GROSS PROCEEDS FROM NEW SECURITIES OFFERED FOR CASH IN THE UNITED STATES [1]

| | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 |
|---|---|---|---|---|---|---|---|---|
| | In millions of dollars | | | | | | | |
| Grand total | 25,468 | 31,773 | 28,222 | 30,252 | 34,030 | 37,836 | 42,502 | 65,670 |
| Corporate [2] | 8,081 | 9,426 | 9,016 | 10,872 | 10,865 | 13,720 | 15,561 | 21,954 |
| Norcorporate | 17,387 | 22,347 | 19,206 | 19,380 | 23,165 | 24,116 | 26,941 | 43,716 |
| U.S. Government | 7,906 | 12,253 | 8,590 | 7,213 | 10,656 | 9,348 | 8,231 | 19,431 |
| Federal agency | 1,672 | 1,448 | 1,188 | 1,168 | 1,295 | 2,731 | 6,806 | 8,180 |
| State and municipal | 7,230 | 8,345 | 8,558 | 10,107 | 10,544 | 11,148 | 11,089 | 14,288 |
| Foreign governments | 395 | 220 | 554 | 772 | 480 | 460 | 513 | 1,281 |
| International | 110 | 16 | 183 | 0 | 153 | 201 | 85 | 380 |
| Nonprofit institutions | 74 | 66 | 133 | 120 | 126 | 228 | 217 | 155 |
| Municipal indtustiral development bonds | 41 | 72 | 84 | 133 | 193 | 212 | 504 | 1,390 |
| | PERCENT | | | | | | | |
| Corporate as percent of grand total | 31.7 | 29.7 | 31.9 | 35.9 | 31.9 | 36.3 | 36.6 | 33.4 |
| U.S. Government as percent of grand total | 31.0 | 38.6 | 30.4 | 23.8 | 31.3 | 24.7 | 19.4 | 29.6 |
| State and municipality as percent of grant total | 38.4 | 26.3 | 30.3 | 33.4 | 31.0 | 29.5 | 26.1 | 21.8 |
| Municipal industrials as percent of grant total | .16 | .23 | .30 | .44 | .57 | .56 | 1.19 | 2.12 |
| Municipal industrials as percent of State and municipalities | .57 | .86 | .98 | 1.32 | 1.83 | 1.90 | 4.55 | 9.73 |

[1] Includes corporate and noncorporate bonds. Excludes preferred and common stock.
[2] Breakdown by industry is available.
Source: Statistical Bulletin; U.S. Securities and Exchange Commission and tabulations by Investment Bankers Association.

PERCENT YIELDS ON NEW BONDS OFFERED FOR CASH IN THE UNITED STATES, 1960–67

| | 1960 | 1961 | 1962 | 1963 | 1964 | 1965 | 1966 | 1967 [1] |
|---|---|---|---|---|---|---|---|---|
| