee is gratified that the President has taken this action. The Department of Transportation has estimated that approximately 107,000 on-site and related industry jobs can be created by this recent release of impounded funds. Depending on the pattern of spending of workers employed in the program, newly induced jobs outside the industry could go as high as 150,000.

The release of impounded funds is not an exclusive remedy for unemployment in the highway construction trade. Certain statutory changes are needed to help the States meet the requirements for matching Federal-aid highway funds and to permit greater latitude in the use of funds for the greatest and most immediate impact on the unemployment problem.

On March 5 and 6, the Subcommittee on Surface Transportation conducted public hearings to ascertain whether or not pending legislative measures dealing with these problems could facilitate the obligation of funds during the remainder of this fiscal year. A total of 19 witnesses were heard, and nine additional statements and supporting materials were filed with the subcommittee. Testimony was received from Members of Congress, Governors, Federal and State officials, and industry and environmental interest groups.

On March 13, the subcommittee reported to the full committee H.R. 3786, a bill to increase the Federal matching share for Federal-aid

highways and certain public mass transportation projects approved under title 23, United States Code between February 12, and the end of this fiscal year. The increase could be up to 100 percent at State option, with the provision that the State would have to repay the amount of the increase in the Federal share before January 1, 1977.

INCREASED FEDERAL MATCHING

Over the years, the Federal Government and the various State governments have shared in the responsibility for administering and financing the Federal-aid highway program. With Federal financial assistance and under Federal leadership, the States have developed the world's most efficient highway system for the transportation of people, goods, and services. Demonstrating an effective partnership arrangement since its inception, the Federal-aid highway program is an example of enlightened public administration.

The committee is not recommending a permanent change to the traditional concept for Federal-State financing of the Nation's highways. For decades, the States have sustained a capability to match Federal funds.

Due to the unexpected release of \$2 billion in impounded highway funds some States cannot at this time meet the requirements for additional State matching. Furthermore, the present condition of the economy and rising highway maintenance costs are beginning to restrict the capability of some States to match previously released funds. A diminution of the highway program in the various States so affected would aggravate economic hardship and high unemployment.

Therefore, as during the 1957 recession, it is necessary to relax temporarily the requirements for State matching. However, it should be emphasized that this is a temporary measure and that requirements for matching will be resumed on July 1, 1975. It is in the public interest and vital to the protection of Federal funds that participation on the part of the States be resumed at that time.

H.R. 3786, as reported by the committee, is a temporary measure which permits an increase in the Federal matching share for Federal-aid highways and certain public mass transportation projects approved under title 23, United States Code, during the period from February 12, 1975, to the end of this fiscal year. Generally, the States' share of the cost of projects is 10 percent for the Interstate System and 30 percent for other Federal-aid highway systems, and varying percentages for special categorical programs. To provide for temporary financing of the States' share, the Federal share of the cost of projects can be increased up to 100 percent. Such increases will be made upon request of any State and will come from the State's existing apportionments of Federal-aid highway funds. In return, the State must agree to repay such advanced amount prior to January 1, 1977, with non-Federal funds. The repayments will be deposited in the Highway Trust Fund, thereby restoring to the apportionments from which advances were made the amounts so advanced. The failure on the part of any State to honor this commitment would result in the withholding of approval of future Federal-aid highway projects in the State.



Wholesale release of impounded highway funds coupled with a relaxed matching requirement can be effective as a means of fighting unemployment in the highway construction industry. However, there is no exclusive remedy for the problem. For example, greater flexibility in the use of funds can enhance a State's capability to deal effectively with its own unique unemployment situation.

Accordingly, the bill was amended in committee to permit a transfer of funds among and within categories (except for the Interstate System), including a transfer of funds between urban and rural areas within a State. Apportionment limitations for individual categories would be set aside; however, in no event could a State obligate more than the total of its current apportionments. The amendment would be effective from February 12, 1975, until the end of fiscal year 1975.

Furthermore, the amendment provides that funds must be repaid to the categories from which originally transferred by deducting at least 50 percent of each future annual apportionment from the recipient categories and transferring such amounts annually until full repayment has been made to the categories from which funds were originally transferred. The committee intends that such annual deductions shall not exceed 50 percent of the annual apportionments of the recipient category unless so requested by the State.

As an example, amounts transferred to the secondary system in a State may be greater than the State's annual apportionment for the secondary system. By restricting the mandatory annual repayment to 50 percent of the secondary system apportionment, annual funding for the secondary system would not necessarily be depleted.

#### NONMAJOR FEDERAL ACTIONS

Federal Highway Administration regulations provide guidance as to types of projects ordinarily considered to be nonmajor actions. These include projects such as construction of a new rural two-lane highway which does not provide new access to an area and which would not be likely to precipitate significant changes in land use or development patterns, modernization of an existing highway by resurfacing, widening less than a single lane width, adding shoulders, adding auxiliary lanes for localized purposes (weaving, climbing, speed changes, etc.), and correcting substandard curves and intersections, and safety projects such as grooving, glare screen, safety barriers, energy attenuators, etc.

Nonmajor projects are generally the small, labor-intensive projects which can be advanced quickly with a minimum of preliminary planning and red tape. In a recent communication, the States were directed by the Federal Highway Administration to give preference for the remainder of the fiscal year to projects on which work can commence within 45 days after approval of a project. This strategy is intended to have maximum possible impact on the unemployment situation.

The subcommittee received a substantial amount of testimony on this subject during the hearings. The committee recommends that the existing guidelines be interpreted and administered as liberally as possible to expedite highway construction and provide jobs.

#### CONSTRUCTION STANDARDS

The Federal-aid highway system is built to the highest construction standards in the world. These standards mean increased safety and capacity for the system and lower vehicle operating costs. They also mean large expenditures for a given amount of highway built. Under normal conditions, a highway built today will last for 20 years as a working, structurally sound facility.

Today, there are thousands of miles of older highways, built to earlier standards, which are long past their useful lives. Intensive maintenance cannot significantly deter their continued physical deterioration. They require a stronger measure of rehabilitation. Because there are so many and because today's construction standards are so high, the Federal Government and the States do not have the fiscal resources to reconstruct them before they become extremely hazardous and lose their usefulness. What is required is some intermediate step, more substantial than maintenance yet not as costly as full reconstruction in order to preserve them until more complete measures can be undertaken.

Consideration of this situation should be undertaken when new highway legislation affecting title 23, United States Code, comes before the Congress.

In the meanwhile, it is the opinion of the committee that section 109 (a) and (b) of title 23, United States Code, grant the Secretary sufficient authority to adopt standards to meet this need. It is the committee's opinion, concurred in by the testimony of the Federal Highway Administration, that, in the interests of safety, or structural and riding adequacy, policies should be adopted that would permit Federal funding of such projects as:

(a) Resurfacing, or widening and resurfacing, of existing rural and urban pavements with or without revision of horizontal or vertical alignment or other geometric features;

(b) Replacement of existing structures that are structurally or geometrically inadequate, or which constitute capacity restrictions, to a width at least equal to the American Association of State Highway and Transportation Officials (AASHTO) minimums;

(c) Replacement or rehabilitation of structures or structural components, decks, or other major elements of existing structures, where such replacement or rehabilitation is necessary to preserve the integrity of the structure but does not change basic structure geometrics; and

(d) Construction of bicycle paths in rural and urban areas, either within or outside highway right-of-way.

