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85/5/76

ACTION

Last Day: May 8

THE WHITE HOUSE

WASHINGTON

May 4, 1976

APPROVED

MAY 5 1976

Ceremony and
statement
issued
5/5/76
Rose Darden
3:00 pm

To Archives
5/6/76

| | |
|----------------|---|
| MEMORANDUM FOR | THE PRESIDENT |
| FROM: | JIM CANNON |
| SUBJECT: | H.R. 8235 - Highway Construction and Safety Amendments |

Attached for your consideration is H.R. 8235, sponsored by Representatives Howard and Shuster, which would provide authorizations of \$17.7 billion for fiscal years 1977 and 1978 for Federal highway construction and safety programs and would make a variety of changes in these programs.

A detailed discussion of the provisions of the enrolled bill is provided in OMB's enrolled bill report at Tab A.

All of the agencies contacted by OMB recommend approval of the enrolled bill, with the exception of the Department of Interior.

OMB, Max Friedersdorf, Bill Seidman, Counsel's Office (Lazarus) and I recommend approval of the enrolled bill and the attached signing statement which has been cleared by the White House Editorial Office (Smith).

RECOMMENDATION

That you sign the enrolled bill at Tab B.

That you approve the signing statement at Tab C.

Approve MC7 Disapprove _____



FOR IMMEDIATE RELEASE

MAY 5, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
UPON SIGNING THE
FEDERAL HIGHWAY ACT OF 1976

THE ROSE GARDEN

3:03 P.M. EDT

Secretary Coleman, distinguished Members of the Congress, distinguished guests:

I am signing today a bill, H.R. 8235, which authorizes more than \$17.5 billion dollars for the extension of the Federal Aid to Highways program. Many, many thousands of jobs will be directly, as well as indirectly, supported by the legislation which will provide for key links in the interstate highway system, upgrade existing highways and develop public transit facilities.

Primary responsibility for selecting projects and administering this grant program will continue to rest with the State and local authorities. While this Act does not include everything that this Administration proposed to the Congress, it is an important step toward meeting America's transportation needs.

For that reason, Mr. Secretary and members of the Congress, I am very pleased to sign this legislation which is a very significant piece of legislation and a very important one as far as our economy and our transportation facilities is concerned.

END (AT 3:04 P.M. EDT)



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

APR 30 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 8235 - Highway construction and
safety amendments
Sponsor - Rep. Howard (D) New Jersey and Rep. Shuster
(R) Pennsylvania

Last Day for Action

May 8, 1976 - Saturday

Purpose

To add a two-year extension of the Highway Trust Fund to the highway aid bill.

Agency Recommendations

Office of Management and Budget

Approval (Signing
statement attached)

Department of Transportation

Approval

Department of the Treasury

No objection

Department of the Interior

No objection to
Title III (Informally)

Discussion

In enrolling H.R. 8235 before the Easter recess, Congress inadvertently omitted Title III, which would provide for a two year extension of the Highway Trust Fund. In order to correct this oversight, Congress passed H. Con. Res. 618 on Monday, April 26, the first day of their return from the recess and your last day for action on the enrolled bill. That concurrent resolution asked you to return the original enrolled bill, rescinded the Congress' signature, and re-enrolled the bill with Title III added. That has been done and the bill is before you

again for action. This memorandum will discuss only the provisions of Title III. We have attached a copy of our previous memorandum on the original enrolled version, which discusses the other provisions of the bill.

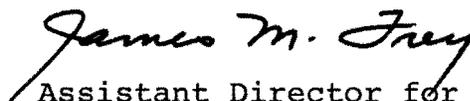
The enrolled bill would extend the Trust Fund for two years, to September 30, 1979. Without this extension, the Trust Fund would expire and various tax revenues that currently are paid into the Trust Fund would be paid instead into the general fund. Also, most of the taxes paid into the Fund are scheduled to be reduced or eliminated on October 1, 1977. H.R. 8235 would extend the taxes at their current level until October 1, 1979.

