

MINUTES OF MEETING

on

URBAN MASS TRANSPORTATION LEGISLATION

December 13, 1962 - National Housing Center - Washington, D. C.

PRESENT

John Kohl, Administrator of Urban Transportation, Housing and Home Finance Agency  
Charles M. Smith, Congressional Liaison Officer, Housing and Home Finance Agency  
ArDee Ames, Office of Senator Harrison A. Williams  
Richard Cramer, Office of Senator Harrison A. Williams  
John Barrier, House Banking and Currency Committee  
James McEwan, House Banking and Currency Committee  
George W. Anderson, American Transit Association  
Judge Evan Howell, American Transit Association  
J. Paull Marshall, Association of American Railroads  
T. A. Nooner, Railway Progress Institute  
David Q. Gaul, Institute for Rapid Transit  
Robert F. Mooney, Cleveland Transit System  
Jack Baedeker, Los Angeles Metropolitan Transit Authority  
Gene R. Schaefer, WABCO Mass Transit Service  
Herbert S. Reid, New York State Association of Railroads  
Roderick Craib, Reading Company  
Kimball Sanborn, Boston & Maine Railroad  
James W. Diffenderfer, Pennsylvania Railroad  
Ed Padberg, Pennsylvania Railroad  
Leslie E. Dennis, Railway Labor Executives Association  
L. A. Winlack, National Housing Conference  
Patrick H. McLaughlin, City of Philadelphia  
Hugh Miels, Jr., U. S. Conference of Mayors  
Richard Cowdery, American Municipal Association  
Donald A. Slater, American Municipal Association

The meeting was called to discuss Urban Mass Transportation legislative prospects in the 88th Congress and possible revisions in last year's bill.

Administration Position

John Kohl, HHFA Administrator for Urban Transportation, explained the Administration was about to make a firm decision to request introduction early in the Session of a bill essentially the same as S. 3615, but without "contract authority." He said language improvements will be accepted, but no major additions or changes will be endorsed by the Administration. Mr. Kohl said the White House wants Senator Harrison Williams to sponsor the bill and wants it to be referred to the Senate Banking and Currency Committee

The key features the Administration believes are essential in the legislation are:

- Provision of grants on a net project basis
- Local contribution requirement
- Comprehensive planning requirement

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Proposals which have been reviewed by the Administration but not accepted, according to Mr. Kohl, include:

Expansion of Loan Program - Administration decision to subordinate the loan program again was made on the theory that fare increases would be necessary in connection with loans. The Administration does not want to endorse a program that would result in fare increases and diminish the public service aspects of urban mass transportation needs.

Loan guarantees will not be included. Administration may consider recommending special legislation later if review on a case-by-case basis indicates need for further type of assistance.

Administration will not ask for "contract authority." The Budget Bureau is working on some form of "forward financing" formula device.

Direct assistance to private companies will not be included and provision that grants must be channeled through a public body will be retained. The Administration continues to believe comprehensive planning is important in solving transportation problems and by its nature can only be executed by a local public body.

Mr. Kohl gave assurance that the Administration's recent recommendation for a study of transportation needs along the Eastern Seaboard will not compete with the general urban mass transportation bill. A supplemental appropriation request of \$500 thousand to \$1 million will be made for the Eastern Seaboard study to be undertaken by the Department of Commerce.

Summary of Explanation by Jack Baedeker, Los Angeles Metropolitan Transit Authority of Los Angeles' Proposal

Although Mr. Baedeker did not provide details of the Los Angeles' proposal, it apparently involves a Federal Loan Guarantee for public authority bond issue with the tax exemption rescinded for the specific issue. The Treasury Department opposes Federal Loan Guarantee of tax-exempt securities.

Mr. Baedeker said Los Angeles needs such a financing device because it would be impossible to pass a bond issue. He said that the Governor has assured them he can get a 15% tax increase through the State Legislature which will yield \$400 million for the Los Angeles Transit Authority and that they have tentatively negotiated a large loan.

Mr. Baedeker reported that Senator Engle was eager to work with them in getting the Administration to accept their Treasury guarantee proposal as part of the Administration bill because transportation is an important issue in Los Angeles. He said, however, that Los Angeles would support the Administration bill.

Mr. Baedeker said he and Senator Engle had met with Administration officials and were told the Administration would consider their proposal. Mr. Baedeker reported that Mr. Roosa of the Treasury Department was quite sympathetic and suggested the proposal "could be the answer to future financing of programs of the magnitude of the Los Angeles transportation plan." Mr. Baedeker further reported that Mr. Roosa said the Los Angeles proposal would not jeopardize tax exemption of other bonds since it would be on a one-shot basis if a community made the request.

### Comments on Los Angeles's Proposal

John Barrier emphasized the Administration must make a firm decision on whether the Los Angeles proposal would or would not be a part of the bill and that everyone should be told the same story. He expressed concern that there is some conflict in Mr. Kohl's and Mr. Baedeker's report.

