

Eno

Center for

MEMORANDUM TO THE SECRETARY:
Transportation

November 4, 1955

FROM: Dan T. Smith

SUBJECT: Meeting with Governors on Highway Program - November 3.

The Governors' reaction to the proposal for a pay-as-we-go highway program was not good. Stratton-Illinois; Gary-Oklahoma; Langlie-Washington; and to some extent, Lausche, said that (1) the States could do more and better if they increased the gasoline tax themselves, and (2) that a Federal program would disturb their own good toll road programs. There was no satisfactory answer as to what would be done about existing and prospective State toll roads. Kohler-Wisconsin, who was Chairman; Leader-Pennsylvania; and Patterson-Oregon, were fairly sympathetic to Federal financing of a Federal program, and Lausche was not wholly unsympathetic. Hodges-North Carolina, was not very definite.

Weeks described the alternatives of (1) the Clay program, (2) additional taxes, (3) taxes and some temporary borrowing, (4) deficit financing, and (5) toll roads. He said that we had about come to current financing (with some borrowing) because the Clay program was not acceptable to Congress, and no one seemed to want the Federal government to use toll roads. Gary and Langlie wanted to know why we could not divert the manufacturers' excise on autos, along with the gas tax, and furthermore, how we could justify general tax reduction while raising some specific taxes. I said that we didn't know whether we could justify any general tax reduction, but that we were still laboring under almost the top war-time rates on taxes which we felt should come down as soon as possible. We felt that user taxes could go up to pay for a specific, recognized purpose. The existing auto and truck excises were like other excises on radios, refrigerators, etc., and were used as general revenue sources and had never been thought of as user taxes. Weeks had already noted that a diversion of these taxes would put us in a deficit position.

The Governors met by themselves after luncheon. I do not know the results.

This is a short summary. I have full notes if you want them. Our first problem, I believe, is to develop a sensible way to meet the toll road problem, probably somewhat along the lines of the Clay program. A 2-cent gas tax increase would apparently be strongly opposed. One-cent may be acceptable if coupled with higher truck taxes. Lausche emphasized the importance of having the Federal government tax trucks heavily because the States had been unsuccessful (as in the Ohio ton-mile tax). The others seem to agree on this last point.

cc: Mr. Rose - delivered to Mr. Rose 11/4/55 - 11:15 am
Governors' names checked with Mrs. Cook
in library 11/4/55