In addition, the Highway Trust Fund is required to pay into the Land and Water Conservation Fund, the general fund of the Treasury, and the Airport and Airway Trust Fund amounts estimated to be equivalent to the taxes on gasoline and special fuels used for motorboats, farms and other nonhighway uses, and aircraft. The enrolled bill would extend these provisions for two years.

* * * * *

As mentioned in our memorandum on the original enrolled bill, H.R. 8235 does not make the substantive changes to the Trust Fund which you recommended. The Department of Transportation notes in its views letter on the enrolled bill that "the adoption of these simple extensions will put off until the next Congress the consideration by the House and Senate of the important questions concerning the future of the Trust Fund."

Attached for your consideration is a slightly modified version of a signing statement which was enclosed with our earlier memorandum.


Assistant Director for
Legislative Reference

Enclosures



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

APR 22 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 8235 - Highway construction
and safety amendments
Sponsors - Rep. Howard (D) New Jersey and Rep. Shuster
(R) Pennsylvania

Last Day for Action

April 26, 1976 - Monday

We recommend that no action be taken on this bill until Congress adjourns on April 26, since Congressional action on that date could make signing the bill unnecessary.

Purpose

To make available authorizations of \$17.7 billion for fiscal years 1977 and 1978 for Federal highway construction and safety programs, and to amend various provisions of those programs.

Agency Recommendations

| | |
|--------------------------------------|---------------------------------------|
| Office of Management and Budget | Approval (Signing statement attached) |
| Department of Transportation | Approval |
| Department of Agriculture | Approval |
| National Transportation Safety Board | Approval |
| Department of the Interior | Disapproval (Veto message attached) |

Discussion

H.R. 8235 would provide authorizations for Federal highway construction and safety programs for the next two fiscal years and make a variety of changes in those programs. While it does

contain some significant provisions recommended by the Administration, it is essentially an interim bill that maintains existing highway and safety programs. Fundamental highway construction and safety issues have been deferred for future consideration.

Because of a procedural error by the Congress, the title of the bill that would have extended the Highway Trust Fund was inadvertently omitted from the enrolled version of the bill. Most of the funds authorized by H.R. 8235 cannot be obligated without this extension. We understand from DOT that senior members of Congress are aware of this problem and plans are underway to take action perhaps by recalling the bill immediately upon their return from the Easter recess and replacing it with one containing the extension of the Trust Fund. Accordingly, we recommend that you take no action on this bill until after Congress adjourns on Monday, April 26, the first day of its return and the last day for action on the enrolled bill. In the event that Congress does not replace H.R. 8235 with a new bill, we recommend that you sign the enrolled bill. A separate bill extending the Trust Fund would then have to be passed by the Congress.

The enclosed views letter from the Department of Transportation contains a complete discussion of the major features of the bill and their relation to the Administration's recommendations. The remainder of this memorandum, therefore, will focus on several major aspects of the legislation.

Administration Proposal

The Administration proposed a major restructuring of highway programs and related activities in a comprehensive five-year proposal submitted to the Congress in July 1975. That legislation would have restricted the use of the Highway Trust Fund to the priority completion of the Interstate Highway System, permitting State preemption of \$1 billion of gas tax revenues and consolidating the non-Interstate categorical grants into three broad programs to be financed out of the general funds of the Treasury with reduced levels of Federal involvement. Because it became clear that Congress would not favorably consider this legislation, the 1977 Budget requests were based on existing law rather than the Administration proposals. The enrolled bill contains some program consolidations and some additional delegation of authority to the States, but also adds some new programs

such as one to build safer roads outside the Federal-aid highway system. The net effect is a slight increase in the number of categorical programs. As noted earlier, the issues of long term extension of the Trust Fund and major program restructuring remain to be addressed by the Congress.

Funding

General

H.R. 8235 would make available almost \$8 billion in new authorizations, mainly contract authority, for each of the fiscal years 1977 and 1978, plus \$1.7 billion for the transition quarter, for highway construction and safety programs. The Administration had requested annual new authorizations of less than \$7 billion for 1977 and 1978.