Further, it is the opinion of the committee that the projects described in paragraphs (a) through (d) are very often nonmajor actions. Determinations by the Secretary of Transportation along these lines will help assure the primary benefits that will be derived from the release of impounded Federal-aid highway funds at this time in terms of the stimulation of the highway construction industry and the reduction in unemployment that will result. In order to maximize this benefit, it is important that the States be able to obligate the impounded funds that are released as quickly as possible.



COMPLIANCE WITH CLAUSE 2(1) OF RULE XI OF THE RULES OF THE HOUSE  
OF REPRESENTATIVES

(1) With reference to clause 2(1)(3)(A) of rule XI of the Rules of the House of Representatives, no separate hearings were held on the subject matter of this legislation by the Subcommittee on Investigations and Review. However, the Subcommittee on Surface Transportation held hearings on this subject matter which resulted in the reported bill.

(2) With respect to clause 2(1)(3)(B) of rule XI of the Rules of the House of Representatives the bill, as reported, does not provide new budget authority or increased tax expenditures. Accordingly, a statement pursuant to section 308(a) of the Congressional Budget Act is not required.

(3) With reference to clause 2(1)(3)(C) of rule XI of the Rules of the House of Representatives, the committee has not received an estimate and comparison prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act.

(4) With reference to clause 2(1)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee has not received a report for the Committee on Government Operations pertaining to this subject matter.

(5) With reference to clause 2(1)(4) of rule XI of the Rules of the House of Representatives, the following information is provided:

(a) On February 11, 1975, the President released an additional \$2 billion of impounded highway funds to provide a stimulus to the economy. This action raised the total program level for Federal-aid Highways from \$4.6 billion to \$6.6 billion for fiscal year 1975.

(b) H.R. 3786, as reported, permits an increase in the Federal share up to total cost on projects approved between February 12, 1975, and June 30, 1975. The purpose of this authorization is to insure that the States will be able to meet the goal of obligating the entire \$6.6 billion before the end of this fiscal year, including the \$2 billion released in February. Any amounts advanced to the States upon their request pursuant to this bill must be repaid to the Federal Government before January 1, 1977.

(c) This bill will not affect prices and costs since it does not authorize additional funds. Instead, it permits the substitution, temporarily, of Federal funds for State funds with no net increase of cash flow into the economy. Also, the supply of and demand for equipment and materials is unaffected by this funding arrangement, given the commitment to increase the program level for the current fiscal years. Therefore, H.R. 3786, as reported, would not have an inflationary impact on the national economy.

COSTS OF THE LEGISLATION

Clause 7(a) of rule XIII of the Rules of the House of Representatives requires a statement of the estimated cost to the United States which would be incurred in carrying out H.R. 3786. There would be no additional costs resulting from enactment of H.R. 3786.

VOTE

The committee ordered the bill reported by voice vote.

PROVISIONS OF EXISTING LAW REFERRED TO IN THE BILL, AS REPORTED

For the information of the Members, the following provisions of existing law are referred to in the bill, as reported:

SECTIONS 104(b), 106, AND 117 OF TITLE 23 OF THE  
UNITED STATES CODE

§ 104. Apportionment

(a) \* \* \*

\* \* \* \* \*

(b) On or before January 1 next preceding the commencement of each fiscal year, except as provided in paragraphs (4) and (5) of this subsection, the Secretary, after making the deduction authorized by subsection (a) of this section, shall apportion the remainder of the sums authorized to be appropriated for expenditure upon the Federal-aid systems for that fiscal year, among the several States in the following manner:

(1) For the Federal-aid primary system:

One-third in the ratio which the area of each State bears to the total area of all the States; one-third in the ratio which the population of rural areas of each State bears to the total population of rural areas of all the States as shown by the latest available Federal census; one-third in the ratio which the mileage of rural delivery routes and intercity mail routes where service is performed by motor vehicles in each State bears to the total mileage of rural delivery and intercity mail routes where service is performed by motor vehicles in all the States at the close of the next preceding calendar year, as shown by a certificate of the Postmaster General, which he is directed to make and furnish annually to the Secretary. No State (other than the District of Columbia) shall receive less than one-half of 1 per centum of each year's apportionment.

(2) For the Federal-aid secondary system:

One-third in the ratio which the area of each State bears to the total area of all the States; one-third in the ratio which the population of rural areas of each State bears to the total population of rural areas of all the States as shown by the latest available Federal census; and one-third in the ratio which the mileage of rural delivery and intercity mail routes where service is performed by motor vehicles, certified as above provided, in each State bears to the total mileage of rural delivery and intercity mail routes where service is performed by motor vehicles in all the States. No State (other than the District of Columbia) shall receive less than one-half of 1 per centum of each year's apportionment.

(3) For extensions of the Federal-aid primary and Federal-aid secondary systems within urban areas:

In the ratio which the population in municipalities and other urban places of five thousand or more in each State bears to the total population in municipalities and other urban places of five thousand

or more in all the States as shown by the latest available Federal census.

(4) For the Interstate System, for the fiscal years ending June 30, 1957, June 30, 1958, and June 30, 1959:

One-half in the ratio which the population of each State bears to the total population of all the States as shown by the latest available Federal census, except that no States shall receive less than three-fourths of 1 per centum of the funds so apportioned; and one-half in the manner provided in paragraph (1) of this subsection. The sums authorized by section 108(b) of the Federal-Aid Highway Act of 1956 for the fiscal years ending June 30, 1958, and June 30, 1959, shall be apportioned on a date not less than six months and not more than twelve months in advance of the beginning of the fiscal year for which authorized.

