


THE WHITE HOUSE

WASHINGTON

April 13, 1976

MEMORANDUM FOR: JIM CANNON

FROM: JUDITH RICHARDS HOPE 

SUBJECT: Increase in Hudson River Bridge  
and Tunnel Tolls



BACKGROUND

Several months ago, the New York Port Authority implemented the approximate 50 percent increase in tolls for bridges and tunnels crossing the Hudson River to New York City, in order to increase revenues and reduce the vehicular traffic into Manhattan.

FEDERAL HIGHWAY ADMINISTRATION REVIEW

Under the 1906 General Bridge Act, the Corps of Engineers was given the responsibility for supervision of all bridges over navigable waters. When the Department of Transportation was created in 1967, this bridge authority was transferred to DOT. Secretary Coleman, in turn, has delegated this to the Federal Highway Administration, which must review all tolls on such bridges (and tunnels) for reasonableness and justness. Further, if there are complaints about tolls, there must be an investigation, and if the investigation raises material issues of fact, those issues must be resolved at a formal hearing.

There were 22 official complaints about the increased tolls on the Hudson from, among others: the AAA's of New Jersey and New York, certain members of the New York City Council, New York Assemblyman Byron Baer, New York Congressmen Gilman, Murphy and Peyser, a number of members of the New Jersey State Legislature and assorted trucking companies from New York and New Jersey. Complaints ranged from environmental concerns to assertions that the additional revenues were not for highway purposes, but for everything from paying for the World Trade Center to sending the Philadelphia orchestra to Germany!

Last week a hearing judge from the National Transportation Safety Board, John Faulk, was appointed hearing examiner for these hearings. He has scheduled a hearing for June 7, with a pre-hearing set for May 4. The hearing is expected to last four to five days, and the decision may take two to three months thereafter.

Faulk will make his findings and recommendations to the Federal Highway Administrator (Tiemann) who will make the final decision.

Indications are that, given the complex record (over 3 feet high now, and growing) there may be no decision until fall.

To expedite decision will require at the least a conversation with Tiemann explaining the reasons behind the need for a quick decision upon conclusion of the June hearing.

I can do this, if you like, and if you will fill me in on the background.



*Jim - why not discuss  
this at your  
convenience with  
Art Queen and me?  
[Signature]*

THE WHITE HOUSE

WASHINGTON

April 13, 1976

MEMORANDUM FOR:           ART QUERN  
FROM:                        JUDY HOPE  
SUBJECT:                    Attached Memo

As you will see from the attached, I am sending Jim Cannon the requested material on the Hudson River tolls issue.

I am sending it through you for your review and prior approval.

Thanks.



THE WHITE HOUSE  
WASHINGTON

May 14, 1976

*Transp. Waterways Hudson River Tolls*  
INFORMATION

*5/31/76*

MEMORANDUM FOR: JIM CANNON  
FROM: JUDITH RICHARDS HOPE  
SUBJECT: Hudson River Toll Hearings

The Hudson River Toll hearings have been postponed by the Administrative Law Judge by request of the 8 parties involved (unanimous). They are as follows:

- Congressman ~~Pizer~~ *Peyser*
- Congressman Murphy
- Mrs. Albert Lamm
- Mr. Sol Weil
- National Council of Salesman's organizations
- Citizens for Clean Air
- New Jersey Motor Truck Association
- Auto Clubs of New York and New Jersey

The hearings are now scheduled for August 9.

Again, this is now out of the hands of the Federal Highway Administrator by virtue of the Administrative Procedures Act, requiring that the Administrative Law Judge act independently. When he makes a decision, it will go to Tiemann for review. (accept or reject)

A possible time frame could be: (optimistic)

Hearings	approx. 10 days from 8/9
Final decision of Ad. Law Judge	late September
Final decision of Administrator	perhaps November

We may wish to inform Bill Ronan.

Yes \_\_\_\_\_

No \_\_\_\_\_

Cannon call \_\_\_\_\_

Hope call \_\_\_\_\_



*Steele*  
*Ronan*  
*Cough*  
*Day*  
*ago*

THE WHITE HOUSE  
WASHINGTON

Date 4/27/76

MEMORANDUM FOR:

FROM

*Jim Cannon*  
*JRH*  
: JUDITH RICHARDS HOPE

The bottom line  
on the N.Y.C. Port  
Authority tolls:

a hearing is  
set for June. An  
independent hearing  
examiner has been  
named.