The Federal-Aid Highway programs (both Interstate and non-Interstate) are financed by Trust Fund contract authority, not subject to Congressional appropriation action, and thus are hard to control. However, the Federal-Aid authorizations are relatively close to the Administration's request and thus present no major problem. Because funding was provided for the transition quarter and advanced availability of authorizations was not eliminated for the Interstate Program (see discussion below), total long-term contract authorizations in the enrolled bill are \$1.6 billion above the 1977 Budget request. In the short term, this will have no budget outlay impact if the DOT appropriation act contains a limitation on obligations as was requested in the 1977 budget.

The remaining programs are generally subject to Congressional appropriation action. While the Appropriation committees have traditionally limited the obligation rate for many of these programs, they have generally approved most of the funding for "placed-named" highway projects. Thus, this category may show an increase of \$450-\$550 million over the 1977 budget request. If more conservative Budget and Appropriation committee targets are achieved, the increase would be limited to \$200-300 million in new budget authority and \$30-\$40 million in outlays in 1977.

We have attached for your information a table showing a comparison between the Administration's 1977 budget requests and the enrolled bill authorizations and a table showing a detailed breakout of the authorizations for the programs in 1977.

Timing of Funding

Currently, highway contract authority becomes available to the States for obligation on the January 1 prior to the fiscal year for which it is authorized. The Administration originally proposed the elimination of this advanced funding provision for both the Interstate and non-Interstate highway programs to reduce the level of unobligated funds and to make the funding process conform to procedures for other programs. Because 1977 Interstate funds were required to be apportioned last December, the Administration withdrew the proposal to eliminate advanced availability of funds for the Interstate program in 1977. The enrolled bill would continue the advanced availability of Interstate funds for 1977 and 1978, but would eliminate it for the non-Interstate programs in 1978. This will result in a permanent long-term savings of approximately \$1.7 billion for the non-Interstate programs.

Extension of Repayment for Increased Federal Share

Public Law 94-30 provided that States could temporarily defer until December 31, 1976, all or part of their matching share for Federal-Aid Highway projects for which funds were obligated between February 12 and September 30, 1975. If the State matching share (10% on interstate projects and 30% on most other projects) was not repaid by December 31, 1976, the State would lose future Federal highway grants until the funds were repaid. The law was enacted to enable States to take advantage of previously deferred highway funds that were ordered released by you (\$2 billion) and by the Congress (an additional \$9.1 billion).

H.R. 8235 would extend the repayment date of the State-deferred share, with partial payments of 20% due on January 1, 1977, 30% on January 1, 1978, and the remaining 50% on January 1, 1979. In a statement issued when you signed P.L. 94-30 into law, you stated that the deferral was unfortunate but that you were signing it because of the "tough provision" which required repayment by the end of 1976 or the loss of future Federal highway funds.

Highway Related Safety Programs

H.R. 8235 would allow DOT to waive certain highway safety requirements on States to allow them to undertake alternative safety measures, and provide that DOT could award incentive grants to States based on criteria other than fatality rate reductions. These changes were requested by the Administration.

The bill would also make some undesirable changes in the enforcement of safety standards. The Administration had requested a restoration of DOT's rulemaking authority so that highway safety standards could be modernized more easily. Currently Congressional approval is required to amend the standards, most of which have not changed since their issuance in the late 1960's. The enrolled bill instead would require a study to be submitted to Congress no later than July 1, 1977, evaluating current DOT safety standards. It would essentially forbid enforcement of the standards until the study is completed by removing until then any sanctions which DOT could apply to non-complying States. In addition, the bill would permanently repeal DOT's authority to withhold 10% of the Federal-Aid highway construction funds for non-complying States. These provisions would reduce the viability and effectiveness of the standards. In its attached views letter, DOT notes that, "We are, however, disappointed with the highway safety provisions and believe little progress was made toward our goals."