(5) For the Interstate System for the fiscal years 1960 through 1979:

For the fiscal years 1960 through 1966, in the ratio which the estimated cost of completing the Interstate System in such State, as determined and approved in the manner provided in this paragraph, bears to the sum of the estimated cost of completing the Interstate System in all of the States. For the fiscal years 1967 through 1979, in the ratio which the Federal share of the estimated cost of completing the Interstate System in such State, as determined and approved in the manner provided in this paragraph, bears to the sum of the estimated cost of the Federal share of completing the Interstate System in all of the States. Each apportionment herein authorized for the fiscal years 1960 through 1979, inclusive, shall be made on a date as far in advance of the beginning of the fiscal year for which authorized as practicable but in no case more than eighteen months prior to the beginning of the fiscal year for which authorized. As soon as the standards provided for in subsection (b) of section 109 of this title have been adopted, the Secretary, in cooperation with the State highway departments, shall make a detailed estimate of the cost of completing the Interstate System as then designated, after taking into account all previous apportionments made under this section, based upon such standards and in accordance with rules and regulations adopted by him and applied uniformly to all of the States. The Secretary shall transmit such estimates to the Senate and the House of Representatives within ten days subsequent to January 2, 1958. Upon approval of such estimate by the Congress by concurrent resolution, the Secretary shall use such approved estimate in making apportionments for the fiscal years ending June 30, 1960, June 30, 1961, and June 30, 1962. The Secretary shall make a revised estimate of the cost of completing the then designated Interstate System, after taking into account all previous apportionments made under this section, in the same manner as stated above, and transmit the same to the Senate and the House of Representatives within ten days subsequent to January 2, 1961. Upon approval of such estimate by the Congress by concurrent resolution, the Secretary shall use such approved estimate in making apportionments for the fiscal years ending June 30, 1963, June 30, 1964, June 30, 1965, and June 30, 1966. The Secretary shall make a revised estimate of the cost of completing the then designated Interstate System, after taking into account all previous apportionments made

under this section, in the same manner as stated above, and transmit the same to the Senate and the House of Representatives within ten days subsequent to January 2, 1965. Upon the approval of such estimate by the Congress, the Secretary shall use the Federal share of such approved estimate in making apportionments for the fiscal years ending June 30, 1967; June 30, 1968; and June 30, 1969. The Secretary shall make a revised estimate of the cost of completing the then designated Interstate System after taking into account all previous apportionments made under this section, in the same manner as stated above, and transmit the same to the Senate and the House of Representatives within ten days subsequent to January 2, 1968. Upon the approval by the Congress, the Secretary shall use the Federal share of such approved estimate in making apportionments for the fiscal years ending June 30, 1970, and June 30, 1971. The Secretary shall make a revised estimate of the cost of completing the then designated Interstate System after taking into account all previous apportionments made under this section in the same manner as stated above, and transmit the same to the Senate and the House of Representatives on April 20, 1970. Upon the approval by the Congress, the Secretary shall use the Federal share of such approved estimate in making apportionments for the fiscal years ending June 30, 1972, and June 30, 1973. The Secretary shall make a revised estimate of the cost of completing the then designated Interstate System after taking into account all previous apportionments made under this section in the same manner as stated above, and transmit the same to the Senate and the House of Representatives within ten days subsequent to January 2, 1972. Upon the approval by Congress, the Secretary shall use the Federal share of such approved estimate in making apportionments for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976. The Secretary shall make a revised estimate of the cost of completing the then designated Interstate System after taking into account all previous apportionments made under this section in the same manner as stated above, and transmit the same to the Senate and the House of Representatives within ten days subsequent to January 2, 1975. Upon the approval by Congress, the Secretary shall use the Federal share of such approved estimate in making apportionments for the fiscal years ending June 30, 1977, and June 30, 1978. The Secretary shall make a revised estimate of the cost of completing the then designated Interstate System after taking into account all previous apportionments made under this section in the same manner as stated above, and transmit the same to the Senate and the House of Representatives within ten days subsequent to January 2, 1977. Upon the approval by Congress, the Secretary shall use the Federal share of such approved estimates in making apportionments for the fiscal year ending June 30, 1979. Whenever the Secretary, pursuant to this subsection, requests and receives estimates of cost from the State highway departments, he shall furnish copies of such estimates at the same time to the Senate and the House of Representatives.

(6) For the Federal-aid urban system:

In the ratio which the population in urban areas, or parts thereof, in each State bears to the total population in such urban areas, or parts

thereof, in all the States as shown by the latest available Federal census. No State shall receive less than one-half of 1 per centum of each year's apportionment.

§ 106. Plans, specifications, and estimates.

(a) Except as provided in section 117 of this title, the State highway department shall submit to the Secretary for his approval, as soon as practicable after program approval, such surveys, plans, specifications, and estimates for each proposed project included in an approved program as the Secretary may require. The Secretary shall act upon such surveys, plans, specifications, and estimates as soon as practicable after the same have been submitted, and his approval of any such project shall be deemed a contractual obligation of the Federal Government for the payment of its proportional contribution thereto. In taking such action, the Secretary shall be guided by the provisions of section 109 of this title.

(b) In addition to the approval required under subsection (a) of this section, proposed specifications for projects for construction on (1) the Federal-aid secondary system, except in States where all public roads and highways are under the control and supervision of the State highway department, and (2) the Federal-aid urban system, shall be determined by the State highway department and the appropriate local road officials in cooperation with each other.

(c) Items included in any such estimate for construction engineering shall not exceed 10 per centum of the total estimated cost of a project financed with Federal-aid primary, secondary, or urban funds, after excluding from such total estimated cost, the estimated costs of rights-of-way, preliminary engineering, and construction engineering: *Provided*, That such limitation shall be 15 per centum in any State with respect to which the Secretary finds such higher limitation to be necessary. For any project financed with interstate funds, such limitation shall be 10 per centum.

(d) In such cases as the Secretary determines advisable, plans, specifications, and estimates for proposed projects on any Federal-aid system shall be accompanied by a value engineering or other cost reduction analysis.

§ 117. Certification acceptance.

(a) The Secretary may discharge any of his responsibilities under this title relative to projects on Federal-aid systems, except the Interstate System, upon the request of any State, by accepting a certification by the State highway department, or that department, commission, board, or official of any State charged by its laws with the responsibility for highway construction, of its performance of such responsibilities, if he finds such projects will be carried out in accordance with State laws, regulations, directives, and standards establishing requirements at least equivalent to those contained in, or issued pursuant to, this title.

(b) The Secretary shall make a final inspection of each such project upon its completion and shall require an adequate report of the estimated, and actual, cost of construction as well as such other information as he determines necessary.

(c) The procedure authorized by this section shall be an alternative to that otherwise prescribed in this title. The Secretary shall promulgate such guidelines and regulations as may be necessary to carry out this section.

(d) Acceptance by the Secretary of a State's certification under this section may be rescinded by the Secretary at any time if, in his opinion, it is necessary to do.

(e) Nothing in this section shall affect or discharge any responsibility or obligation of the Secretary under any Federal law, including the National Environmental Policy Act of 1969 (42 U.S.C. 4321, et seq.), section 4 (f) of the Department of Transportation Act (49 U.S.C. 1653 (f)), title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000 (d), et seq.), title VIII of the Act of April 11, 1968 (Public Law 90-284, 42 U.S.C. 3601 et seq.), and the Uniform Relocation Assistance and Land Acquisition Policies Act of 1970 (42 U.S.C. 4601, et seq.), other than this title.

### SEPARATE VIEWS OF MS. ABZUG

The Committee has made a serious mistake in its reversal of the Transportation Subcommittee's decision to decategorize all impounded highway monies for the period February 12, 1975-June 30, 1975.

