

share of project costs on a contractual basis, would exclude 229 of 336 needed plants or interceptor projects in Michigan from assistance. These projects which are excluded would serve communities neither in standard metropolitan statistical areas nor in areas with populations of more than 125,000 as required in H.R. 15907. It is precisely these smaller communities that find it extremely difficult to finance pollution control works.

Parenthetically, here, Mr. Chairman and members, in Michigan we have 10 SMSA areas. These encompass some 14 counties out of a total of 83 counties in Michigan.

It is these 229 projects which, under H.R. 15907, would find Federal aid solely in the annual appropriation for grants—a prospective mere \$8 million for next year. If pollution control is to be achieved within the time that the situation's urgency demands, such aid must be either forthcoming now or there must be some dependable assurance from Congress that it will be forthcoming in the near future under a stabilized policy. Such assurance is clearly implied in the Clean Water Restoration Act.

Besides limiting the new methods of financing to projects for standard metropolitan statistical areas and areas over 125,000 in population, the bill contains other highly restrictive provisions which raise serious questions as to its usefulness in combating water pollution; particularly the requirements that local units of government must finance treatment works from service charges, and that their bonds be taxable.

Michigan has moved ahead to plan and prepare a sound program of pollution control and abatement. It is imperative that the States be able to rely upon commitments made by the Federal government without repeated changing of the groundrules.

The construction grant program as defined in the existing Public Law 84-660 was well conceived and should be permitted to remain in effect. If the States can depend upon the congressional pledges therein contained, they can at long last lift themselves from the morass of decades-old inaction and build a water conservation program worthy of our nationwide interests in this vital resource. If they cannot, and are prevented from maximizing the use of their own resources, the way ahead is dark indeed.

CUTOFF OF PREFINANCING PROVISION

Mr. McCARTHY. Well, thank you very much, Mr. Oeming.

I would like to ask you to expand your statement on pages 6 and 7. Now, you say that this prefinancing provision was the foundation on which States like Michigan could launch fullscale programs for prompt and total abatement of existing pollution problems; that now, 18 months later, H.R. 15907 would remove this provision for all projects started after next July 1.

Now, you say here, down in the last paragraph: If we were to remove that prefinancing provision, this would exclude 229 of 336 needed plants.

I wonder if you would enlarge on that? Why would this happen?

Mr. OEMING. Well, taking the bill as a whole, 229 of our projects would not fall within the standard metropolitan statistical areas, so they would not qualify for this bond funding proposal.