

industrial firms to pay an equitable share of treatment costs, and provide them an incentive to reduce their wastes through pretreatment, process changes, and better management of wastes.

We envision too, that such charges will also be needed to pay the local share of bonds.

7. The bill provides that not more than ten percent of the funds available for contracts could be obligated in any one State. Contract funds not obligated in one year carry over to the succeeding year and are added to the total contractual authority for that year.

We recognize that this is a departure from the allocation formula approach now in the Act. But we believe that this change is important, if the Federal Government really means to meet its commitment to the highly urbanized areas of the country with the greatest water pollution control needs. We fully expect that the smaller communities of the Nation, which are not eligible under the contract approach, will use the direct grant method to finance construction.

8. In 1966 Congress added to the Act a provision which was intended to encourage communities to proceed with the construction of treatment works without a Federal grant or only a partial one. We would approve the project and the community would, usually with State help, finance it. They could then seek reimbursement for the Federal share from allocations available for grants prior to July 1, 1971.

The 1966 amendment made it very clear, however, that approval of the project could not be construed, at any time, as an obligation or commitment of the Federal Government to provide funds for the project. As of April 1, 1968, 379 funded or partially funded projects have been approved. These could receive a total Federal payment of about \$215 million when, and if, the money is available for such payment.

The Water Quality Improvement Act of 1968 is designed to replace the 1966 amendment after July 1, 1968, without affecting eligible projects already approved. We recognize that some States, like New York, have initiated a program with some reliance on this reimbursement provision. We believe, however, that these States will realize that the contract approach is a vast improvement because it gives the community more than a fond hope of payment. It gives them a commitment or obligation of the Federal Government. In our view, this should be far more acceptable than the reimbursement feature now in the Act.

In addition to these features of H.R. 15907, the bill would reorder and extend the Act's present provisions relating to research, demonstrations, investigations, training, and information.

The Administration views this legislation as a vital stimulant to attain water quality standards. It is, in our opinion, a realistic way to clean up water pollution within a reasonable time framework. It is designed to help our urban areas—the majors, city managers—the county officials, and the governors—meet the ever-mounting costs of rescuing the Nation's waterways and restoring them to acceptable levels of purity.

CONTROL OF POLLUTION BY OIL AND OTHER HAZARDOUS SUBSTANCES AND POLLUTION FROM VESSELS AND SHORE INSTALLATIONS

In many respects, the problems of vessel pollution, oil pollution, and spills of other hazardous substances are closely related. All may come from the same sources, may be intermittent in nature, may occur at almost any point in or near navigable waters, and may result in damages ranging from the almost invisible to the deadly or catastrophic. The *Torrey Canyon* disaster and the recent breakup of the *Ocean Eagle* in San Juan Harbor have increased public awareness of the problem.

The Report of the President, "Oil Pollution," prepared jointly by the Department of the Interior and the Department of Transportation in 1967, concerns problems of pollution from spills of oil and other hazardous substances. The 1967 Report to Congress, "Wastes from Watercraft," (Senate Document No. 48, 90th Congress, 1st Session), considers pollution resulting from the operation of vessels of all types.

The Oil Pollution Report was prepared at the President's direction in the wake of the *Torrey Canyon* disaster and other oil pollution incidents. The Report suggests a number of legislative needs to strengthen Federal authority to prevent and control spills:

(1) amendments to the Oil Pollution Act, 1924, to extend coverage to all spills whether or not they are grossly negligent or willful, to spills from all sources,