The decategorization amendment as perfected would have meant that all the States could have taken advantage of the released funds rather than just some of them. And it would mean that all of the impounded funds could have been spent, rather than just some of it. More importantly, the larger urban states where unemployment is particularly high would have been able to be considered equally not discriminatorily as is now the case.

This is because those states, reflecting a national phenomenon, have exhausted most of the highway money appropriated to them except for the interstate funds. One half of all impounded highway funds are in the interstate program. This is due in part to the long lead times and bureaucratic impediments associated with interstate projects. Thus, it is generally true that States have moved primary and urban projects. The evidence is unmistakably clear that they could move more of these projects and thus stimulate the construction industry. But they cannot do this if the released highway funds are not flexible and decategorized, including the interstate program. This is most evidently the case in Alabama, Illinois, Louisiana, New Jersey, New York, Ohio, Pennsylvania and Massachusetts.

The Transportation Subcommittee endorsed this concept almost unanimously. The full committee accepted the concept of flexibility but refused to extend it to the interstate program. Yet, with an adequate payback mechanism whereby the interstate program and any other highway category and the Highway Trust Fund would be made whole no later than January 1, 1977, there is no logical reason not to extend flexibility where it is most necessary. Rather, the Committee evidenced a mania of protectionism towards the interstate that was misplaced, unnecessary and singularly destructive.

It cannot be denied that by virtue of the amendment I offered:

- (1) No State could have used another State's appropriations; and
- (2) Each State that, in effect, transferred money from one category to another must pay it back to the particular category from whence it came; and
- (3) No more funds than is presently allowed by the highway law could have been spent on mass transit.

Finally, the Act would have only obtained only until July 1, 1975 and only for funds obligated since February 12, 1975.

This flexibility was an emergency measure to relieve an emergency situation. The Administration released the funds so it could be spent so it could create jobs. This bill and amendment allowed the money to be spent where otherwise it may not be.

If we are sincere about fighting unemployment, the Congress should pass this bill with my amendment to give the states the tools and the vehicle they need to bring the federal dollar to the people. Otherwise, this bill is a useless gesture and the release of impounded funds a cruel hoax.

The Transportation Subcommittee's decision to deobligate all impounded highway money for the period February 12, 1975-June 30, 1975. The deobligation amendment as proposed would have meant that all the States could have taken advantage of the released funds rather than just some of them. And it would mean that all of the impounded funds could have been spent rather than just some of it. More importantly, the larger urban areas where unemployment is particularly high would have been able to be considered equally and this is not the case.

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  - (3) No more funds than is presently allowed by the highway law could have been spent or obligated.
- Finally, the Act would have only obligated only until July 1, 1975 and only for funds obligated since February 12, 1975.

July 7, 1975

Office of the White House Press Secretary

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THE WHITE HOUSE

FACT SHEET

FEDERAL-AID HIGHWAY ACT OF 1975

The President is transmitting today to the Congress, the Federal-Aid Highway Act of 1975. Covering the fiscal years 1977-1980, the Act has the following key objectives:

- Emphasize the Federal interest in completing and maintaining an effective national Interstate highway system.
- Permit new flexibility to State and local officials in utilizing non-Interstate Federal highway assistance.
- Provide responsible funding authorizations for the highway program, consistent with other transportation and national priorities.

BACKGROUND

The twenty-year-old Highway Trust Fund expires on October 1, 1977. The current Federal-aid highway program consists of approximately thirty categorical programs. Interstate system projects are funded with 90% Federal funds and 10% matching from the States. Other projects are funded on a 70/30 basis.

The 42,500-mile Interstate system is nearly completed with 85% open to traffic.

KEY PROVISIONS OF THE PROPOSAL

-- Program Structure

1. To expedite completion of an inter-city Interstate system, Interstate funding will be gradually increased from the current annual level and the apportionment formula and operating procedures will be revised to place highest priority on expediting the completion of Interstate routes of national significance. Lower priority will be placed on completion of routes primarily serving local needs.

2. To enhance State and local flexibility in using Federal transportation assistance, approximately thirty highway categorical grant programs will be consolidated into four broad programs: Interstate system, urban and suburban transportation assistance program (areas over 50,000 population), rural transportation assistance program (any area not covered under the urban program), and the highway safety improvement program. Furthermore, urban, rural, and safety funds will be available for use on highways not on the Federal-aid systems and for projects to improve public transportation.

-- Financing Structure

1. The Highway Trust Fund's October 1, 1977, termination date would be eliminated and the Trust Fund would be extended indefinitely. It would be maintained exclusively for the construction and improvement of the Interstate system.

more



2. Beginning October 1, 1976, revenues from the Federal gasoline tax going into the Highway Trust Fund would be reduced from four cents to one cent. In addition, the Trust Fund would continue to receive revenues from other user taxes (tires, auto and truck parts, etc.) and the diesel fuel tax.

3. In view of their close relationship to general community improvement and local transportation needs, all non-Interstate Federal highway programs -- including rural, urban and safety improvement -- would be financed out of the General Fund. Two of the three cents no longer going into the Highway Trust Fund would be returned to the General Fund of the U.S. Treasury.

4. The remaining one cent of the three cents would be repealed in any State which correspondingly raises its State gasoline tax by at least one cent after September 30, 1976. If a State determines not to increase its own gasoline tax, the excess Federal revenues would go into the General Fund. It would not be mandatory that States use this one cent from the Federal gasoline tax for transportation purposes, though this would be encouraged to meet State needs for matching Federal transportation programs, for State/local highway maintenance, and for public transportation investments.

#### FEDERAL HIGHWAY TAXES

<u>Current</u>	<u>President's Proposal</u>
A) 4¢/gal. gas tax goes to- Trust Fund (approximately \$4 billion per year)	1¢/gal. - Highway Trust Fund 2¢/gal. - Transferred to General Fund 1¢/gal. - This 1¢ federal gas tax will be repealed if and when the re- spective State increases its gas tax by one or more cents
B) All other highway-related excise taxes - Trust Fund (approximately \$2 billion per year)	No change

#### REVENUE-FUNDING ESTIMATES

The revised fiscal structure would result in the following estimated revenues for each fiscal year:

<u>REVENUES (\$ in billions)</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Highway Trust Fund	3.3	3.4	3.5	3.7
General Fund	2.0	2.1	2.1	2.2

more



<u>FUNDING LEVELS</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Interstate System Program (Highway Trust Fund)	3.25	3.4	3.55	3.7
Other Non-Interstate Programs <u>1/</u> (General Fund)	2.2	2.2	2.2	2.2
State Tax Preemption (Uses at State discretion)	1.0	1.0	1.1	1.1
TOTAL	6.45	6.6	6.85	7.0

1/ In addition to the programs authorized in this bill, programs authorized in companion legislation -- such as the State and Community Grant program for highway safety -- would be shifted to the General Fund.

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FILE

Office of the White House Press Secretary

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THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

Twenty years ago, President Eisenhower sent to the Congress a landmark report on our Nation's highways. That report, and the legislation it inspired, launched the Nation on one of the most ambitious public works programs in history -- construction of the 42,500-mile Interstate Highway System.

