

TESTIMONY OF SENATOR HUBERT H. HUMPHREY

ON S.3651, THE STATE AND LOCAL FISCAL
ASSISTANCE ACT OF 1972
BEFORE THE SENATE FINANCE COMMITTEE

JUNE 29, 1972

MR. CHAIRMAN, I AM PLEASED TO BE HERE TODAY TO TESTIFY ON BEHALF OF S. 3651, THE STATE AND LOCAL FISCAL ASSISTANCE ACT OF 1972, WHICH SENATOR BAKER AND I, AND A BIPARTISAN GROUP OF SENATORS, INTRODUCED AS A COMPANION MEASURE TO H.R. 14370, WHICH THE HOUSE NOW HAS PASSED.

I WANT TO EXPRESS MY PERSONAL GRATITUDE TO CHAIRMAN LONG FOR PROMPTLY HOLDING THIS HEARING ON REVENUE SHARING.

I KNOW HOW EXTREMELY BUSY THE COMMITTEE HAS BEEN WITH THE SOCIAL SECURITY AND WELFARE REFORM LEGISLATION FOR THE LAST FEW MONTHS.

THAT IS WHY I THINK THE SENATE OUGHT TO TAKE NOTE THAT THE MEMBERS OF THIS COMMITTEE ARE NOT RESTING.

THEY ARE MOVING AHEAD, HOLDING THE NECESSARY REVENUE SHARING HEARINGS AND BEGINNING THE PROCESS THAT I BELIEVE WILL RESULT IN A FIRST STEP TOWARDS FISCALLY REHABILITATING OUR LOCAL GOVERNMENTS.

I ALSO WISH TO TAKE A MOMENT TO PRAISE THE ACTION OF THE HOUSE OF REPRESENTATIVES.

LAST WEEK, THE HOUSE PASSED THIS VERY BILL NOW BEFORE THIS COMMITTEE. CHAIRMAN MILLS IS TO BE COMMENDED FOR HIS OUTSTANDING LEADERSHIP.

MR. CHAIRMAN, IT HAS ALWAYS BEEN MY BELIEF THAT REVENUE SHARING IS NOT A PARTISAN ISSUE. IT IS NOT A POLITICAL FOOTBALL TO BE KICKED BACK AND FORTH BETWEEN DEMOCRATS AND REPUBLICANS.

REVENUE SHARING IS A PEOPLE'S ISSUE.

IT IS AN ISSUE TO BE DEBATED ON ITS MERITS -- FREE FROM THE
SLINGS AND ARROWS OF BOTH PARTISAN BICKERING AND PRESIDENTIAL
POLITICS.

IN THIS SPIRIT, SENATOR HOWARD BAKER AND I JOINED TOGETHER
TO INTRODUCE THE HOUSE COMMITTEE BILL IN THE SENATE. AND IT
IS IN THIS SPIRIT THAT WE HAVE SOUGHT SUPPORT FROM MEMBERS OF
BOTH PARTIES.

MR. CHAIRMAN, I HAVE BEEN A CONSISTENT AND CONTINUOUS
SUPPORTER OF REVENUE SHARING SINCE THE IDEA WAS FIRST BROACHED.
I THOUGHT IT MADE SENSE THEN. I THINK IT MAKES EVEN MORE SENSE
NOW.

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AS VICE PRESIDENT, I PROPOSED REVENUE SHARING IN 1965. AS THE DEMOCRATIC NOMINEE FOR PRESIDENT I ADVOCATED ENACTMENT OF SUCH LEGISLATION IN 1968, AND I TESTIFIED LAST JUNE 8, 1971, BEFORE THE INTERGOVERNMENTAL RELATIONS SUBCOMMITTEE FOR WHAT WAS THEN THE HUMPHREY-REUSS REVENUE SHARING BILL, THE FIRST BILL I INTRODUCED ON MY RETURN TO THE SENATE.

REVENUE SHARING HAS GONE FROM A CONCEPT TO LEGISLATION, NOW PASSED BY THE HOUSE OF REPRESENTATIVES.

NOW I WANT TO SEE THE SENATE MAKE REVENUE SHARING THE REALITY OF HARD DOLLARS FOR THE STATES AND LOCAL GOVERNMENTS.

