



OFFICE OF THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

*Bell T -  
would you cross check  
the reaction with  
J. Byrnes + Jerry?*

Center for  
Transportation  
July 25, 1969

MEMORANDUM TO BRYCE HARLOW  
The White House

Subject: Hill Contacts -- Urban Mass Transportation Bill

Subsequent to Monday's meeting, the following Hill contacts have been made by the individuals indicated.

House:

Jerry Ford (Secretary Volpe and myself)

Congressman Ford "heartily endorses" the concept of a trust fund and is "flexible" on the question of use of the auto excise tax to feed the fund. He did state that he would be guided by Johnny Byrnes before taking any official position. We told him that Byrnes had previously expressed opposition to this, and he said he would talk to Byrnes but suggested that we do so first. He (Ford) would have no objections to the Administration submitting a bill with a trust fund in it.

John Byrnes (Secretary Volpe and myself)

He has mellowed somewhat since our first contacts with him on this subject. He still objects to a trust fund not fed from true user charges, but indicated that some kind of "designated account" -- in his mind there is a significant difference between a designated account and a trust fund -- might be acceptable. He now describes himself as "flexible" on the issue. He again indicated that his main problem was a lack of conviction about the need for the entire program and not just a concern over the financing arrangement. He is still not convinced that this is a Federal responsibility but did not state that he would oppose it automatically.

Bill Widnall

Congressman Widnall was visited prior to Monday's meeting and expressed support for a trust fund concept and, therefore, has not been contacted in the current round of activities.

## Senate:

Everett Dirksen (contacted by Secretary Volpe by telephone)

Senator Dirksen said the trust fund idea was fine with him and asked for a short paper explaining the general outlines of the bill. He indicated that he would support it.

Hugh Scott (Secretary Volpe and myself)

He said he would support the bill with a trust fund using the auto excise tax.

Gordon Allott (Secretary Volpe and myself)

He is "cold to designated funds." He cites the Colorado State experience where the State budgetary process was seriously hampered because of a number of earmarked accounts. He said he would have no objections to the Administration's submitting such a bill, however, because he could not himself think of any reasonable alternative. He raised some questions about other aspects of the program which he thinks we will be able to deal with.

John Williams (myself only)

Senator Williams has no strong feelings either way about trust funds in general. He has no objections to the Administration's submitting this bill calling for a trust fund, but wants to wait until after hearings before the Finance Committee before making up his mind. With respect to the use of the auto excise tax, he says he can see some connection between that tax and the program but will not commit himself at this time. He also raised the same questions Senator Allott raised.

Wallace Bennett (Secretary Volpe, Administrator Villarreal and myself)

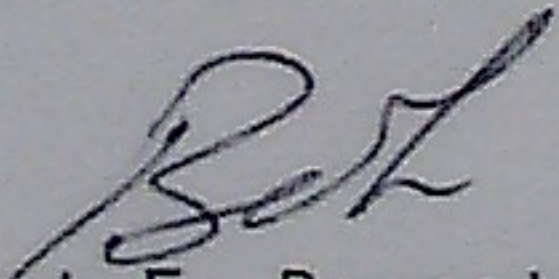
His position is comparable to Senator Williams'. He would not object to the submission of an Administration bill calling for a trust fund fed by the auto excise tax but if hearings before the Finance Committee convinced him that there is a better alternative, he would be willing to switch from the trust fund.

Charles Percy (Secretary Volpe, Administrator Villarreal and myself)

He strongly favors a trust fund and was primarily concerned about Administration delay in submitting a bill.

John Tower

He has been completely preoccupied with ABM matters and has not followed the hearings or formulated a current position. His previous position was basically neutral, leaning in the direction of opposition to a trust fund. His staff plans to discuss it with him in light of the hearings and get a reading for us the first part of next week.

  
Robert F. Bennett  
Director  
Office of Congressional Relations

Tower is No. 2 on  
Full Committee and  
ranking on the  
relevant subcommittee



DEPUTY  
UNDER SECRETARY

OFFICE OF THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

JUL 30 1969

July 29, 1969

Eno

Center for  
Transportation

Honorable Bryce N. Harlow  
Assistant to the President  
The White House  
Washington, D. C.

Dear Mr. Harlow:

Enclosed is a copy of our Urban Public Transportation Bill and the Section-by-Section Analysis. This bill has been forwarded to the Bureau of the Budget for formal clearance. However, in line with Secretary Volpe's wishes, a copy is being mailed directly to you for your advance information.

This bill represents a further revision of the legislation previously transmitted and reflects the general agreements reached by Secretary Volpe and you, and with the other principals concerned.