Interior Recommendation

In its attached views letter the Department of the Interior recommends that you veto H.R. 8235. The Department objects to two provisions in the bill:

1. Section 124 which would authorize the Secretary of Transportation, in cooperation with the Secretary of the Interior and appropriate State and local officials, to conduct studies regarding the most feasible Federal-Aid routes to serve the traveling public through and around national parks. Interior believes that this provision, especially the use of the word "through," "greatly diminishes the protection from unnecessary highway construction which is presently afforded the areas of the National Park System..."
2. Section 132 which would authorize the Secretary of Transportation "to construct and to reconstruct any public highway or highway bridge across any Federal public works project, notwithstanding any other provision of law, where there has been a substantial change in the requirements and costs of such highway or bridge since the public works project was authorized, and where such increased costs work an undue hardship upon any one State." (emphasis added). We understand that this provision is primarily designed to forgive certain obligations on the part of the States involved in the Tennessee-Tombigbee Waterway Project,

which would connect the Tennessee and Tombigbee rivers to provide a new inland transportation artery. Interior believes that the "notwithstanding" clause would nullify the protection now given to Federal public works projects against environmental hazards by the National Environmental Policy Act, the Fish and Wildlife Coordination Act, the Historic Preservation Act of 1966 and the Endangered Species Act.

We agree with the Department that both provisions are undesirable and could establish unwise precedents. However, we do not believe they are serious enough problems to warrant disapproval of the bill. We would note that

- . both provisions provide authority to the Secretary of Transportation, and appropriate consultation between DOT and Interior could eliminate or at least sharply minimize any potential problems;
- . section 124 only authorizes a study of routes through national parks and requires cooperation by the Secretary of Transportation with Interior and State and local officials; and
- . it is not clear that the "notwithstanding" language will be interpreted as broadly as Interior fears.

* * * * *

When a highway bill is signed, we recommend that a signing statement be issued pointing out that the excessively high authorizations contained in the bill may result in some new programs being carefully reviewed and urging the Congress to place obligational limits on the Federal-Aid highway program. A proposed signing statement, a minor revision of a draft furnished to us informally by DOT, is attached for your consideration.

James M. Frey
Assistant Director for
Legislative Reference

Enclosures

Enrolled Bill H.R. 8235
1977 Authorizations
(\$ in millions)

| | <u>Administration</u> <u>1977 Budget</u> | <u>House</u> | <u>Senate</u> | <u>Enrolled Bill</u> |
|--|---|---------------------|---------------------|----------------------|
| 1. Federal-Aid Highways | | | | |
| --Interstate..... | 3,250 | 4,041 ^{1/} | 3,325 ^{1/} | 3,516 ^{1/} |
| --Non-Interstate..... | 3,450 | 3,644 | 3,349 | 3,229 ^{2/} |
| 2. Highway Related Safety..... (non-construction) | 120 | 282 | 140 | 212 |
| 3. Other FHWA National Programs ^{3/} . | 32 | 426 | 73 | 391 |
| "Place-Named" Highway Projects ^{3/} | 10 | 239 | 100 | 296 |
| 4. Other Programs (Agriculture, Interior highway programs)... | 27 | 308 | 313 | 308 |
| 5. Miscellaneous..... | <u>--</u> | <u>1</u> | <u>2</u> | <u>17</u> |
| Total..... | <u>6,889</u> | <u>8,941</u> | <u>7,302</u> | <u>7,969</u> |

^{1/} 1978 authorizations which will be available for obligation in 1977.

^{2/} 1977 authorizations which will be available for obligation in TQ.

^{3/} Includes no year authorizations.