Pat McLaughlin, Hugh Miels, and Donald Slater pointed out that cities, states, public authorities--the whole tax-exempt security market--would oppose any proposal which jeopardizes tax-exempt status of bonds and with such opposition a transportation bill which included a provision that jeopardizes tax-exemption could not pass. It was also pointed out that the Treasury Department is eager to support any proposal to get a foot in the door on the elimination of tax exemption. Mr. McLaughlin further argued a financing precedent would be established which could jeopardize all federal grant assistance programs.

ArDee Ames suggested to Mr. Baedeker that if Los Angeles was going to get their tax increase and a \$400 million fund they would be able to benefit from the program to be set up under the Williams bill.

The question was raised as to the ethics of jeopardizing enactment of an urban mass transportation program Senator Williams has been working on for years and which has been worked out to the satisfaction of the majority of interests.

### Discussion of Legislative Prospects

John Barrier estimates the new House Banking Committee chairman, Wright Patman, is as indifferent to the legislation as was Mr. Spence, but the House Banking Committee should not be a problem. He estimated a compromise on Rules reform will probably be worked out to keep the present increased membership with no other change. He said Judge Smith will not be able to sit on the bill for two years, and the Rules Committee will approve the bill if it has an opportunity to vote. He thought the Executive Order on Housing could possibly lose some marginal Southern Democrats, and proponents will have to continue to count on Republicans rather than marginal Southern Democrats.

George Anderson suggested that more publicity and credit be given to Republicans. Mr. Barrier suggested Representative William Widnall of New Jersey, who will be 2nd ranking Republican on the Banking Committee, could be influential in getting Republican support on floor.

### Senate

ArDee Ames asked for help in getting as many co-sponsors as possible. The suggestion was made that Senator Williams should introduce last year's bill as S. 1, whether or not the Administration proposal was ready and then change accordingly, to get the prestige benefit of the low number. It was agreed that the cooperation of the White House and the Senate Leadership was needed to accomplish this.

Concern was raised as to Senator Lausche's possible intention of making a motion to refer bill to Commerce Committee.

### Senate Committee Jurisdiction

Jack Baedeker reported that Senator Engle had told Lee White the bill would be referred to the Commerce Committee. The consensus of the group was that it was vital the initial referral should be to the Banking and Currency Committee. Pat McLaughlin

pointed out it was important the Administration make it clear to Senators Mansfield and Magnuson, Chairman of the Commerce Committee, that the bill should go to Banking and Currency. McLaughlin also suggested that we might propose joint hearings to prevent success of an initial referral move to Commerce Committee. It was agreed that action must be taken to counteract move to refer the bill initially to Commerce Committee including an early meeting of mayors with the President and Administration representatives and the Senate Leadership, and expressions of opposition to Commerce jurisdiction by mayors, public officials, and industry people in the State of Washington to Senator Magnuson.

### Center for

### Transportation

#### Discussion of Other Suggestions for Changes in Bill

Direct Assistance to private operators: George Anderson was requested by D. C. Transit and WV&M Coach Co., Inc. to suggest that the following phrase in Sec. 3(a) of old bill be stricken: "States and local public bodies and agencies thereof, and". Mr. Anderson reported the American Transit Association does not endorse direct assistance to private operators, and the group agreed that the bill should not provide for direct assistance to private operators.

Limit Program to Metropolitan Areas and Remove 12½% Limitation to each State: The proposal, made by Mr. Baedeker of Los Angeles, was rejected on the basis that the bill could not be passed in the House because votes would come only from members from metropolitan areas and there are not enough of them. It was also pointed out the same argument holds against striking the 12½% limitation per state and that it is standard in all general assistance legislation of this type. It was further pointed out that most of the assistance in practice would go to metropolitan areas as has been the experience under the Urban Renewal Program. Also, it was argued that if assistance would help a small town, they should be able to obtain it.

Contract Authority: The consensus of the group is that "contract authority" is important to the program but difficult to get. It was agreed the strategy should be the same as last year: Senator Williams will try to get the amendment reported by the Senate Banking Committee, and efforts should be made to retain it in the Senate bill, but no attempt will be made to include it in the House bill. Efforts should go to retain it in the Conference bill.

#### Discussion of General Legislative Strategy

The group agreed to work for early introduction, early perfunctory hearings and an early report by the Senate and House Banking and Currency Committees.

#### Future of Steering Committee

The group agreed there must be some sort of mechanism to coordinate the legislative efforts of the various organizations, and that one person must be designated to take chief responsibility in coordination and generation of needed public support. Donald Slater explained the American Municipal Association could not be a part of a National Committee without approval of its Executive Committee, and for this reason Pat McLaughlin explained his original National Committee proposal would not be feasible at this time without the inclusion of the public association. He proposed that the Steering Committee could become a tighter and more effective group, and the group unanimously approved Pat McLaughlin's offer to take chief responsibility.

John Barrier mentioned that before the Area Redevelopment bill passed an active steering committee was utilized for several years to generate support and a steering group of affected House members also worked on behalf of the bill.

It was agreed that a further proposal should be drafted and circulated.