In line with the agreements, the enclosed bill would provide for:

1. a Congressional declaration that the Federal Government must commit itself to the expenditure of \$10 billion over the next several years;
2. program authorizations, with contract authority, of \$300, \$400, \$600, and \$800 million and \$1 billion for the fiscal years 1971-1975;
3. authority for advanced right-of-way acquisition but not for excess land acquisition;
4. a designated account to finance the program; and



+ 5. transfers to the account out of the auto excise tax revenues of amounts equivalent to 3.5 points in every year from 1971 to 1982. It also establishes a new total auto excise tax rate of 7 percent for calendar 1970, 5 percent for 1971, and 3.5 percent for the remaining years of the account. The establishment of rates in 1970 and 1971 in excess of the 3.5 percent necessary to fund this program is included to reflect pending legislation already submitted by the Administration. At the most recent available Treasury Department estimates, the transfers of revenues from the 3.5 percent tax would produce slightly in excess of \$10 billion over the life of the account.

As requested, we have included a draft Presidential message for your consideration in the event that the President wishes to so act. We will be glad to supply any further information or additional data that might be necessary for such a message.

The current hearings on this subject in the Senate have made it even more urgent that the Administration be able to offer the Administration proposal at the earliest possible date. Towards this end, we have specifically solicited the assistance of the Bureau of the Budget in expediting formal clearance for this bill.

Sincerely,



Charles D. Baker

Enclosures

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

Eno

Center for  
Transportation

Public Transportation: Now and in the Future

Recently we have exulted at man's flight to the moon -- at the courage of man and at the marvels of science and technology which have made possible this leap into space to another body. While this great feat of space transportation is still fresh in our minds, it is appropriate to look at some of the problems of transportation here on earth:

-- Three men have hurtled through space at speeds approaching 25,000 miles an hour, while millions daily creep to work at average speeds no faster than three decades ago;

-- In the past ten years, the most able minds have broken one technological barrier after another, fashioning vehicles capable of reaching the moon and returning from it, yet public transportation still utilizes much the same technology as 20, 30, and even 40 years ago;

-- We have conquered space, but we have yet to provide adequate systems for transporting the poor in our cities, who are most in need of jobs, to and from work.

-- Vast resources--human, material and organizational--have been harnessed to achieve the goal of a lunar landing, but the equally important goal of providing adequate public transportation for all our people, has been shortchanged.

I propose that we now make a similar, firm commitment to providing adequate resources for public transportation. These resources must be:

- Adequate in amount;
- Adequate in the duration of their availability;
- Adequate in the assurance of their availability.

To do less would be to fail to rise to the challenge.

### Years of Neglect

Public transportation, as important to the life of a city as the circulatory system is to the life of a human, has suffered from years of neglect:

-- Since 1945, public transportation has experienced a cycle of increasing costs, decreasing funds for replacements and improvements, cutbacks in service, decreases in the numbers of passengers, and further cutbacks in service.

-- Transit industry profits, before taxes, have declined from \$313 million in 1945 to \$25 million in 1967.

-- During this same period, fares have tripled, imposing burdens on our many low income citizens who have no alternative means of transportation.

-- Local governments faced, on the one hand, with demands for many pressing public services and, on the other, with an inadequate financial base, have been unable to provide sufficient assistance.

-- Finally, the availability of substantial Federal grants for highway assistance has tended to influence localities to construct highways, even when public transportation systems might have been equally needed.

And this is not a problem peculiar to the largest of our cities. Indeed, many of our small and medium-sized cities have seen their bus transportation systems simply close down.

The decline of public transportation has resulted in:

-- Increased difficulties for the poor, the aged, the very young, and the handicapped, who cannot afford or readily use private automobile transportation.

-- The need for large expenditures for highway construction, and the dislocation frequently accompanying such construction in urban areas, in order to meet the growth in automobile transportation.



-- Persistent traffic congestion, which even the large highway construction programs have been unable to accommodate.

-- A gradual strangulation of our center cities, as they become increasingly inaccessible for more and more people.

Needs of the Future

Our efforts thus far have been inadequate to cope with yesterday's and today's public transportation problems, but the problems of the future will be even greater unless we act now. Our urban population, which increased from 74 million in 1945 to 150 million in 1969, will reach 280 million by the year 2000. We cannot provide transportation for almost twice today's urban population by simply doubling the numbers of roads in our cities and urban areas--city after city has found that there is a limit to the number of highways that a city can accommodate. Obviously, public transportation must help meet this growth.

Smaller cities will also experience growth in the years ahead, and thus, too, should have adequate public transportation to encourage and facilitate this growth.

## The Public Transportation Program

In the face of today's problems and tomorrow's needs, I propose a public transportation program which will provide \$10 billion over the next 12 years in Federal assistance for public transportation and research and development.

