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THE WHITE HOUSE

PRESS CONFERENCE
OF

WILLIAM T. COLEMAN, JR.
SECRETARY OF THE
DEPARTMENT OF TRANSPORTATION
CALVIN L. RAMPTON
GOVERNOR FROM THE STATE OF UTAH
AND
ROBERT D. RAY
GOVERNOR FROM THE STATE OF IOWA

THE BRIEFING ROOM

11:50 A.M. EDT

MR. NESSEN: You have received the paper explaining the new highway proposals, and you have seen the President sign the legislation and heard his remarks.

To answer any of your questions, we have first of all Governor Rampton of Utah; who is the past Chairman of the National Governors Conference; Governor Ray of Iowa, who is the current Chairman of the National Governors Conference, and Transportation Secretary Coleman.

I will brief immediately after this briefing.

Bill, do you have any opening remarks of the Governors, and then you can take questions.

SECRETARY COLEMAN: As you have seen, President Ford has just sent to the Congress the Federal Aid Highway Act of 1975. This is a new bill which reflects the changing role in transportation and which is vital to the fulfillment of our national transportation objectives.

The major focus of the bill is in three key areas.

First, it refines the fiscal structure of the Highway Trust Fund and establishes it as a fund to be used exclusively for the completion, rehabilitation and maintenance of the interstate systems; second, it sets priorities for completing the remaining segments of the interstate system and apportions money to the States on this basis; and finally, it provides State and local governments with flexibility in resolving their own highway and other transportation problems.

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This is the first major proposal to refine the fiscal structure of the Highway Trust Fund since its creation in 1956, under the leadership of President Eisenhower.

As you know, the results of several recent national polls have indicated that the American people place high priority on the expeditious completion of the interstate system. The proposed legislation, by focusing on the vital segments of the interstate system and refining the funding mechanism, will enable us to better meet this national need and desire.

The bill represents a strong commitment to complete the interstate highway system, but at the same time, it marks the beginning of a new era in transportation, one in which highways will continue to play a vital but not total role.

As you know, we are not self-sufficient in energy, nor can we continue to delude ourselves that highways and the private automobile symbolizes the apex of the American dream. This, this bill is designed to give to each State the maximum flexibility so that that State can determine how it best can serve the needs of its citizens in moving freight and people throughout that State in the best manner.

The bill will give an annual appropriation for the completion of the interstate highway systems of \$3.2 billion, which will escalate over the period of four years to \$3.7 billion.

Next, the bill will provide the sum of \$1 billion 50 million per year for each of the next four years for the rural highway system. It will, in addition, provide \$800 billion a year for the urban and suburban highway system, and will provide \$400 million per year for the highway safety program.

In addition, there will be \$65 million per year for the beautification program.

We think this legislation is timely, it is important, and it strikes the proper balance between completing the highway system, providing the States with the necessary resources, because not only does it make the appropriations I have indicated to the States, but in any State that enacts the statute, increasing its tax on gasoline by 1 cent, the Federal Government will reduce its tax by 1 cent.

We think this is important to provide additional revenue for the State so that the State can develop its highway system.

Thank you.

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GOVERNOR RAY: I can just tell you that I think I can speak on behalf of the Governors that were here that we appreciate very much the opportunities to have a brief briefing by the President and the Secretary on the proposal that the President is making today on transportation.

We think that it can be helpful if the Federal Government will take that 1 cent and allow the States to use that money in any way it sees fit, and so we believe that that could be very helpful.

We also think that provisions are being made to finish the interstate system, which we think is important.

So, we think there is some question in this program. We have not, of course, had a chance to analyze it or have our experts back home analyze it, but we do think there is some indication here that there is an awareness on the part of the President and the Administration that local Governments, State Governments, particularly, have some special needs, and they are addressing themselves to those needs.

Governor Rampton, do you have any comments?

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Q Governor Rampton, are you fully satisfied with this program?

GOVERNOR RAMPTON: When you say am I fully satisfied with it, perhaps I might recommend some changes, but certainly it is a step that is going to help the States in their problem of meeting their matching requirements.

Q Governor Rampton, does this pinpoint each State to use the funds for the highways as they see fit?

GOVERNOR RAMPTON: That would be governed by the local State law.

Q Would they use them for highways?

GOVERNOR RAMPTON: In most States at the present time there is a constitutional requirement that gasoline tax be used for highways. This would go under that same constitutional direction.

Q And not for education or other things?

GOVERNOR RAMPTON: I can't tell you how many States have the so-called non-diversion amendment but most of them do.

SECRETARY COLEMAN: Could I answer further. If you are talking of **the one cent** where I described the State would be able to impose and the Federal Government would give it up, obviously that would be a State tax. The use would be determined by the State Constitution.

