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MAR 5 1975

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## THE WHITE HOUSE

WASHINGTON

March 5, 1975

MEMORANDUM FOR: DONALD RUMSFELD

FROM: JERRY JONES 

On February 18th a memorandum went into the President on "NEW HIGHWAY AND AVIATION LEGISLATION". The President noted that a lot of work should be done immediately on the Hill. Attached is Mike Duval's status report on this effort to date.


3/8/75

When I meet with Sec. Coleman we should discuss both matters. I would like review at that time of House + Senate reaction.

THE WHITE HOUSE

WASHINGTON

March 3, 1975

MEMORANDUM FOR: JERRY JONES  
FROM: MIKE DUVAL   
SUBJECT: NEW HIGHWAY AND AVIATION LEGISLATION

Following up on your memorandum of February 18, the following coordination has been accomplished and is under way with Congress.

Acting Secretary John Barnum, has visited with Senators Magnuson, Pearson, Randolph and Baker concerning the aviation and highway legislation. In addition, I will be having lunch this week with the head of the majority and minority staff of the Senate Public Works Committee to discuss the highway bill. I have already met with the minority staff leader of the Senate Commerce Committee on Aviation and I discussed it briefly with Senator Cannon.

Barnum also met with Congressman Harsha for a brief meeting on both peices of legislation. In addition, I met with Harsha, Don Clausen and Cliff Enfield (their chief staff man) to discuss the highway and aviation proposals in some detail. At Mr. Harsha's suggestion we have scheduled a detailed briefing on Monday for the Public Works Committee staff which will be conducted by DOT. Also, at Harsha's suggestion I will be meeting with Chairman Jones on Tuesday. We expect to have a brief report for the President by mid-week which describes the Hill reaction to our proposals.

It is, of course, important that Bill Coleman review these proposals prior to their submission. I have talked to Barnum about this and he advises me that Coleman already has been briefed and is studying the proposed legislation.

In terms of timing, the House Public Works Committee could begin hearings on the highway bill as early as the week of March 9. Therefore, I have advised OMB and DOT that we should be prepared to submit the transportation legislation by the end of this week.

There are three potential problem areas which we will monitor closely. First, Republican members of Congress are obviously going to oppose strongly, (1) extension of the Highway Trust Fund only for the Interstate System (they'll want the Trust Fund for all highway construction) and, (2) the proposed general aviation landing fees. Second, Bill Coleman may have some problems with the proposals. Third, there is still strong disagreement between the Hill, DOT and OMB concerning the deregulation proposals.

cc: Jim Cannon  
Jim Cavanaugh  
Bill Kendall  
Vern Loen  
Wally Scott

THE WHITE HOUSE  
WASHINGTON

March 10, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JIM CONNOR

FROM: JERRY H. JONES

The attached material was returned in the President's outbox with the following notation:

-- When I meet with Sec. Coleman we should discuss both matters. I would like review at that time of House and Senate reaction.

I understand the President is scheduled to meet with Secretary Coleman on Thursday, March 20, and this information should be included in the briefing paper.

Thank you.

cc: Don Rumsfeld  
Mike Duval

THE WHITE HOUSE

WASHINGTON

March 8, 1975

MEMORANDUM FOR: DR. JAMES CONNOR  
FROM: WARREN RUSTAND *WR*  
SUBJECT: Approved Presidential Activity

Please take the necessary steps to implement the following and confirm with Mrs. Nell Yates, ext. 2699. The appropriate briefing paper should be submitted to Dr. David Hoopes by 4:00 p.m. of the preceding day.

Meeting: With Secretary Coleman

Date: Thurs. March 20, Time: 10:30 a.m. Duration: 60 minutes  
1975

Location: The Oval Office

Press Coverage: White House Photographer

Purpose: Orientation Meeting

cc: Mr. Hartmann  
Mr. Marsh  
Mr. Cheney  
Dr. Hoopes  
✓ Mr. Jones  
Mr. Nessen  
Mr. O'Donnell  
Mrs. Yates

2/18/75

THE WHITE HOUSE  
WASHINGTON

Don R

a lot of work  
should be begun  
immediately with  
Hatch & others,  
including Don Clauson.

Terry Jones -  
you have the  
action -  
D.

THE WHITE HOUSE  
WASHINGTON

FEB 17 1975

February 5, 1975

MR. PRESIDENT:

The attached memorandum was  
staffed and generated the following  
comments:

Cole -- OK.

Marsh -- This may have problems  
in Congress.

Has Ash discussed this with  
you previously? -  
Don



## 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

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

...Key objectives of legislation are to:

- 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.

	<u>Program Level (Billions of Dollars)</u>					
	<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)
Non-Interstate (General Fund)	(2.1)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)

- ...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.

STAFFING

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: January 23, 1975

Time:

FOR ACTION: Ken Cole  
Jack Marsh

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: Friday, January 24, 1975

Time: cob

SUBJECT:

Scott/Ash memo (1/23/75) re: New  
Aviation and Highway Legislation

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

2/4 - Called Cole  
2/5 - Ok per Mike Duval  
2/5 w/p

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jerry H. Jones  
Staff Secretary



JAN 24 1975

Date: January 23, 1975

Time:

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FOR ACTION: Ken Cole  
~~Jack Marsh~~

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Draft Remarks

REMARKS:

*This may have  
problems in  
congress  
jm*

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Jerry H. Jones  
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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

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INFORMATION

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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