Today, eighty-five percent of the Interstate system is open to traffic, and the system has proven vital to the Nation's commercial prosperity and to the individual mobility of millions of Americans.

The Highway Trust Fund which has financed this remarkable program is scheduled to expire on October 1, 1977. I am today recommending legislation to extend the Trust Fund but limit its use to completion and improvement of the Interstate system itself. Other highway projects receiving Federal assistance would be funded through the general treasury.

In addition, I am recommending that income to the Fund be reduced by transferring two cents of the current Federal gasoline tax from the Trust Fund to the general treasury. At the same time, I am recommending that the Federal gasoline tax be reduced by one cent per gallon in those States which increase their State gasoline tax by an equal amount.

In this way, the ability of State and local governments to deal with their own transportation problems will be improved, but costs to the highway user will not be increased.

Top priority in this legislation will go to completion of those segments of the Interstate system which will make the system truly national in scope.

I am also proposing consolidation of Federal highway programs under three broadly-based categories, combining some thirty narrow grant-in-aid programs now in existence. The three programs will deal, respectively, with urban and suburban transportation, rural transportation and highway safety improvements.

The highway program is a classic example of a Federal program that has expanded over the years into areas of State and local responsibility, distorting the priorities of those governments.

The legislation I propose will refocus the Federal attention on the Interstate System, which is clearly of national significance, and provide flexible aid for other highway construction in a manner which fully respects State and local decision-making roles.

This is consistent with my general philosophy that we should not, at the Federal level, extend our influence into areas which other levels of government can handle better.

more



As we near our 200th birthday as a Nation, we must select with care the great national efforts we undertake, reflecting the responsibility we all have to preserve the integrity of our Republic. We must limit the Federal role to national concerns, strengthen the authority and resources of State and local governments, and protect the prerogatives of individuals.

I believe this legislation is the most responsible and effective means of meeting the Nation's transportation needs. I urge the Congress to give it prompt and favorable consideration.

GERALD R. FORD

THE WHITE HOUSE,

July 7, 1975.

# # # # #



July 9, 1975

MEMORANDUM FOR:

JIM CANNON

THRU:

MAX FRIEDERSDORF  
VERN LOEN

FROM:

CHARLES LEPPERT, JR.

SUBJECT:

Federal Aid to Highway Act of 1975

This morning at the 7:30 a. m. staff meeting you asked what the reaction on the Hill was to the recently proposed highway legislation. The attached statement of Rep. Bud Shuster is indicative of the reaction on the House Committee on Public Works and Transportation.

Attachment

cc: Tom Loeffler



Statement of

CONGRESSMAN RUD SHUSTER (R-Pa.)

Ranking Minority Member  
Subcommittee on Surface Transportation  
Committee on Public Works and Transportation  
U. S. House of Representatives

July 9, 1975



As the Ranking Minority Member of the Surface Transportation Subcommittee, it had been my hope, as we open these important hearings directed toward the consideration of major transportation legislation for America, that our efforts would include a focus on the positive steps we can take to make America's highways safer and more efficient.

The evidence, which I trust shall be updated and refined during these hearings, overwhelmingly indicates that economic development -- job creation -- is directly tied to the existence of efficient highway systems.

Even more significantly, conclusive proof exists that the appalling accident and fatality rate on American highways -- 46,000 Americans killed and 1.8 million Americans injured last year alone -- can be reduced by the thousands through the modernization of highways and implementation of safety standards. Additionally, in 1974, property damage alone exceeded a staggering \$19 billion, according to the National Safety Council. The related human suffering is incalculable.

Much progress has been accomplished in the past 20 years, but unfortunately, the job is nowhere near completed.

The 1974 National Highway Needs Report, transmitted to this Committee by the U. S. Secretary of Transportation, indicates that after, and I emphasize this, a scaling-down to allow for 20 percent less travel as



well as a 10 mph reduction in speed, America's Federal-aid highway needs through 1990 amount to \$314.9 billion in 1971 dollars. Inflation has increased that 1971 cost by 40 percent, so the price tag in 1975 approximates \$440.8 billion.

A Senate report entitled, "Transportation in Rural America," dated February 10, 1975, indicates that the cost of alleviating rural road deficiencies in America, excluding local roads, is about \$108 billion; that rural travel is expected to increase by more than 50 percent by 1990; and that the death rate on rural highways is twice that of urban areas. Against these scaled-down needs of over \$440 billion in current dollars, the Highway Trust Fund, if continued in its present form, is projected by the Federal Highway Administration to generate approximately \$118.5 billion through 1990.

The Interstate System is expected to cost an additional \$48 billion Federal share to complete, assuming a 7 percent annual inflation rate, leaving about \$70 billion in Federal funds to support approximately \$400 billion in unmet Federal-aid highway needs. If the \$400 billion in 1975 dollars is adjusted for inflation at a 7 percent rate through 1990, the needs escalate to well over \$600 billion.

The sad but inescapable conclusion is that the Highway Trust Fund, even if continued in its present form, is woefully inadequate to meet America's Federal-aid highway needs.



In the face of these harsh realities, this Administration, which happens to be of the same political party as I, proposed a national transportation policy on July 7th which turns the previous Administration's raid on the Highway Trust Fund into a rape.

The U. S. Department of Transportation, by its ignominious announcement of July 7th, has raised grave doubts about the seriousness of its commitment to our long-term transportation needs. They propose to take the heart of the Trust Fund, the four cents per gallon gasoline revenue, and syphon two cents off into the General Treasury where it could wind up paying for Federal spending programs totally unrelated to transportation; hand over as a gift one cent to states if they are willing to collect it, to be spent on whatever programs they choose; and keep the last cent for the Interstate System. We are told that under their plan, highway funds would come out of the General Treasury.

Stated another way, they propose to destroy the fairest form of taxation yet devised by man -- the user tax, which in this case provides that those who use the roads pay for them. If the faceless, nameless bureaucrats who devised the Administration's proposal simply wiped out the Trust Fund and returned the gas tax money to the people, at least that would be honorable. However, to take the gas tax money out of the pockets of people who depend on highways without assuring them that the money will be spent on their roads, is unfair, if not duplicitious.

I can only conclude that our President, who strongly supported the



Highway Trust Fund in the Well of the House just two years ago, on April 19, 1973, has been ill-advised by those around him. On that date, Congressman Gerald R. Ford, in opposing an amendment which sought to divert Trust Fund monies, quoted Secretary of Transportation Volpe, as follows:

"I believe that the integrity of the Highway Trust Fund must be preserved without question. This was the intent of Congress and the Chief Executive in framing the Federal Aid Highway Legislation of 1956 and subsequent acts. In my opinion, to divert highway use tax revenues to purposes other than the provisions of highways would abrogate a long-standing moral commitment as well as a statutory provision."

Our President concluded by saying: "We ought not break faith with the taxpayers in order to let this kind of diversion take place."

