for redistributing Federal money to richer States more than poorer States, whereas the per capita revenue sharing plan with equalization would give a little better shake, considerably better, I think, to the lower income States.

So, whereas I like the CED credit less than revenue sharing, I like your credit less than the CED credit for these and other reasons.

Mr. REUSS. All right. Either Mr. Somers or Mr. Break.

Mr. BREAK. Perhaps I should say it was not my intention to support an across-the-board fractional tax credit. My own personal preference, which is based on your question about regressivity, would be to give it for, say, personal income-tax in the State, plus a general sales tax, and the kinds of general sales tax I most like are those now levied in Indiana and Colorado and Hawaii, where they allow a credit for the sales tax burdens to low-income families against the State income tax which converts, I think, the regressive rate structure of the general sales tax into a proportional or even progressive structure over a wide range of family income.

I am not as optimistic as Professor Somers is about a credit for property tax giving aid to people living in the core cities. I wonder how many of those people live in rented houses, in apartments; and where you are giving the credit to the landlords, are the rents really going to go down when you do that? He comes from the city of angels, I know, but I am not so sure there are angels all over the country to the same extent.

So, I did not—I would not support an across-the-board fractional tax credit, but restricted to, say, income and sales taxes.

Representative REUSS. Before I leave you, would you give a tax credit for sales taxes generally or only for those beneficient deductions from the income tax sales taxes as obtain in Hawaii and Indiana?

Mr. BREAK. And Colorado. I would personally, if I were doing it. I think I would try to induce the States to go over to that credit sales tax plan. I like it very much.

Representative REUSS. So, you would not give a general sales tax credit?

Mr. BREAK. Well, I would prefer—my first choice would be to restrict it to the credit sales tax plan. I might compromise on second best if this—well, you would have to consider what kind of support you would get for the proposal.

Representative REUSS. Mr. Somers, would you now address yourself to my groping criticism which is that your proposal would perpetuate the most regressive type of tax, the general property tax, which happens also to be the tax which, falling on the small homeowner to a large extent, makes local progress the most delayed, because the homeowner does not like to be taxed for his neighbor's welfare very much.

Mr. SOMERS. Sir, you mentioned that this plan would perpetuate the property tax with all its defects, but I am not aware of the fact that any of the other proposals would eliminate the property tax. We have to accept the fact that the property tax which raised over $22 billion in 1965 will persist, and we must try to do the best we can with it.

Now, if it is regressive, it is very easy to use the tax credit plan to reduce the regressivity. The tax credit could be set up in such a way