Enrolled Bill H.R. 8235
1977 Authorizations
(\$ in millions)

| | | | |
|--|------------|--------------|--|
| 1. Federal-Aid Highways (trust fund) | | | |
| . Interstate | | | |
| -- continuation..... | 3,250 | | |
| -- guarantee 1/2% minimum to all States* | 91 | | |
| -- resurfacing existing roadway*..... | <u>175</u> | 3,516 | |
| . Non-Interstate | | | |
| -- Primary System..... | 1,350 | | |
| -- Secondary System..... | 400 | | |
| -- Urban System..... | 800 | | |
| -- Forest Highways..... | 33 | | |
| -- Public Lands Highway..... | 16 | | |
| -- Economic Growth Center Highways..... | 50 | | |
| -- Emergency Relief..... | 100 | | |
| -- Bridge Reconstruction..... | 180 | | |
| -- Pavement Marking..... | 50 | | |
| -- High Hazard Locations..... | 125 | | |
| -- Rail-Highway Grade Crossings..... | <u>125</u> | <u>3,229</u> | |
| | | <u>6,745</u> | |
| 2. Highway Related Safety Program (trust fund) | | | |
| . NHTSA Programs | | | |
| -- Basic State & Community Grants..... | 122 | | |
| -- Incentive Grants..... | 15 | | |
| -- Research and Development..... | <u>40</u> | 177 | |
| . FHWA Programs | | | |
| -- Basic Grants..... | 27.5 | | |
| -- Research and Development..... | <u>7.5</u> | <u>35</u> | |
| | | <u>212</u> | |
| 3. Other FHWA National Programs | | | |
| . Safer Off-System Roads (GF)* | 200 | | |
| . Off-System Rail-Highway Crossings (GF)*..... | 75 | | |
| . Highway Beautification (GF)..... | 65 | | |
| . Traffic Control Signal Demonstrations (TF)*..... | 40 | | |
| . Territorial Highways (GF)..... | <u>11</u> | 391 | |

o "Place-Named" Highways

| | | |
|---|----------|-----|
| . Urban High Density (Cline Avenue) (TF). | 65 | |
| . Highways Crossing Federal Projects..... (Tennessee-Tombigbee) (GF)*..... | 100 | |
| . Great River Road (TF & GF)..... | 35 | |
| . Railroad-Highway Crossing Demos..... (4 new locations added) (GF) | 26.4 | |
| . Acceleration of Projects Demos..... (Lake Raystown) (GF)* | 25 | |
| . Bridges on Federal Dams..... (Chattanooga, Ft. Smith, Greenup) (TF) | 22.2 | |
| . Overseas Highway (limits on existing authorization) (GF)..... | (35) | |
| . Access Highways to Recreation Areas at Certain Lakes (GF)..... | 15 | |
| . Guideway Demonstration (GF)*..... | <u>7</u> | 296 |

4. Other Agency Construction Programs

| | | |
|---|-----------|------------|
| -- Forest Development Roads and Trails (Forest Service) (GF).... | 140 | |
| -- Public Lands Roads and Trails (BLM) (GF)..... | 10 | |
| -- Park Roads and Trails (National Park Service) (GF)..... | 30 | |
| -- Parkways (National Park Service) (GF)..... | 45 | |
| -- Indian Reservation Roads and Bridges (BIA) (GF)..... | <u>83</u> | <u>308</u> |

5. Miscellaneous (GF)..... 17

TOTAL 7,969

* New program with this bill.

TF - Trust funded. All trust funded programs are contract authority except Safety Related R&D, Overseas Highways, Acceleration of Projects, and Traffic Control Signal Demonstrations.

GF - General funded.

STATEMENT BY THE PRESIDENT

Today I have signed into law the Federal-Aid Highway Act of 1976. This legislation is the product of almost a year-long debate. On July 7, 1975, I submitted a proposed long-range bill recommending some fundamental changes in this program. The Act I am signing today is a two-year interim measure which permits the program to continue while setting the stage for the next Congress again to confront the critical issues facing the program.

The proposal that I forwarded to Congress last July had four principal objectives.

-- First, it recommended the restructuring of the present system of financing highways. The Trust Fund would have been reserved exclusively for the completion of the Interstate System, all other Federal highway assistance would have come from the general fund, and one cent of the gas tax would have been returned to the States.

-- Second, more than thirty categorical grant programs would have been consolidated into three block grant programs.

-- Third, the Federal interest in the Interstate System would have been more precisely defined, by placing primary emphasis upon completion of critical intercity routes on the System.

