

tion plan prior to the beginning of each fiscal year and following consultations with local officials. The plan would set forth how the State proposed to share with local governments the funds obtained under the act.

Sixth. Funds could not be used for administrative expenses for State and local governments; highway programs; State payments in lieu of property taxes; debt service, and disaster relief.

Seventh. To benefit from the plan, a State would be required to file reports with the Secretary of the Treasury, the Comptroller General and the appropriate committees of Congress, including a statement of intent as to how and for what purposes it shall spend the money. States would also have to comply with all applicable laws including title VI of the Civil Rights Act of 1964. The Secretary of the Treasury would be required to provide a detailed audit report to the Congress annually on the operation of the trust fund during the preceding fiscal year and on its expected operation during the current fiscal year.

Eighth. Failure to comply with prescribed conditions would require cancellation of future payments and permit reallocation of the remainder of a State's allocation to other States in proportion to the original allotment.

Ninth. Appropriations Committees of both Houses and the Finance Committee of the Senate and Ways and Means Committee of the House, responsible for appropriations and tax legislation, at least once during each Congress, would be required to conduct a complete study of the operation of the trust fund and provide such legislative recommendations as appropriate.

The President missed a great opportunity in his state of the Union message in failing to propose legislation providing for the sharing of Federal revenues with the States. He did, of course, make the declaration:

" * * * Only a total working partnership among Federal, State, and local governments can succeed."

But declarations are not enough. He failed to note that the relationship between Washington and other levels of Government in this country today, in terms of real taxing power, more closely resembles that of a patriarch to poor relatives than a partnership of equals. The interchange of ideas and services so essential to a genuine partnership will not be possible until the States and local governments have the financial resources to innovate, to initiate and to pay for programs designed to meet the individual needs of their people. This cannot be done without money, and many States are already using their taxing powers to the fullest extent possible.

In my judgment there can be no genuine partnership between the Federal and local governments without some well designed program of Federal-State revenue sharing with a minimum of strings attached. The bill being introduced today is designed to accomplish this in the most meaningful and equitable way, so that the poorer States will have an opportunity to improve their services and that the so-called richer States will have the resources necessary to meet the overwhelming problems of their urban complexes.

There has been growing support, both inside and outside of Congress, for legislation to distribute a portion of Federal tax revenues to the States with a minimum of Federal controls since I first introduced a distribution formula based on the Heller-Pechman proposals in 1965. In that year, the Ripon Society, a group of Republican activists at Harvard, and the Republican Governors Association were among the few groups to support such an idea.

But in recent months, Representatives and Senators of both parties have either introduced revenue-sharing legislation or have declared their intention of doing so in the near future. As an example, two of the cosponsors of this measure—Senators Baker and Scott also plan to introduce programs of their own incorporating certain additional innovations. In 1966, both the bipartisan National Governors Conference and the National League of Cities called for the sharing of Federal revenues with States and local governments.

Nevertheless, in view of the administration's failure to act in this field, I am pleased to see the initiative taken by members of my party, including Representatives Goodell and Reid of New York. Republican support for this idea should be based on the record of those State and local governments which can show accomplishment and should be motivated by our desire to enable other levels of government to meet the growing needs of their residents by themselves.

Many Republicans in Congress believe that an effective revenue-sharing program would be a major step in this direction and I hope we can successfully convince the majority and the administration.