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**SIGNING CEREMONY
OF
HIGHWAY MESSAGE
AND
MEETING WITH GOVERNORS**

Monday, July 7, 1975

11:00 A. M.

THE PRESIDENT HAS SEEN.....

July 7, 1975

Office of the White House Press Secretary

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 respective 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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THE WHITE HOUSE

Interstate - \$3.25 (+125)

Revol - 1,050

Urban - 800

Safety - 400

Beautification - \$65 million

| Ray
| Rampton
| Moore
| O'Callaghan
| Bennett.

THE PRESIDENT HAS SEEN....

THE WHITE HOUSE

WASHINGTON

July 4, 1975

HIGHWAY MESSAGE SIGNING CEREMONY
AND
MEETING WITH GOVERNORS

Monday, July 7, 1975
11:00 a.m. (30 minutes)
The Oval Office

From: Jim Cannon

Mike Donaldson

I. PURPOSE

To sign your Message to the Congress transmitting your proposed Federal-Aid Highway Act of 1975.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background. You are transmitting today to the Congress the Federal-Aid Highway Act of 1975, covering fiscal years 1977-1980.

The twenty-year old Highway Trust Fund expires on October 1, 1977.

Your proposal will:

- Extend the Trust Fund indefinitely for the Interstate System only.
- Reduce gasoline tax revenues going into the Trust Fund from the current 4¢ to 1¢. (The other user taxes, e.g., tires, auto and truck parts, will continue to go into the Highway Trust Fund.)

The gasoline tax would break out as follows:

1¢ - into Trust Fund
2¢ - into the General Fund
1¢ - repealed in any State which raises its gas tax by at least 1¢

- Consolidate the approximately thirty highway categorical grant programs into four broad programs:
 - Interstate System
 - Urban transportation assistance (areas over 50,000 population)
 - Rural transportation assistance
 - Highway safety

The Interstate System will be funded from the Trust Fund and the other three categories from the General Fund.

The essence of your proposal is to give priority to completing those segments of the Interstate System which will make it truly national in scope and to give the States greater control over their transportation programs.

You have met with the Governors present today in your working meetings on your trips around the country and mentioned your ideas on highway legislation to them. This group represents the leadership of the National Governors' Conference. Your bill reflects their input, and consultation has occurred since those meetings.

B. Participants. See Tab A.

C. Press Plan.

- White House Photographer in meeting with Governors.
- Full coverage (sound and film) of signing in Rose Garden.
- Secretary Coleman will brief the Press following the signing ceremony.

III. AGENDA

- Meet with Governors and Secretary Coleman to discuss your highway proposal.
- Move to Rose Garden for signing ceremony.
 - Brief remarks (Talking Points at Tab B)
 - Sign Message (at Tab C)





PARTICIPANTS

Governors

Honorable Robert D. Ray (R) , Iowa
Chairman, National Governors' Conference

Honorable Calvin L. Rampton (D) , Utah
Past Chairman, National Governors' Conference

Honorable Arch A. Moore (R) , West Virginia

Honorable Mike O'Callaghan (D) , Nevada

Honorable Robert Bennett (R) , Kansas

Honorable Philip Noel (D) , Rhode Island

Administration

William Coleman, Secretary of Transportation
Ted Lutz, Deputy Undersecretary of Transportation
Joseph Coupal, Federal Highway Administration Deputy
Jim Cannon
Jim Falk
Mike Duval



B



TALKING POINTS - HIGHWAY MESSAGE

Twenty years ago, President Eisenhower launched this 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. It has proven vital to the Nation's commercial prosperity and to the individual mobility of millions of Americans.

The Highway Trust Fund expires later this year. In preparing my highway proposal, I consulted closely with governors from all regions of the country. I am particularly pleased that leaders of the National Governors' Conference are here with me today.

I am recommending legislation to give priority to completion of key segments of the Interstate System. This will make our highway system truly national in scope by linking centers of population and commerce.

My proposal will also enable State and local governments to deal far more effectively with transportation problems in their areas. Federal restrictions will be simplified and reduced.

This legislation would eliminate overlapping programs and extend the Highway Trust Fund but limit its use to completion and improvement of just the Interstate System. Other highway projects receiving Federal assistance would be funded from the general treasury.

I want to express my appreciation to Secretary Coleman and these Governors who helped me develop this highway proposal. If enacted into law, it will benefit all Americans.