Specifically, this program will:

- Provide financial assistance to existing systems which are in danger of bankruptcy.
- Replace, improve, and expand existing equipment and facilities.
- Help finance new systems, where these are considered necessary.
- Support an expanded research, development and demonstration program to bring our technological and organizational abilities to bear on transportation problems.

The program I am recommending, and which the Secretary of Transportation will submit shortly to the Congress, will also include these features:

- It will provide for direct grants to private transit companies so that private enterprise can continue to provide public services in urban transportation.

-- It will give state governments an opportunity to comment on project applications in order to improve intergovernmental coordination.

-- It will require local public hearings before any major capital construction is undertaken.

-- It will permit localities to acquire rights-of-way in advance of system construction in order to reduce future dislocation and costs.

#### Financing the Program

When public needs everywhere are outracing available resources, a program of the magnitude and nature that I am recommending should, in prudence, be accompanied by proposals for financing that program. My recommendations will do so.

Specifically, I recommend extension of the automobile excise tax at a level adequate to finance this program fully. This level will reach a maximum of 3.5 percent. Funds collected from this tax will flow directly into an account earmarked specifically for use in the transportation program. It remains my intention to consider eventual elimination of the auto excise tax as a source of revenue for the general fund. However, I believe the commitment of a part of this excise tax for this specific

*purpose* is an appropriate one; that is, an earmarking to help finance the public transportation program. Automobile users will be widely benefited by improved public transportation. By improving our public transportation systems, those who continue to use automobile transportation to get to work, for example, will find that they are able to travel on less congested roads. Many in the automobile and highway industries have come to recognize that we cannot pour more cars onto already congested highways, and that we cannot cram more highways endlessly into our cities. Public transportation and automobile transportation complement each other, and the financing mechanism I recommend is consistent with this fact.

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In sum, the program I am recommending will benefit:

-- The large cities, which will avoid strangulation; the suburbs, which will have improved access to the urban center; and the smaller cities, which will retain needed transportation systems.

-- The poor, who will have improved access to jobs and social services; and the more well-to-do, who will have transportation alternatives.

- The transit rider, who will have better service; and the automobile passenger, who will travel on less congested roads;
- The transit industry, which will receive needed assistance; and the automobile and highway industries which will, in the long run, benefit from a more sensible total transportation system.

But most important, we as a nation will benefit. The nation which has sent men to the moon will demonstrate that it can cope with the problems of this world as well.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR BRYCE N. HARLOW

FROM: Bill Timmons *BT*

DATE: July 30, 1969

SUBJECT: URBAN PUBLIC TRANSPORTATION BILL



1. John Byrnes: Said he thought I was calling about something hot on Surtax or tax reform. Indicated he was much too busy with pressing matters to discuss even for one minute an item that can wait. Criticized me for bothering him on non-priority item. This reaction is natural for one who is opposed to whole transit concept as Bennett indicated. In light of this brief conversation, I suggest the Mass Transit measure be held up as long as possible.

2. Jerry Ford: He said he didn't say he was "flexible" but that he was not "inflexible" to trust fund concept. Nothing definite, wait for Byrnes lead.

THE WHITE HOUSE  
WASHINGTON

August 4, 1969

Eno

Center for  
Transportation

MEMORANDUM FOR THE PRESIDENT

FROM: Arthur F. Burns *AFB*  
SUBJECT: Mass Transportation

Several weeks ago, we worked out a plan which Secretary Volpe and his colleagues in DOT found acceptable. The essentials of the plan are as follows:

- (1) A 12-year program for developing and improving mass transportation in local communities.
- (2) A Federal expenditure of \$10 billion on this program.
- (3) A 5-year authorization for the program.
- (4) A renewal of the authorization every two years, so that the outstanding authorization would never be for a shorter period than three years.
- (5) An initial 2-year appropriation for the program.
- (6) The preamble to the act would convey a long-term moral commitment of the Congress to the program.

More recently, Secretary Volpe has indicated opposition to this financial arrangement on the ground that municipal authorities would find it difficult to float bonds in the absence of a statutory commitment such as only a trust fund can provide. The Secretary is therefore urging a trust fund or a designated account which would be financed through the automobile excise tax. The members

of this Administration who are principally concerned with financial matters -- Secretary Kennedy, Director Mayo, Chairman McCracken, and myself -- strongly favor financing through the general fund. They point out that a trust fund concept is applicable only when the people taxed are also the people being benefited. Beyond this, they fear that further proliferation of trust funds would impair the flexibility that the government needs in managing expenditures.

Whichever plan is decided upon, there will be a certain matching of the Federal Government's contribution by the local governments concerned.