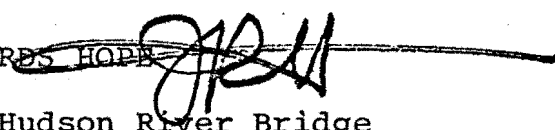
The hearing cannot  
be dropped at this  
point.

THE WHITE HOUSE

WASHINGTON

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D R A F T

THE WHITE HOUSE

WASHINGTON

Dear Bill,

Just a short note to thank you for your thoughts on the Municipal Bankruptcy Legislation, HR 10624. As you probably know, the President did sign this legislation on April 8.

Some of your suggestions were developed in the analysis and decision making program here at the White House. While the President did not feel the Bill contained all that the Administration was looking for, it was his judgement that the Bill was at this time one which he should sign.

I look forward to getting together with you and the Vice President in the near future.

Best personal regards.

Sincerely,

James M. Cannon  
Assistant to the President  
for Domestic Affairs

Mr. William J. Ronan  
Chairman  
The Port Authority of NY & NJ  
One World Trade Center  
New York, New York 10048





Commissioners  
William J. Ronan, Chairman  
W. Paul Stillman, Vice Chairman  
Andrew C. Axtell  
George F. Berlinger  
Robert R. Douglass  
Milton A. Gilbert  
James G. Hellmuth  
James C. Kellogg, III  
Gustave L. Levy  
Matthew Nimetz  
Alan Sagner  
Victor R. Yanitelli, S.J.

April 2, 1976

Office of the Chairman

Dear Jim:

I feel I must express my profound concern that the Municipal Bankruptcy Legislation (H.R. 10624) which has been passed by the Congress may well result in a major municipal bankruptcy between now and the end of the year which could debilitate the entire municipal bond market for years to come. It should be vetoed by the President.

As a result of this bill, the risk of municipal default will be enhanced markedly because the bill makes bankruptcy an easier choice for elected municipal officials than the tough belt tightening which the administration has heretofore espoused. If we are right in this appraisal, an immediate result will be higher interest rates on State and local borrowing all over the country causing millions and millions of dollars of added taxes and expenditures.

Further, the bill is not in the form which the President had originally requested since it is not limited to major cities as he had proposed. A whole restudy of Federal bankruptcy legislation is scheduled by the House Judiciary Committee. We suggest that after veto, municipal bankruptcy can and should be part of that study.

The major change made by this legislation is the virtual elimination of the requirement of consent of fifty-one percent of the creditors to a plan of adjustment prior to the filing of a petition for relief under the present bankruptcy law. That provision in the current law has effectively prevented the bankruptcy of the City of New York. Under the new bill, a municipality may invoke bankruptcy law protection if it is difficult to achieve such consent. If that 51% requirement had not existed during the recent fiscal turmoil, it is probable that New York would be in bankruptcy at the present time.

Although the enactment of this bankruptcy legislation at some time in the future may be reasonable, at the present time it will cast a cloud over the fiscal integrity of cities and other local

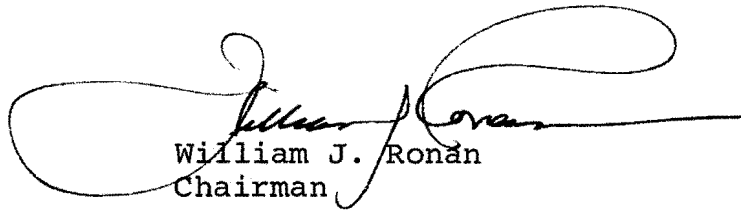


government entities throughout the United States.

It is also clear that a major municipal bankruptcy would mean that many obligations will not be fulfilled. Contracts that have been entered into with suppliers of goods and services all over the United States will not be paid at the time such creditors have a right to be paid. Holders of financial obligations, bonds and notes, will not be paid when they, under the present circumstances, have a right to be paid. There will be a crisis in confidence affecting not only the City of New York but other major and smaller municipalities throughout the country. The fragile economic recovery which is now taking place across the country could therefore be placed in jeopardy.

I realize the difficulty which the President would have in vetoing this legislation and I would not advocate that course but for the fact that I believe this to be a most serious matter.

Sincerely,



William J. Ronan  
Chairman

Mr. James A. Cannon  
Assistant for Domestic Affairs  
The Executive Office of the President  
The White House Office  
Washington, D.C. 20500