-- Fourth, the Federal resources authorized for the highway program would have been held to responsible levels, consistent with the overriding need to control Federal spending while still sufficient to achieve the objectives of the program.

The Congress addressed each of these issues in its deliberations on this bill and made progress in the direction I had recommended. The bill I am signing today

consolidates a number of existing categorical grant programs into a broader, more flexible program, a step which should help State and local officials solve their transportation problems more effectively. This legislation also assigns priority to the completion of intercity routes, closing critical gaps in the Interstate System. Although this Congress did not address all of the fundamental issues of the highway program, the next Congress will need to deal comprehensively with them.

I am pleased to note that the Congress has taken some action to bring the operation of the highway program under better fiscal control. However, because the bill would still result in substantial outstanding authorizations being available during fiscal year 1977, I believe it is important for Congress to take separate action to place an obligation ceiling on the Federal-Aid Highway Program at least through fiscal year 1977. Further, new activities authorized in this legislation will be carefully scrutinized before any requests for additions to the budget are sent to Congress.

For more than 25 years in national government, in both the Legislative and Executive branches, I have been a firm supporter of the highway program. As a member of Congress in 1956, I voted for the landmark legislation which established the Highway Trust Fund. I have been deeply involved in the legislative process over the past two decades as the highway program has been expanded and made more responsive to local transportation needs. It is a privilege to be serving as President today and to sign legislation extending and improving this important program. A spirit of cooperation between this Administration and the Congress enabled all parties to arrive at an acceptable bill which permits a vital program to continue. We will continue to work with the Congress to seek better, long-term solutions to our national transportation problems as the nation enters its third century.

To: J. Cunningham
4-30-76
5:30 P.M.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

APR 30 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 8235 - Highway construction and safety amendments
Sponsor - Rep. Howard (D) New Jersey and Rep. Shuster (R) Pennsylvania

Last Day for Action

May 8, 1976 - Saturday

Purpose

To add a two-year extension of the Highway Trust Fund to the highway aid bill.

Agency Recommendations

Office of Management and Budget

Approval (Signing statement attached)

Department of Transportation
Department of the Treasury
Department of the Interior

Approval
No objection
No objection to Title III (Inferentially)

Discussion

In enrolling H.R. 8235 before the Easter recess, Congress inadvertently omitted Title III, which would provide for a two year extension of the Highway Trust Fund. In order to correct this oversight, Congress passed H. Con. Res. 618 on Monday, April 26, the first day of their return from the recess and your last day for action on the enrolled bill. That concurrent resolution asked you to return the original enrolled bill, rescinded the Congress' signature, and re-enrolled the bill with Title III added. That has been done and the bill is before you

STATEMENT BY THE PRESIDENT

Today I have signed into law the Federal-Aid Highway Act of 1976. This legislation is the product of almost a year-long debate. On July 7, 1975, I submitted a proposed long-range bill recommending some fundamental changes in this program. The Act I am signing today is a two-year interim measure which permits the program to continue while setting the stage for the next Congress to again confront the critical issues facing the program. However, the fact that this is only an interim measure in no way detracts from the spirit of cooperation that enabled all parties to arrive at an acceptable bill, a bill that permits a vital program to continue.

The proposal that I forwarded to Congress last July had four principal objectives.

-- First, it recommended the restructuring of the present system of financing highways. The Trust Fund would have been reserved exclusively for the completion of the Interstate System, all other Federal highway assistance would have come from the general fund, and one cent of the gas tax would have been returned to the States.

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-- Third, the Federal interest in the Interstate System would have been more precisely defined, by placing primary emphasis upon completion of critical intercity routes on the System.

-- Fourth, the Federal resources authorized for the highway program would have been held to responsible levels, consistent with the overriding need to control Federal spending while still sufficient to achieve the objectives of the program.

The Congress addressed each of these issues in its deliberations on this bill and made progress in the direction I had recommended. The bill I am signing today consolidates a number of existing categorical grant programs into a broader, more flexible program, a step which should help State and local officials solve their transportation problems more effectively.