I agree with these words of Gerald R. Ford, and denounce this scheme as a colossal "rip-off" on the American people. As the Ranking Minority Member of the Surface Transportation Subcommittee, I disassociate myself completely from this ill-conceived proposal and here and now publicly vow to oppose it with all the vigor I can muster.

I shall work with Chairman Howard and other Members of our Committee to develop sound transportation legislation which deals honestly and effectively with the transportation needs of the American people.

#####





THE WHITE HOUSE  
WASHINGTON

8/1/75

Meeting w/Cong. Bafalis at 11:30 a. m. today  
Room ~~2536 Rayburn~~ 408 Cannon

Re: Federal Aid to Highway Regulation

Charles Leppert  
Tom Loeffler  
Mike Duval

Rep. Skip Bafalis

Ted Lutz - DOT  
Ed Snyder - Treas.

Neta



MEMORANDUM  
OF CALL

Bofalis  
x3536

TO:

*Neta*

YOU WERE CALLED BY—  YOU WERE VISITED BY—

*Helen Assoc Dir Domestic*

OF (Organization)

*Mike Duval Council*

PLEASE CALL → PHONE NO. CODE/EXT. 6560

WILL CALL AGAIN  IS WAITING TO SEE YOU

RETURNED YOUR CALL  WISHES AN APPOINTMENT

MESSAGE

*Ted Luty DOT -*  
~~*Cal Collier*~~ *OMB -*  
*Tread 16 EOB*

*Mr 9-am*

*11:30*

*408 Cannon*



RECEIVED BY

DATE

TIME

*nd*

*7/28*

*12:00*

STANDARD FORM 63

REVISED AUGUST 1967

GSA FPMR (41 CFR) 101-11.6

GPO : 1969-O-48-16-80341-1 382-889

63-108

7/18/75

Rosemary

Can't get answer until  
Monday.

Dual gone all this wk  
7/21/75



THE WHITE HOUSE  
WASHINGTON



Notes:

Call Duval's office  
to see when he is back  
in the office. See when  
he can make a meeting  
with Rep. Bafalis. Then  
set up meeting with  
Bafalis in his office.

R.  
C.

THE WHITE HOUSE  
WASHINGTON

July 17, 1975

MEMO TO : Charles Leppert  
FROM : JIM CANNON  
SUBJECT : Rep. Skip Bafalis

The attached is forwarded  
for

     Your handling

     FYI

  X   Other   Ask Mike Duval    
to get a group together.

Attachment



RED TAG

THE WHITE HOUSE  
WASHINGTON

July 14, 1975

MEMORANDUM FOR:

JIM CANNON

THRU:

MAX L. FRIEDERSDORF *M.G.*  
VERN LOEN *VL*

FROM:

CHARLES LEPPERT, JR. *CLJr.*

SUBJECT:

Rep. Skip Bafalis (R-Fla.)

Rep. Skip Bafalis is opposed to the Federal Aid to Highway Regulation as submitted by the Administration. Most of the interstate system in Florida which is still uncompleted lies within his Congressional District.

Rep. Bafalis is interested in working out something through legislation, proposed by the Administration, which will permit states to issue revenue certificates for completion of their individual portions of the interstate system in a shorter time period and by pledging as collateral that state's share of its receipts from the Highway Trust Fund as collateral for the certificates.

Can you designate individuals from the Domestic Council, OMB and DOT who can be prepared to discuss this concept and its viability as an Administration proposal with Rep. Bafalis within the next ten (10) days?

cc: Tom Loeffler

*Check. Ask Mike Brown to  
get a group together.*



July 14, 1975

MEMORANDUM FOR:

JIM CANNON

THRU:

MAX L. FRIEDERSDORF  
VERN LOEN

FROM:

CHARLES LEPPERT, JR.

SUBJECT:

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cc: Tom Loeffler



THE WHITE HOUSE  
WASHINGTON

Adair called and said that  
Congressman Bafalis spoke with  
Bob Jones and Harsha and the pro-  
posal would be under Ways and  
Means jurisdiction, instead of  
Public Works.

Title II of 56 Act





THE WHITE HOUSE

WASHINGTON

8/1/75

Meeting w/Cong. Bafalis at 11:30 a.m. today  
Room ~~2536 Rayburn~~ 408 Cannon

Re: Federal Aid to Highway Regulation

Charles Leppert  
Tom Loeffler  
Mike Duval

Rep. Skip Bafalis

Ted Lutz - DOT  
Ed Snyder - Treas.

Neta



August 11, 1975

MEMORANDUM FOR: JIM CANNON  
THRU: JACK MARSH  
FROM: CHARLES LEPPERT, JR.  
SUBJECT: Proposal of Rep. L.A. "Skip" Bafalis  
on the Federal Aid to Highways Legislation

The attached is for your information and comments to formulate a reply to Rep. Bafalis.

Recently, Mike Duval, Ted Lutz of DOT, E.P. Snyder of Treasury, and I met with Rep. Bafalis to discuss his proposal to permit a state to sell revenue certificates, pledged against that state's allocation from the Federal Highway Trust Fund, to accelerate completion of the federal interstate highway system. The meeting concluded with Rep. Bafalis agreeing to commit his proposal to writing and to which the Administration would respond.

cc: Friedersdorf  
Loen  
Loeffler



L. A. "SKIP" BAFALIS  
10TH DISTRICT, FLORIDA

WASHINGTON OFFICE:  
408 CANNON HOUSE OFFICE BUILDING  
WASHINGTON, D.C. 20515  
202-225-2535

WAYS AND MEANS COMMITTEE

SUBCOMMITTEES:

PUBLIC ASSISTANCE

OVERSIGHT

Congress of the United States  
House of Representatives  
Washington, D.C. 20515

DISTRICT OFFICES:  
ROOM 106, FEDERAL BUILDING  
FORT MYERS, FLORIDA 33901  
813-334-4424

700 VIRGINIA AVENUE  
FORT PIERCE, FLORIDA 33450  
305-465-3710

August 8, 1975

Mr. Charles Leppert Jr.  
Special Assistant to the President  
The White House  
Washington, D.C.

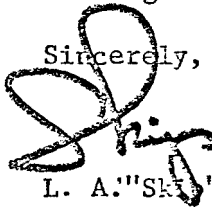
Dear Charlie:

Enclosed you will find a one-page outline of my proposal to speed construction of the Interstate Highway System through the sale, by the individual states, of Revenue Certificates.

I hope this is detailed enough for circulation to those whose comments and study will be necessary.

With best wishes and warm personal regards, I am,

Sincerely,



L. A. "SKIP" Bafalis  
Member of Congress

LAB:Mme



Proposal for sale of revenue certificates, backed by allocations from Highway Trust Fund, for swift completion of Interstate Highway System.

Problem - Timetable based on current funding levels means completion of interstate highway system no sooner than the year 2007, a delay unsatisfactory to the motoring public. Further, if current rate of inflation continues, the interstate system will never be properly funded in a manner insuring completion.