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I HAVE SPENT THE LAST SIX MONTHS ON AN INTENSIVE "TOUR" OF THIS NATION. IN THE LAST 10 DAYS I HAVE MET WITH THE CONFERENCE OF MAYORS--LEAGUE OF CITIES AT THEIR CONVENTION IN TEXAS AND WITH THE NATIONAL ASSOCIATION OF COUNTY OFFICIALS AT THEIR CONVENTION IN WASHINGTON, D.C.

I HAVE LISTENED TO AND TALKED WITH MANY THOUSANDS OF PEOPLE AND HUNDREDS OF OUR ELECTED OFFICIALS, AND IF THERE IS ONE UNMISTAKABLE MESSAGE, IT IS THIS: NEVER BEFORE IN THE HISTORY OF THIS NATION HAS THE DIVERSITY OF OUR PEOPLE, OUR CITIES, OUR COUNTIES, OUR COMMUNITIES, AND OUR STATES PLACED SUCH IMPORTANCE ON HOW GOVERNMENTAL PROGRAMS ARE CONSTRUCTED, HOW POLICIES ARE IMPLEMENTED, AND HOW REVENUE TRANSFERS ARE MADE.

WE CAN NO LONGER PASS LEGISLATION THAT THROUGH BUREAUCRATIC RED TAPE AND UNDER-FUNDING STIFLES THE ABILITY OF LOCAL OFFICIALS TO DEAL WITH INDIGENOUS PROBLEMS.

WE CAN NO LONGER ASSUME THAT SOLUTIONS DEVELOPED IN WASHINGTON WILL AUTOMATICALLY WORK IN LOUISIANA, MONTANA, UTAH, CONNECTICUT, IOWA, OR CALIFORNIA.

WE CAN NO LONGER MAKE MINUTE, DETAILED CHOICES AS TO HOW FUNDS WILL BE SPENT IN EVERY CITY AND COMMUNITY OF THIS NATION.

WE SIMPLY MUST RECOGNIZE THAT CITIES, STATES, AND LOCAL GOVERNMENTS ARE DIFFERENT BECAUSE PEOPLE ARE DIFFERENT. THERE ARE DIFFERENT NEEDS, DIFFERENT LEVELS OF EXPECTED SERVICES, AND DIFFERENT CAPACITIES AS TO HOW WELL LOCAL GOVERNMENTS CAN MEET THOSE NEEDS.

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THESE DIFFERENCES CALL FOR NEW DEPARTURES -- IF THE NEEDS OF PEOPLE ARE EVER TO BE MET,

REVENUE SHARING IS A NEW DEPARTURE -- IT IS A DEPARTURE FROM THE WAY WE NORMALLY DO THINGS HERE IN CONGRESS AND IN THE EXECUTIVE BRANCH.

BUT I SUBMIT TO YOU THAT THE LOCAL GOVERNMENTS OF THIS NATION CANNOT AFFORD A "BUSINESS AS USUAL" ATTITUDE ON PART OF THE EXECUTIVE BRANCH OR CONGRESS.

THE SIMPLE TRUTH IS THAT LOCAL GOVERNMENTS ARE IN A STATE OF FINANCIAL PARALYSIS -- AND IT IS NOT JUST THE "GOVERNMENT" THAT IS SUFFERING -- IT IS THE PEOPLE.

FOR, WHEN A CITIZEN SPEAKS OF "THE GOVERNMENT," HE IS TALKING ABOUT THE GOVERNMENT CLOSE TO HIM -- THE GOVERNMENT THAT NO LONGER COLLECTS GARBAGE TWICE A WEEK -- OR DOES NOT OR CANNOT PROVIDE ADEQUATE POLICE PROTECTION -- OR ALLOWS DIRTY AND UNSAFE STREETS -- OR IS UNABLE TO MODERNIZE SEWAGE TREATMENT AND SOLID WASTE DISPOSAL FACILITIES.

THIS IS THE GOVERNMENT, AND ITS MANIFESTATION IS IN HOW THAT CITIZEN IS TREATED WHERE HE LIVES -- IN HIS HOME, HIS NEIGHBORHOOD, AND ON HIS STREET.

AND IF THE GOVERNMENT FAILS TO MEET THE NEEDS OF THAT CITIZEN, THEN WE HAVE FAILED.

LOOK AT OUR LOCAL GOVERNMENTS TODAY. THE SCENE IS
INCREASINGLY INTOLERABLE.

-- THE BUDGETS OF CITIES ARE INVARIABLY WRITTEN IN RED
INK -- THE FUTURE FISCAL VITALITY MORTGAGED BY BOND INDEBTEDNESS
THAT STRETCHES TWENTY TO EIGHTY YEARS INTO TOMORROW.