This legislation also assigns priority to the completion of intercity routes, closing critical gaps in the Interstate System. Although this Congress did not address all of the fundamental issues of the highway program, the next Congress will need to deal comprehensively with them.

I am pleased to note that the Congress has taken some action to bring the operation of the highway program under better fiscal control. However, because the bill would still result in substantial outstanding authorizations being available during fiscal year 1977, I believe it is important for Congress to take separate action to place an obligation ceiling on the Federal-Aid Highway Program at least through fiscal year 1977. Further, new activities authorized in this legislation will be carefully scrutinized before any requests for additions to the budget are sent to Congress.

For more than 25 years in national government, in both the legislative and executive branches, I have been a firm supporter of the highway program. I was a member of Congress in 1956 when the landmark legislation establishing the Highway Trust Fund was enacted, and have been deeply involved in the legislative process over the past two decades as the highway program has been expanded and made more responsive to local transportation needs. It is a privilege to be serving as President today and to sign legislation extending and improving this important program. We will continue to work with the Congress to seek better, long term solutions to our national transportation problems as the nation enters its third century.



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

APR 29 1976

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Lynn:

This is in response to your request for the views of the Department on the enrolled Federal-Aid Highway Act of 1976 as modified by H. Con. Res. 618.

As we indicated in our letter to you of April 20, 1976, the tax title of the Highway bills which passed the House and Senate was inadvertently omitted from H.R. 8235 when it was originally enrolled. H. Con. Res. 618 has remedied that omission.

Briefly, the tax title extends for an additional two years (through fiscal year 1979) the various highway user taxes which are now in effect. In addition, that title provides for the continued transfer of those highway user taxes to the Highway Trust Fund. Finally, the title extends for an additional two years the authority to use Trust Fund monies to fund projects carried out under the Federal-Aid Highway Program.

As we pointed out in our earlier letter on H.R. 8235, the adoption of these simple extensions will put off until the next Congress the consideration by the House and Senate of the important questions concerning the future of the Trust Fund. As a result, it will be necessary that we address again the question of modifying the structure of the financing system for the Highway Program.

The adoption by the Congress of H. Con. Res. 618 does not change our positive recommendation respecting the approval of H.R. 8235 by the President. The correction, of course, does away with our concerns respecting the timing of the signing.

Sincerely,

A handwritten signature in cursive script that reads "Buc".

William T. Coleman, Jr.



DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

APR 28 1976

ASSISTANT SECRETARY

Dear Sir:

This is in response to your request of April 27 for our views on Title III of H.R. 8235 which was inadvertently omitted from the enrolled bill and is to be added thereto in accordance with the House Concurrent Resolution 618 passed on April 26.

Title III of H.R. 8235 would extend from September 30, 1977 to September 30, 1979 the temporary rates of the excise taxes which are used to finance the Highway Trust Fund. Transfer of revenues from the taxes to the Trust Fund also would be extended from September 30, 1977 to September 30, 1979.

Extension of the excise taxes is necessary to provide sufficient funds to finance the highway appropriations authorized to be made from the Trust Fund for the fiscal years 1977 and 1978 by Titles I and II of H.R. 8235. If the appropriations authorized by Titles I and II are considered acceptable, then, the tax provisions of Title III are acceptable.

Sincerely yours,

Charles M. Walker

Director, Office of Management and Budget
Attention: Assistant Director for
Legislative Reference, Legislative
Reference Division
Washington, D.C. 20503

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 1

Time: 945am

FOR ACTION: Judy Hope
Max Friedersdorf
Ken Lazarus
Robert Hartmann
Bill Seidman
Alan Greenspan

cc (for information): Jack Marsh
Jim Cavanaggh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: May 3

Time: 500pm

SUBJECT:

H.R. 8235 - Highway Construction and Safety Amendments

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

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.

K. R. COLE, JR.
For the President

Date: May 1

Time: 400pm

FOR ACTION: Judy Hope
 Max Friedersdorf
 Ken Lazarus
 Robert Hartmann
 Bill Seidman
 Alan Greenspan

cc (for information): Jack Marsh
 Jim Cavanaugh
 Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: May 3

Time: 500pm

SUBJECT:

H.R. 8235 - Highway Construction and Safety Amendments

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

No objection -- Ken Lazarus 5/3/76

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.