Problem - State Highway Departments are not planning interstate projects to the level of their competence. Instead, all planning is geared solely to the amount of interstate funds the individual states can expect from the Highway Trust Fund, instead of to the level of ability of highway contractors to do the work.

Problem - Extremely high unemployment rate in the construction industry and the need to put these men - and those in related industries such as asphalt, concrete, structural steel, etc. - to work in meaningful jobs.

Problem solution -- Amend the Highway Trust Fund to assure those states with still uncompleted interstate highway of a specific annual allocation from the trust fund, against which they can borrow through the issuance of "revenue certificates." Such a chance would permit completion of the entire interstate system within a period of eight or nine years, instead of the much, much longer period now predicted.

Although states would be able to borrow against future allocations for interstate construction, they would still be forced to secure all federal approvals -- right of way, engineering and design -- prior to the sale of revenue certificates. One possible way to handle this would be to require the state to obtain all federal approvals on a specific project, then issue revenue certificates in the amount needed to do that job.

By permitting the sale of revenue certificates, rather than bonds, we can help those states whose constitutions specifically prohibit bonded indebtedness beyond a certain percentage of expected income or those whose constitutions require referendums prior to the sale of bonds pledging the full faith and credit of the state.

Still unresolved is the clear delineation of responsibility for interest payment. However, one possible approach would be to allow the states to ignore the 90-10 matching requirement for construction, thereby reserving a portion of their 10 per cent matching funds for the payment of interest.



RED TAG

THE WHITE HOUSE  
WASHINGTON

November 13, 1975

MEMORANDUM FOR: JIM CANNON  
THROUGH: MAX FRIEDERSDORF  
VERN LOEN VL  
FROM: TOM LOEFFLER JL.  
SUBJECT: Highway Programs

On Wednesday, November 12, Congressman Joe Waggoner, Jr. (D. -La.) asked that I forward the attached staff working paper #2 of the Senate Public Works Committee.

Congressmen Joe Waggoner and John Breaux will be requesting a meeting concerning highway legislation. I anticipate such a request for a meeting to occur either today or tomorrow.

Attach.



Staff Working Paper No. 2 of the Senate Public Works Committee contains the following provision:

"AUTHORIZATIONS

SEC. 104. (a) For the purpose of carrying out the provisions of title 23, United States Code, the following sums are hereby authorized to be appropriated:

(1) For the Federal-aid primary system, the priority primary system, and economic growth centers out of the Highway Trust Fund, \$350,000,000 for the transition quarter ending September 30, 1976, \$1,400,000,000 for the fiscal year ending September 30, 1977, and \$1,400,000,000 for the fiscal year ending September 30, 1978."

The same Working Paper also provides as follows:

"PRIORITY PRIMARY

SEC. 122. Section 147(b) of title 23, United States Code, is amended to read as follows:

'(b) The Federal share of any project on a priority primary route shall be that provided in section 120(a) of this title. All provisions of this title applicable to the Federal-aid primary system (including apportionment formula shall be applicable to the priority primary routes selected under this section. Funds authorized to carry out this section shall be deemed to be apportioned on January 1 next preceding the commencement of the fiscal year for which authorized.'"

Read together, these provisions each enacted into law would provide one class of funds in lieu of three previously existing classes of funds. In other words, primary, priority primary and economic growth center funds would be comingled and lose their separate identities. You will recall that section 12 of the Louisiana Act 653 of 1974 was interpreted to mean that no authority was fixed in the Governor nor the Director of Highways to execute an agreement with FHWA which does not contemplate Federal funds over and above those normally allocated to the Louisiana highway program.



Further, you will recall, that we interpreted section 147 of title 23 of the Federal law to provide "supplementary Federal funds" or "new" money that could be used pursuant to the provisions of section 149 of the Federal-Aid Highway Act of 1973, which permits Louisiana to use primary money in the construction of toll roads. The above noted sections of the proposed Senate bill would nullify these interpretations by eliminating identifiable priority-primary authorizations

In order to cure the adverse effect of proposed sections 104 and 122, it is recommended that the following section be added to the bill:

"AMENDMENT OF TOLL ROAD REIMBURSEMENT PROGRAM

SEC. 149 of the Federal-Aid Highway Act of 1973 is amended by adding at the end thereof the following:

'(e) The provisions of Sec. 122 of the Federal-Aid Highway Act of 1975 shall not be construed as reducing funds available to priority primary routes which have or may in the future become toll roads pursuant to the provisions of this section. Priority primary funds shall be available on the same basis and to the same extent as they would have been heretofore available under the provisions of section 147(b) of title 23 of the United States Code.'

The advantage of amending the Senate bill in this fashion would be that it would affect no State except Louisiana and it would be a blind amendment. Because of the approach in the Senate bill of consolidating categories of funds, there is no easy way to amend the major sections without undue elaboration and lengthy explanation. The foregoing recommendation is the quick easy way to do it.

It is my understanding that the first markup of the House bill provides



separate authorizations for priority primary routes and therefore we will not need to amend the House bill if it remains in its present form. The House bill also provides for transferability between all types of primary routes, e.g., it provides for transferability between the A System in section 104(b)(1) and the C System provided for in section 104(b)(3) and between the priority primary system and either A or C and vice versa. In other words the House bill provides ~~for~~ flexibility transferability provisions and if the State wanted to it would be free to greatly increase priority primary funds available for use on the toll road. On the other hand, the State would have the option of taking priority primary authorizations that have been apportioned and using them on the A or C Systems as it chooses. In other words, the transferability provided for in the House bill cuts both ways but it is distinctly superior to the Senate bill because it provides separate authorizations and thus preserves the identity of priority primary funds as supplemental funds for application in Louisiana. The proposed amendment and Louisiana toll road reimbursement that section would provides insurance in the event the Senate should prevail over the House in Conference.





THE WHITE HOUSE  
WASHINGTON

April 19, 1976

MEMORANDUM FOR:

MAX FRIEDERSDORF

FROM:

CHARLES LEPPERT, JR. *CLP.*

SUBJECT:

H. R. 8235, Federal Aid to  
Highway Act of 1975

Bob Linder has advised that there is an error in the engrossment and enrolling of H. R. 8235, the Federal Aid to Highway Act of 1975. Apparently, Title III was left out of the bill sent to the White House. The last day for Presidential action on this bill is Monday, April 26.

I have talked to Joel Jankowsky in the Speaker's office and the House is planning to pass a House Concurrent Resolution by unanimous consent as the first order of business on Monday, April 26, calling for the return of the bill.

cc: Tom Loeffler  
Pat Rowland



THE WHITE HOUSE  
WASHINGTON

May 4, 1976

MEMORANDUM FOR:

CHARLIE LEPPERT

FROM:

MAX FRIEDERSDORF *mb*

SUBJECT:

Bill Signing Ceremony

*for may 5-*

Attached is the list for the signing ceremony on H.R. 8235,  
the Federal Aid Highway Act of 1976. The ceremony will be at  
*3:00* ~~2:30~~ p.m. in the Rose Garden. Please invite and ask that they  
be here by ~~2:20~~ 2:30 p.m., parking through the Southwest Gate.  
If you have any additional Congressmen you think should be  
invited, feel free to add them.

