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Office of the White House Press Secretary

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THE WHITE HOUSE

FACT SHEET

GENERAL REVENUE SHARING

STATE AND LOCAL FISCAL ASSISTANCE AMENDMENTS  
OF 1976 (H.R. 13367)

The President today signed H.R. 13367, a three and three-quarters year extension of the Federal Revenue Sharing program.

The bill provides a total of \$25,555,856,277 to be distributed over the 45-month period (January 1, 1977 through September 30, 1980) to eligible State and local governments.

BACKGROUND

- ° History - The General Revenue Sharing program was authorized by Title I of the State and Local Fiscal Assistance Act of 1972, which was signed into law on October 20, 1972. The present law expires on December 31, 1976. Under the current program States and local governments will have received \$30.2 billion.
- ° Use - State and local governments have used these funds to maintain and expand a wide range of programs and services. According to the testimony of governors, mayors, and county officials, failure to extend the General Revenue Sharing program would have resulted in increased property taxes, cutbacks in essential services or more unemployment.
- ° Provisions - The bill which cleared the Congress on September 30, 1976, closely follows President Ford's legislative recommendations to preserve the essential concept of the current Act, provide continued growth in funding, and improve and strengthen the program.
- ° Renewal - President Ford recommended renewal of the General Revenue Sharing program on April 25, 1975, urging "that the Congress act to continue this highly successful and important new element of American Federalism well in advance of the expiration date, in order that State and local governments can make sound fiscal plans."
- ° Extension and Funding - H.R. 13367 extends the General Revenue Sharing program through fiscal year 1980, from January 1, 1977, through September 30, 1980. It authorizes funds to be appropriated to the State and Local Government Fiscal Assistance Trust Fund to pay revenue sharing entitlements in the following amounts: for the period January 1, 1977, to September 30, 1977, \$4.99 billion; for each of fiscal years 1978, 1979, and 1980 a maximum of \$6.85 billion. The actual authorization for each of these

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years will be determined by multiplying \$6.65 billion by the ratio of individual Federal income tax receipts for the calendar year ending more than one year before the end of the entitlement period, to 1975 receipts.

This funding compares to the current annual funding rate of \$6.65 billion. The Concurrent Resolution for Fiscal Year 1977 includes outlays of \$6.7 billion for the program.

Present law provides for the appropriation of revenue sharing funds in the authorizing Act which removes them from the annual appropriations process. H.R. 13367 requires annual appropriation action.

° Nondiscrimination provisions - H.R. 13367 significantly amends the nondiscrimination provisions of the existing bill by broadening their coverage and providing new expedited enforcement mechanisms. Prohibitions against discrimination on the basis of age, handicapped status, and religion are added to those in present law of race, color, national origin, and sex in programs or activities funded in whole or in part with revenue sharing funds. When an allegation of discrimination is made, the unit of government will have to meet a new test of "clear and convincing evidence" that the program or activity is not directly receiving revenue sharing funds.

The bill requires the Secretary of the Treasury to endeavor to enter into agreements with State and Federal agencies to investigate noncompliance with the nondiscrimination provisions. It adds an expedited process for determining noncompliance and ending payments, including hearings by administrative law judges. H.R. 13367 authorizes civil suits by private citizens, after exhaustion of administrative remedies, for redress of any act or practice prohibited by law, and authorizes the Attorney General to intervene in private actions "of general public importance" brought for violation of the nondiscrimination provisions. Courts are authorized to award reasonable attorney fees to a prevailing plaintiff or defendant, other than the United States.

° Other major provisions of H.R. 13367:

-- provides for greater public participation by requiring at least one public hearing on the possible uses of revenue sharing funds and at least one public hearing on the proposed use of revenue sharing funds in relation to the unit of government's entire budget.

-- requires more detailed reporting by State and local governments on the use of revenue sharing funds, including setting forth the amounts and purposes for which the funds have been appropriated, spent, or obligated and showing their relationship to functional items in the government's budget and identifying differences between the actual use of funds received and their proposed use.

-- requires units of government which expect to receive revenue sharing funds to have an independent audit of all their financial statements, in accordance with generally accepted auditing standards, to determine compliance with the revenue sharing law, at least once every three years. This requirement is waived for periods in which a unit of government receives less than \$25,000. Present law does not require an independent audit, nor does it include waiver authority.

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-- repeals the provision limiting the use by local governments of revenue sharing funds to priority expenditure categories such as maintenance and operating expenses for public safety, environmental protection, public transportation, health, and capital expenditures authorized by law. This will give units of local government more flexibility in deciding how to use revenue sharing funds.

-- repeals the prohibition on the use of revenue sharing funds by State or local governments for the matching share needed to receive other Federal grant funds.

-- requires the Advisory Commission on Intergovernmental Relations (ACIR), effective February 1, 1977, to study and evaluate the American Federal fiscal system in terms of the allocation and coordination of public resources among Federal, State and local governments and to report within three years of the first appropriation for the study, to the President and the Congress on its findings and conclusions together with recommendations for legislation it deems advisable.

-- amends the provisions on State maintenance of transfers to local governments to require that States maintain transfers at or above the average of their intergovernmental transfers to localities during the immediately preceding two years. Present law compares the level of transfers to those made in fiscal year 1972.

-- requires the Secretary of the Treasury to report to the Congress not later than March 1 of each year on compliance with requirements on the use of funds by recipients, and to make proposals to remedy significant problems in the administration of the Act through appropriate legislation.

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