James M. Cannon
 For the President

THE WHITE HOUSE

WASHINGTON

May 3, 1976

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDORF *RFW*
SUBJECT: H. R. 8235 - Highway Construction and Safety Amend.

The Office of Legislative Affairs concurs with the agencies that the subject bill be approved with signing ceremony.

Attachments

STATEMENT BY THE PRESIDENT

Today I have signed into law the Federal-Aid Highway Act of 1976. This legislation is the product of almost a year-long debate. On July 7, 1975, I submitted a proposed long-range bill recommending some fundamental changes in this program. The Act I am signing today is a two-year interim measure which permits the program to continue while setting the stage for the next Congress to again confront the critical issues facing the program. ~~However, the~~

~~fact that this is only an interim measure in no way detracts from the spirit of cooperation that enabled all parties to arrive at an acceptable bill, a bill that permits a vital program to continue.~~

The proposal that I forwarded to Congress last July had four principal objectives.

-- First, it recommended the restructuring of the present system of financing highways. The Trust Fund would have been reserved exclusively for the completion of the Interstate System, all other Federal highway assistance would have come from the general fund, and one cent of the gas tax would have been returned to the States.

-- Second, more than thirty categorical grant programs would have been consolidated into three block grant programs.

-- Third, the Federal interest in the Interstate System would have been more precisely defined, by placing primary emphasis upon completion of critical intercity routes on the System.

-- Fourth, the Federal resources authorized for the highway program would have been held to responsible levels, consistent with the overriding need to control Federal spending while still sufficient to achieve the objectives of the program.

The Congress addressed each of these issues in its deliberations on this bill and made progress in the direction I had recommended. The bill I am signing today consolidates a number of existing categorical grant programs into a broader, more flexible program, a step which should help State and local officials solve their transportation problems more effectively.

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attorney

This legislation also assigns priority to the completion of intercity routes, closing critical gaps in the Interstate System. Although this Congress did not address all of the fundamental issues of the highway program, the next Congress will need to deal comprehensively with them.

I am pleased to note that the Congress has taken some action to bring the operation of the highway program under better fiscal control. However, because the bill would still result in substantial outstanding authorizations being available during fiscal year 1977, I believe it is important for Congress to take separate action to place an obligation ceiling on the Federal-Aid Highway Program at least through fiscal year 1977. Further, new activities authorized in this legislation will be carefully scrutinized before any requests for additions to the budget are sent to Congress.

For more than 25 years in national government, in both the legislative and executive branches, I have been a firm supporter of the highway program. ^{As} ~~I was a member of Congress in 1956,~~ ^{I voted for} ~~when the landmark legislation~~ ^{which} established the Highway Trust Fund ~~was enacted,~~ and have been deeply involved in the legislative process over the past two decades as the highway program has been expanded and made more responsive to local transportation needs. It is a privilege to be serving as President today and to sign legislation extending and improving this important program. I will continue to work with the Congress to seek better, long term solutions to our national transportation problems as the nation enters its third century.

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Judy: he vote?
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since he voted
for this, why
didn't he say
so?
meta

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Date: May 1

Time: 400pm

FOR ACTION: Judy Hope
Max Friedersdorf
Ken Lazarus
Robert Hartmann
Bill Seidman
Alan Greenspan

cc (for information): Jack Marsh
Jim Cavanaugh
Ed Schmults

*to Pres
5/3 10:09
GAMS*

*To Edit.
dl/gm 5/3 11:45
GA/gm*

FROM THE STAFF SECRETARY

DUE: Date: May 3

Time: 500pm

SUBJECT:

5/3 - 8:00 am

H.R. 8235 - Highway Construction and Safety Amendments

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

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CA 175
P. 25-A

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4764
Mullins -
OMB

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*See notes on draft
msy*

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RTN says O.K. as changed. mm

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