But, as you know, under the present programs the States spend money for matching funds and they spend a lot of money for highways, that obviously if this one cent, which works out to about a billion dollars, is available to handle the highway program and if the State has been spending money out of its general fund to take care of that part of its program, then there can be the substitution of the funds.

The other part of the question is within the other three cents, both under the rural program and the urban program, the States have the option to use part of that money for mass transportation.

For example, under the rural program any State or community that wishes to establish a public transit system, they can use part of the money to subsidize or underwrite the cost of that system.

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The same thing is also true with respect to the urban program, and there can be transfer of the funds from the highway part to mass transportation.

Q Mr. Secretary, some of the States almost have their interstate systems completed; they are right at the verge of it. What would be the impact of these recommendations on these States as compared to other States -- the financial impact as compared to States with still a ways to go?

SECRETARY COLEMAN: There is a provision in the bill that says even though under the formula, because you do have your system almost completed, you would have this problem. There is a minimum amount of money that State would get in any event.

Secondly, you have to recognize that those States that have their system completed, they have their system completed because they have already drawn down more Federal money than the other States that don't have their system completed.

Thirdly, they would have access to the rural program; they would have access to the urban program. So I would say any State that has an intelligent program to develop its transportation system, there will be money available to carry out those programs.

Q Do you have State allocations worked up, and when can we get them?

SECRETARY COLEMAN: The Department of Transportation has the allocation worked up so you leave here and go back to the Department. We will supply it to you forthwith.

Q You don't have them here?

SECRETARY COLEMAN: We do not have them here but they are available at the Department.

Q Is there anything that would make the interstate transfer program process easier? Some States are having problems.

SECRETARY COLEMAN: I don't think any State should have a problem with the interstate transfer program. It is a simple program that requires concurrence of the Governor and the local communities.

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I suggest if any State does, they better call the Secretary of Transportation of the Commonwealth of Massachusetts. He seems to be able to do it quite well. And my State, the Commonwealth of Pennsylvania, seems to do it quite well.

As you know, the other day Washington, D. C. made a substantial transfer. I think the statute works quite well and if there is agreement among the political leadership, there is no problem, and if anybody does have any problem, just call the Department and we will give you a quick answer.

Q What is the Administration's forecast for the possibility of getting this legislation through Congress?

SECRETARY COLEMAN: We are going to work very hard. We think if the Congress is responsible, intelligent, and if it realizes that this program meets the needs of the day and will help to solve the transportation problem, we think it will get through.

Q Don't you already have some indications that there will be considerable opposition?

SECRETARY COLEMAN: In a democratic society you always expect there will be free, open discussion and debate ---

GOVERNOR RAMPTON: With a small "d".

SECRETARY COLEMAN: A small "d". That is some of the facts of life.

We think we have a full bill. We know we have the full commitment and support of the President, and this is a priority piece of legislation, and I have been instructed to do everything I can to get it enacted by Congress.

You realize there is a cutoff date because the present law expires and the trust fund would go out of existence on October 1, 1977. So Congress does have to do something. We hope it will enact this bill.

Q Realistically, do you think you will have to have a major compromise as the legislation will be altered?

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SECRETARY COLEMAN: I hope this legislation will get through substantially in the form it is submitted. That doesn't mean that anybody in the Department has such ego that we think we can draw a piece of legislation where somebody up there can't say we think there should be a slight change.

Basically, we think this is a correct thrust and we hope the legislation in its present form will get through.

Q With the trust fund going into perpetuity, does that open a major program after the 15 percent is completed?

SECRETARY COLEMAN: If the trust fund doesn't go into perpetuity, the trust fund becomes the vehicle to complete the interstate highway system, secondly, after it is completed, and while it is being completed, it will be the vehicle to rehabilitate and maintain that system.

But we think that they will take significant time and amount of money to complete the interstate system. We think the interstate system should be complete and once we do that we will turn out minds to what, if anything, should be done about that.

GOVERNOR RAMPTON: You mentioned rehabilitation and maintenance. Do you propose to rewrite the legislation so that matters now excluded from Federal participation and maintenance would be permissible from now on?

SECRETARY COLEMAN: Yes, sir, that is true. In fact, the definition in the Act has been changed to make it clear that rehabilitation can be covered and such things as resurfacing will clearly be a project eligible for the interstate fund.

Q Mr. Secretary, are those expenses expected to be about \$3.2 billion a year, the same as new construction?

SECRETARY COLEMAN: It starts at \$3 billion 250 million a year, and goes up \$150 million a year to the fourth year where it is \$3.7 billion.

