APPENDIX

NATIONAL FEDERATION OF INDEPENDENT BUSINESS,
San Mateo, Calif., August 9, 1967.

Hon. MARTHA GRIFFITHS,
Chairman, Subcommittee on Fiscal Policy, Joint Economic Committee,
New Senate Office Building, Washington, D.C.

DEAR MADAM CHAIRMAN: Enclosed is a statement made in behalf of the more than 237,000 members of the National Federation of Independent Business in connection with your Subcommittee's hearings on Federal Tax Sharing. The statement supports the idea of Federal Tax revenues being shared with the States.

We will greatly appreciate having this statement included in the official report of hearings.

With best wishes,

Sincerely yours,

GEORGE S. BULLEN, *Legislative Director.*

STATEMENT OF GEORGE S. BULLEN, LEGISLATIVE DIRECTOR, NATIONAL FEDERATION OF INDEPENDENT BUSINESS

FEDERAL TAX SHARING

The National Federation of Independent Business appreciates the opportunity to submit this statement in support of Federal revenue sharing.

The National Federation of Independent Business is a nationwide organization composed of more than 237,000 independents in all phases of commercial enterprise and the professions throughout the fifty States.

Our membership is a representative cross section of the nation's entire business community at the retail, wholesale, manufacturing, service and professional occupational levels. Our policies are determined by a direct poll of the members, the majority vote on each issue being the deciding factor. Therefore, this majority position of our large membership distributed through all the States, and very representative by type or trade of all the nation's 4.7 million small businesses, should carry considerable weight inasmuch as it no doubt fairly accurately reflects the opinion of all independents.

While we have not polled our members on all of the bills introduced on this subject, I would like to point out that we did poll our members on S. 482, introduced by Senator Javits. The results of this poll showed that 60% of our members were in favor, 33% were opposed, and 7% expressed no opinion. For your information, we would like to present the poll as it went to our members.

Following are brief arguments "FOR" and "AGAINST" which our members were asked to read before voting:

S. 482. A bill to require that Federal tax revenues be shared with the States. (Sen. Jacob K. Javits, New York.)

[This plan calls for the Federal Government to turn back to the States 1% of total income subject to tax the first year, 1½% the second year, and 2% annually thereafter.]

Argument for S. 482: Proponents of this bill say it would give the states and local governments the means to develop their own programs to cope with today's problems, and at the same time reduce the trend to Washington-controlled programs. The states certainly need this financial assistance without Federal intervention. Between 2 and 3 billion dollars would be available for the states, generally to use as they see fit. The plan calls for 85% of the money to be distributed on the basis of population and the rest on the basis of lower per-capita incomes in certain states.

Argument against S. 482: Opponents of this bill state that the loss of Federal revenue that goes hand in hand with this idea would increase the deficit. Heavy spending for the war and domestic welfare programs must be decreased before any such sharing move can be made. Also many cities are opposed because they are now getting many direct grants from the Federal Government without state intervention