

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 ASSIS-  
TANCE 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.

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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

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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.

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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.



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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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