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Q When you come to maintenance expenses after the interstate is completed, do you expect maintenance expenses will be in the area of \$3.2 billion or \$3.5 billion a year?

SECRETARY COLEMAN: We don't know, but one thing -- and the President made this quite clear today -- the one thing he insists and he has instructed the Secretary of Transportation, is that we are not going to let the interstate highway system go the way of the American railroads.

We think it is as important to keep up the interstate system in first class condition as it is to build it originally. So to that extent, we will supply the necessary resources to make sure that the interstate system will be maintained at a very high level and will not go the way of the American railroads.

Q Mr. Secretary, as a practical matter, that one cent tax that you are willing to withdraw if the State raises its tax one cent, isn't that designed to make it possible for the States to meet the matching funds?

SECRETARY COLEMAN: For some States that will help them to meet the matching fund provision. For other States who have been able to match already, it will help them to build additional highways, and in those States which don't have a constitutional provision which limits gasoline taxes to be used only on the highways, it would help them to do whatever other needs they have.

Q Mr. Secretary, do you envision for the next several years highway spending in the country -- that is, whether Federal or State -- being at a constant level? Is it rising or is it falling? What are the comparisons? You gave us some figures but what do they represent?

SECRETARY COLEMAN: I think basically the commitment will remain at about the same level except that, as you notice in the interstate highway system, it escalates at the rate of \$150 million a year, but we hope that more States -- as has already been the case -- will recognize that maybe you can move people more efficiently and faster by mass transportation and that is the reason why both in the urban program and the rural program we will permit the State to have the option to spend some of the money for those things rather than for highways.

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MR. ROBERTS: May I say one thing? We are going to have to cut this short because these gentlemen have some appointments they have to get to.

Two more questions.

Q Governor Ray and Governor Rampton, I would like to ask you a question on an allied matter.

The Mayors Conference Executive Committee yesterday adopted a resolution recommending that the revenue sharing formula be changed so there would be a greater emphasis on need with cities of high unemployment, more money would go to cities with high unemployment.

I want to know from each of you what is your own personal view of that and what is your assessment as to whether or not Governors would support or oppose that sort of move?

GOVERNOR RAY: I don't know the details of that particular resolution but I do believe that possibly could jeopardize revenue sharing and I think it veers from general course of revenue sharing, and that is that we should receive it with no strings attached and not on a formula basis that would take care of a single particular problem at a given moment.

So, consequently, it would appear to me there has been rather good agreement heretofore, that we should continue revenue sharing as we know it and as established at that time.

I would hate to see anything jeopardize the possibility of continuing revenue sharing because we feel it is extremely important. We think it has been a Godsend to us in our State, and I think most Governors share that opinion.

GOVERNOR RAMPTON: I was very much surprised at the action taken by the Mayors because not more than about three months ago the new coalition voted unanimously to support revenue sharing in its present form and there were present at that meeting representatives of both the National League of Cities and Towns and the U.S. Conference of Mayors. So this represents a change and we have not had a briefing yet on why the change is coming about. I hope they will rescind what they did yesterday.

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MR. FALK (Associate Director, Domestic Council): Governor, just for clarification -- and I really hate to interrupt -- I am Jim Falk from the Domestic Council, and I just came back from the Mayors Conference. I think there really is something that should be noted.

They have a committee which considered a resolution; the committee did not recommend a change in the formula.

It then went to the Resolutions Committee and their procedures are different and there is some confusion about what happens next.

But the Mayors Conference has not yet acted on the floor. They have not yet acted as a whole yet, so they really haven't taken a position that we should attribute to them yet.

MR. ROBERTS: I think we will have to cut this off.

Q Mr. Secretary, you said some of the rural and urban funds may be used for mass transportation. What percentage of that?

And also at the expiration of the Federal highway building system, can the States earmark more money out of the trust fund for mass transit use?

SECRETARY COLEMAN: Wait a minute. My understanding is that out of the trust fund that would be used to complete the interstate system. There are other categories, one being the rural program, and my understanding is on the rural program the State would have the option to use its allocable share for mass transportation ---

Q All of it?

SECRETARY COLEMAN: All of it -- and out of the urban program they could use capital only, all of it.

That requires in the urban if the community is more than 200,000 people, they need the agreement of the local community as well as the Governor of the State.

THE PRESS: Thank you.

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MR. ROBERTS: Let me say for those of you who have additional questions, there will be a briefing primarily on technical details of the program at the Department of Transportation this afternoon at 3:30 p.m. That will be in room 10234, at the Department headquarters, at 400 Seventh Street, Southwest.

I am sure they will be able to answer all the questions you were not able to get in at this time.

THE PRESS: Thank you.

END (AT 12:11 P.M. EDT)