

Under the plan introduced today, the States would receive the following amounts, based on 1966 figures, during the first year of operation:

[In millions of dollars]

Alabama ¹	73.7	Nebraska ¹	19.5
Alaska	3.6	Nevada	5.9
Arizona ¹	31.3	New Hampshire ¹	7.8
Arkansas ¹	54.5	New Jersey	71.7
California	275.1	New Mexico ¹	33.0
Colorado	28.6	New York	256.3
Connecticut	30.1	North Carolina ¹	84.0
Delaware	6.6	North Dakota ¹	32.4
Florida ¹	85.8	Ohio	110.2
Georgia ¹	74.7	Oklahoma ¹	47.9
Hawaii	9.9	Oregon	27.0
Idaho ¹	24.0	Pennsylvania	131.6
Illinois	110.4	Rhode Island	9.9
Indiana	60.4	South Carolina ¹	64.7
Iowa ¹	40.6	South Dakota ¹	36.2
Kansas	30.3	Tennessee ¹	71.8
Kentucky ¹	62.2	Texas ¹	143.4
Louisiana ¹	78.1	Utah ¹	21.2
Maine ¹	27.0	Vermont ¹	19.9
Maryland	40.3	Virginia ¹	54.8
Massachusetts	63.5	Washington	42.3
Michigan	107.9	West Virginia ¹	47.2
Minnesota	54.6	Wisconsin	59.9
Mississippi ¹	77.9	Wyoming ¹	5.2
Missouri	49.7	District of Columbia	7.7
Montana ¹	18.6		

¹ Funds for States include the supplementary allotment for States with per capita incomes lower than the average of all State per capita income figures.

Mr. President, the aspects of the bills which are the most important, are as follows:

First. A trust fund would be established in the Treasury Department into which an amount equaling 1 percent of the aggregate taxable income reported on individual income tax returns would be appropriated starting July 1, 1968. The fund would increase to 1½ percent of aggregate taxable income starting July 1, 1969, and to 2 percent of taxable income starting July 1, 1970, and thereafter. Using current data this fund would total \$3 billion. It would grow as the fund increased and as the tax base expanded.

Second. Payments to the States from the trust fund would be made on the basis of the following formula: 85 percent would be distributed on the basis of population. This amount would be increased or decreased depending on a State's own tax effort relative to that of other States, which would be measured by a "revenue effort ratio" for each State. This is obtained by dividing the total revenue collected by the State and its political subdivisions by the total income of individuals residing in the State. The State's revenue effort ratio is then compared to the average ratio for all States by dividing the State's ratio by the average; 15 percent would be distributed to those States with per capita personal incomes below the average for all the States. The per capita income for each of these States is subtracted from the average of all States. The difference between these figures is then used to compute each State's share of the fund.

Third. No State could receive a total payment for any one fiscal year in excess of 12 percent of the trust fund for that year.

Fourth. A State could use its allotment of funds for programs, projects and services—including capital expenditures—in the general areas of health, education, and welfare. In addition each State may use a portion of its allotment—not exceeding 5 percent—to provide for planning, research and development in the modernization of the institutions of State government and the improvement of governmental procedures.

Fifth. To insure that each State will give local governments a fair share of this fund, the Governor of each State would be required to develop a distribu-