

follow in support of the authorizing action; the appropriation action would govern the program size.

Mr. CRAMER. I want a figure. Under this legislation, how much could we obligate the Federal Government, to guarantee in the future for 30 years?

Mr. HUGHES. The total Federal obligation——

Mr. CRAMER. The guarantee figure.

Mr. HUGHES. The guarantee figure would be the combined level of the program, Federal and local share, whatever that might be after the action of the Appropriations Committee and the Congress.

Mr. CRAMER. Well, that is still not answering my question. Let's assume that the appropriations conform to the 3 years—\$700 million, \$1 billion, and \$1.25 billion, and assume the budget requests are going to be about the same as they have been, \$225 million, and then the remainder is \$2.275 billion over a three-year period; right?

Mr. HUGHES. That is correct. That would be the Federal portion.

Mr. CRAMER. Of 1 year's or 3 years' guarantee——

Mr. HUGHES. Three years.

Mr. CRAMER. It would be one-tenth of the bond value over approximately a 3-year period.

Mr. HUGHES. The \$2.275 billion would be the total Federal commitment. The Federal principal commitment would be \$2.275 billion.

Mr. CRAMER. So what figure are we talking about?

Mr. HUGHES. The total Federal principal commitment would be the 2.275 billion. The additional Federal guarantee liability would depend on the local Federal ratio and might approximate that in size.

Mr. CRAMER. Whether it is 30 percent or 40 or 50 percent ——

Mr. HUGHES. Yes.

Mr. CRAMER. So we are talking about \$4.5 billion?

Mr. HUGHES. Perhaps, of contingent liability.

Mr. CRAMER. Over a 3-year period, of contingent liability.

Mr. HUGHES. That would be the total program size in that 3-year period.

NO EXACT PRECEDENT FOR CONTRACT PROGRAM

Mr. CRAMER. Let's get to this interesting gimmick on paying back interest for interest-bearing municipal bonds. I would like to ask you first, is there any precedent for this?

Mr. HUGHES. There are, of course, other precedents for an interest subsidy, but there is no four-square precedent for this kind of program.

There are subsidy payments in various forms.

Mr. CRAMER. I want to know what the precedent is for forcing a municipality into issuing non-tax-exempt bonds, as compared to tax-exempt bonds?

Mr. HUGHES. This offers the community an option——

Mr. CRAMER. If they get the Federal money, they have to go into non-tax-exempt bonds.

Mr. HUGHES. That is correct.

Mr. CRAMER. All right. What precedent is there for that?