-- STATE GOVERNMENTS HAVE BEEN COMPELLED TO INCREASE TAXES
-- AND THAT TAX BURDEN USUALLY BECOMES MORE REGRESSIVE --
IN THE FORM OF HIGHER EXCISE TAXES, SALES TAXES, INCOME TAXES, SERVICE
FEES, AND PROPERTY TAXES.

-- DECISIONS TO CUT BACK SERVICES ARE MADE EVERY MONTH
BY EVERY MAYOR OF A LARGE CITY, BY EVERY COUNTY EXECUTIVE,
AND BY EVERY COUNCILMAN.

-- TAX BASES DECLINE, PROPERTY TAXES ON EXISTING ASSESSMENTS SKYROCKET, CREATING THE KIND OF TAX ENVIRONMENT THAT PRODUCES A CHORUS OF CITIZENS SAYING "NO MORE."

-- LOCAL OFFICIALS COME IN INCREASING NUMBERS TO WASHINGTON HAT IN HAND BEGGING FOR SOME HELP, BUT TOO OFTEN FINDING A STONE WALL OF INDIFFERENCE.

-- SCHOOLS CLOSE, JOBS ARE LOST, AND OPPORTUNITY GONE FOREVER

-- THE BACKLOG OF UNMET NEEDS CONTINUES TO INCREASE --
THE UNITED STATES CONFERENCE OF MAYORS, FOR EXAMPLE, ESTIMATES THAT UNMET NEEDS ARE \$3 BILLION FOR URBAN RENEWAL; \$5 BILLION FOR WATER POLLUTION; \$8 BILLION FOR MASS TRANSIT; \$2 BILLION FOR LAW ENFORCEMENT.

MAKE NO MISTAKE ABOUT IT -- THIS INDEED IS THE FINANCIAL
CONDITION OF GOVERNMENT IN OUR STATES AND LOCALITIES.

IT IS NOT PLEASANT, IT IS BLEAK, AND IT IS A CONDITION
THAT SHOULD NOT BE.

MR. CHAIRMAN, THAT IS ONE REASON WE NEED REVENUE SHARING.

BUT THERE ARE OTHERS ALSO.

IN A RECENT ADDRESS BEFORE THE UNITED STATES
CONFERENCE OF MAYORS AND THE NATIONAL ASSOCIATION OF COUNTY
OFFICIALS I SUGGESTED FOUR GOALS FOR LOCAL GOVERNMENTS:

1. TO BRING GOVERNMENT CLOSE TO THE PEOPLE AND BE
RESPONSIVE TO THEIR NEEDS

2. TO MAINTAIN THE INTEGRITY OF NEIGHBORHOODS -- TO REFOCUS
ON STREET LEVEL GOVERNMENT, WHERE PEOPLE LIVE

3. TO ESTABLISH CERTAIN MINIMUMS OF BASIC SERVICES FOR
ALL OF OUR CITIES AND COMMUNITIES

4. TO PLAN THE USE OF OUR RESOURCES

THE FISCAL ASSISTANCE ACT NOW BEFORE THIS COMMITTEE WILL
HELP US MEET THOSE GOALS.

THIS LEGISLATION PROVIDES \$29 BILLION IN RELATIVELY
UNRESTRICTED AID TO LOCAL GOVERNMENTS OVER A FIVE-YEAR PERIOD.
EACH YEAR \$3.5 BILLION IS ALLOCATED TO LOCALITIES AND \$1.8
BILLION IS ALLOCATED TO STATE GOVERNMENTS.

A FIVE-YEAR PROGRAM GIVES STATE AND LOCAL GOVERNMENTS THE ABILITY TO PLAN THE USE OF THESE FUNDS EFFICIENTLY.

LOCALITIES MAY SPEND THE REVENUE FOR HIGH PRIORITY PURPOSES DESIGNED TO ASSIST IN THE MAINTENANCE AND OPERATION OF SERVICES IN PUBLIC SAFETY, ENVIRONMENTAL PROTECTION, PUBLIC TRANSPORTATION AND CAPITAL EXPENDITURES FOR SEWAGE COLLECTION.

A GOVERNMENTAL REFORM ELEMENT CONTAINED WITHIN THE LEGISLATION PROVIDES FOR THE FEDERAL COLLECTION OF STATE IMPOSED INDIVIDUAL INCOME TAXES, IF THE STATE REQUESTS IT, AND THERE IS AN INCENTIVE FOR STATES TO ADOPT PROGRESSIVE SYSTEMS OF TAXATION.

