

share in the taxes. They get 50 percent of the income tax. They did when I was there.

Mr. PECHMAN. Exactly.

Senator PROXMIRE. But my point was that this goes to the very prosperous cities particularly. In fact, they get the share of the income tax they pay, and cities like Milwaukee that earnestly, desperately need it, do not get it. That is my point.

Mr. PECHMAN. That is the point I was getting to. There are two or three ways you could handle the Milwaukee problem, and I do not agree with Mrs. Griffiths that the Ways and Means Committee does not consist of people of good will.

Representative GRIFFITHS. I think they will be of great, good will. They will be trying to save us from going further into debt, and the Governors will be in with a plan of their own.

Mr. PECHMAN. Well, my point is this: If you gave Wisconsin or any other State \$30 per capita with no strings attached at all \$15 of that money would filter down to the local government.

If you are not sure of it, you could write into the law the specific amount of money that should go to the local governments. If you wanted Milwaukee to get a certain share, you could also write that into law.

The point is you should not tie your hands with respect to every State by one formula. The goodwill aspect comes in where an effort needs to be made to write a general formula with respect to the pass-through. I think the local governments will receive their fair share if there is a receptive attitude made by those who are involved in the legislation.

Let me give you an illustration of what happened in the State of Maryland without revenue sharing. We just had a substantial tax reform in the State, and a substantial tax increase. We converted a flat income tax to a progressive income tax; at the same time we had a substantial reorganization of the grant-in-aid program which was very, very equalizing in nature. A lot of the new money went to Baltimore and to the rural poor counties. The rich urban counties around Washington were against the plan, as you might well expect.

But the State itself has made Herculean efforts to increase taxes in order to send the money to those parts of the State where it is needed most.

Now, looking over the grant-in-aid formulas throughout the country, whether they are education, health, or other activities, I think the formulas have worked out well. If you want to change them—

Representative GRIFFITHS. Show me how you are going to make the formula fair. That is what I want to know. How can you do it? It is not enough to say that people will finally work out a fair formula. I do not believe that, unless you show me how it is going to be done.

Mr. PECHMAN. I can tell you how this could be done in Maryland.

Suppose you want urbanization to be a factor in your formula. In the State of Maryland there is only one major city; that is Baltimore. The other "cities" are counties.

Now, I do not see that any problem would exist in determining, which of the 23 counties are urban communities. You could identify them in the statute. And you could require x dollars to go to these urban counties as well as to Baltimore City.