Many thanks.

*2:50*



THE WHITE HOUSE  
WASHINGTON

May 4, 1976

*Fed. Aid to Highways.*

MEMORANDUM FOR: MAX FRIEDERSDORF  
FROM: CHARLES LEPPERT, JR. *CLJ*  
SUBJECT: Cliff Enfield

Cliff Enfield called to suggest that the following named individuals be invited to the proposed signing ceremony of the Federal Aid to Highways bill:

Mr. Edward T. Breathitt, Vice President, Southern Railway Company (former governor of Kentucky).

Mr. James L. Granum, Special Representative, Southern Railway Company.

The address for both individuals is: 920 - 15th Street, N. W., Washington, D. C. 20015, telephone 628-9218.

Also, Larry Reida, one of the Minority Counsel on the House Public Works Committee, called to ask if the President's remarks at the proposed signing of the Federal Aid to Highways bill include some remarks about Cliff Enfield, who is retiring this year as the Minority Counsel to the House Public Works Committee. I explained that it was highly unlikely that this could be done but that I would pass on the request.

Tom Loeffler has also suggested that Representatives John Breaux and Joe Waggoner be invited to this ceremony.



MAY 5, 1976

Office of the White House Press Secretary

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THE WHITE HOUSE

FACT SHEET

FEDERAL-AID HIGHWAY ACT OF 1976

The President is signing into law today the Federal-Aid Highway Act of 1976 (H.R. 8235) which provides more than \$17.5 billion for the continuation of Federal highway construction rehabilitation and safety programs and extends the Highway Trust Fund as a method of financing them for two years.

BACKGROUND

Last July, the President sent to the Congress a comprehensive, long-term highway bill, proposing:

- A restructuring of the present trust funding system with \$1 billion of gas tax assistance available directly to the States.
- Consolidation of the many categorical grants in the Non-Interstate program into three broad block grants of Rural, Urban, and Safety Assistance.
- Focusing prime Federal attention on completion of critical intercity routes on the Interstate System, and
- Providing long-term, responsible funding levels for highway programs consistent with new Congressional budget procedures.

H.R. 8235 is a compromise bill that extends the important highway programs until the next Congress can fully deal with these proposals.

HIGHLIGHTS OF H.R. 8235

A. Interstate Highway Program.

- Provides funds for the first time expressly for rehabilitation and restoration projects on the Interstate system.
- Liberalizes the Interstate transfer provisions to allow construction of other highways and/or mass transportation facilities or equipment when nonessential Interstate segments are deleted.
- Assigns priority to the completion of the intercity routes closing critical gaps in the Interstate System. Thirty percent of a State's Interstate funds must be used on the portions of the System in a State which contribute to the continuity of the national system.

more



B. Non-Interstate Highway Program.

- Consolidates a number of existing categorical grant programs into a broader, more flexible program. The bill also allows for the transfer of funds between system categories to allow States increased flexibility in the use of highway funds where they are needed.
- Simplifies the delivery of Federal highway funds by allowing the States themselves to certify compliance with a number of Federal project approval requirements.

C. Highway Safety Programs.

- Provides increased authority to waive uniform highway safety program standards in that the Secretary of Transportation need not require every State to implement every requirement of every standard.
- Provides more flexibility in applying the highway safety fund penalty against noncomplying States by permitting the withholding of 50-100 percent of such funds rather than the 100 percent previously required.
- Requires the Secretary of Transportation to evaluate the effectiveness of the highway safety program standards and the need for changes in the standards and report to the Congress by July 1, 1977, and suspends the highway safety fund penalty until that report is submitted.
- Creates a new incentive program for the reduction in the absolute number of fatalities. This program will complement the existing incentive program for fatality rate reduction.
- Continues the Safer Roads Program as a permanent program and consolidates it with Off-System roads to improve safety and capacity of existing roads.

D. Other Important Provisions.

- Meshes more effectively the operation of the highway program with the Congressional budget control process by revising the dates on which highway funds are made available to conform with the start of the new fiscal year.
- Continues and modifies the current highway beautification program which is directed towards eliminating unsightly roadside billboards, controlling roadside junkyards, and improving the landscape along the Nation's highways.
- Continues the current program which permits the expenditure of up to \$10 million a year of highway funds for equal opportunity training programs.

more



Funding Provisions of the Act.

The attached Table reflects the funding authorizations for FY 1977-78, the two years for which this Act contains authorizations for all of these programs. In addition, the Federal-Aid Highway Act of 1976 includes transition quarter authorizations of approximately \$1.9 billion, the bulk of which reflects the movement to a revised date of apportionment for non-Interstate highway funds. The bill also contains annual authorizations for the Interstate highway program through 1990.

1976 FEDERAL-AID HIGHWAY ACTFY 1977-1978 Authorizations  
(in millions)

<u>Basic Federal-Aid Highway Construction Programs</u>	<u>1977</u>	<u>1978</u>
Interstate <u>1/</u>	3,250 <u>2/</u>	3,516
Consolidated Primary	1,350	1,350
Secondary	400	400
Urban System	800	800
Safety Construction/Off-System	<u>755</u>	<u>755</u>
Subtotal	6,555	6,821
<u>Other DOT Construction Programs</u>	486	482
<u>Safety Assistance</u>	212	237
<u>Non-DOT Highway Programs</u>	<u>308</u>	<u>308</u>
Total	7,562	7,848

1/ Funds authorized for Interstate become available one year in advance of the fiscal year for which authorized.

2/ Authorized in 1973 Federal-Aid Highway Act and was not changed in 1976 Highway Act.

# # # #



FOR IMMEDIATE RELEASE

MAY 5, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

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THE WHITE HOUSE

REMARKS OF THE PRESIDENT  
UPON SIGNING THE  
FEDERAL HIGHWAY ACT OF 1976

THE ROSE GARDEN

3:03 P.M. EDT

Secretary Coleman, distinguished Members of the Congress, distinguished guests:

I am signing today a bill, H.R. 8235, which authorizes more than \$17.5 billion dollars for the extension of the Federal Aid to Highways program. Many, many thousands of jobs will be directly, as well as indirectly, supported by the legislation which will provide for key links in the interstate highway system, upgrade existing highways and develop public transit facilities.

Primary responsibility for selecting projects and administering this grant program will continue to rest with the State and local authorities. While this Act does not include everything that this Administration proposed to the Congress, it is an important step toward meeting America's transportation needs.

For that reason, Mr. Secretary and members of the Congress, I am very pleased to sign this legislation which is a very significant piece of legislation and a very important one as far as our economy and our transportation facilities is concerned.

END (AT 3:04 P.M. EDT)