MR. CHAIRMAN, SOME MAY QUARREL WITH THE EXACT FORM OF THE BILL.

I WOULD BE THE FIRST TO SUGGEST THAT, IF IT WERE POSSIBLE,
SOME IMPROVEMENTS OUGHT TO BE MADE IN THE LEGISLATION.

I BELIEVE, FOR EXAMPLE, THAT THE LISTING OF HIGH PRIORITY
CATEGORIES MIGHT WELL BE EXPANDED TO INCLUDE HEALTH CARE AND YOUTH
RECREATION.

I WOULD ALSO URGE THIS COMMITTEE TO EXAMINE THE VARIOUS
FORMULAE SUGGESTED BY THE LEGISLATION AND TO SETTLE ON THAT FORMULA
THAT PROVIDES A SUBSTANTIAL RETURN TO THOSE AREAS OF THE
GREATEST NEED WHILE AT THE SAME TIME MAINTAINS ESSENTIAL EQUITY,
PROTECTING TOWNS AND RURAL COMMUNITIES.

I WOULD THINK THIS COMMITTEE SHOULD CONSIDER THE PRINCIPLE THAT COMMUNITIES AND STATES OUGHT TO MAINTAIN THEIR REVENUE EFFORTS CONSISTENT WITH THE AMOUNT OF FEDERAL AID AND THE NUMBER OF SERVICES THESE COMMUNITIES ARE NOW PROVIDING.

FINALLY, MR. CHAIRMAN, I WANT TO MAKE ONE LAST COMMENT -- A CAVEAT THAT, I BELIEVE, IT IS ESSENTIAL TO TIE TO THE PASSAGE OF THE LEGISLATION.

I WANT TO GIVE FAIR WARNING NOW THAT THIS CONGRESS AND THE EXECUTIVE BRANCH OF OUR FEDERAL GOVERNMENT MUST NOT -- INDEED CANNOT -- FALL INTO THE TRAP OF THINKING THAT PROBLEMS OF THE CITIES, SUBURBS, AND TOWNSHIPS DISAPPEAR WITH THE PASSAGE OF REVENUE SHARING.

WE MUST NOT LULL OURSELVES INTO THINKING THAT THE
BATTLE FOR THE FISCAL VITALITY OF OUR COMMUNITIES IS OVER WHEN
REVENUE SHARING IS ESTABLISHED.

WE MUST NOT THINK THAT NOW THAT WE HAVE REVENUE SHARING WE
CAN ALL GO HOME, THAT WE HAVE DONE OUR JOB, THAT THE MAYORS AND
LOCAL OFFICIALS HAVE BEEN SATISFIED AND NOW WE CAN ALL RELAX.

THIS, I BELIEVE, WOULD BE A DANGEROUS ATTITUDE TO TAKE
AND FATAL TO ACCEPT.

I WANT TO SERVE NOTICE NOW THAT THE BATTLE FOR THE CITIES,
FOR STRONG LOCAL GOVERNMENT CAPABLE OF FINANCING ITS SERVICES,
HAS JUST BEGUN.

WHEN REVENUE SHARING PASSES, WE WILL HAVE JUST BEGUN TO
PROVIDE FOR OUR NEIGHBORHOODS,

WE WILL HAVE JUST BEGUN TO MAKE A REALISTIC PAYMENT TOWARDS
EFFECTIVE STREET LEVEL GOVERNMENT,

REBUILDING OUR CITIES, MODERNIZING OUR COMMUNITIES, AND
PROVIDING A LIFE OF QUALITY TO OUR CITIZENS WILL MEAN THE
FINANCIAL INVESTMENT OF THE CENTURY -- BY BOTH PUBLIC AND
PRIVATE SECTORS-- AND THE SOCIAL COMMITMENT OF A PEOPLE
DETERMINED TO ERADICATE THOSE VESTIGES OF OBSOLESCENCE,
BACKWARDNESS AND DECAY,

BUT, I ASK YOU, WHEN YOU ARE INVESTING IN PEOPLE, IN THEIR
LIVES, THEIR CHILDREN, HOW FAMILIES LIVE AND WHERE THEY LIVE, WHAT
BETTER INVESTMENT, WHAT BETTER COMMITMENT, CAN THIS NATION MAKE?



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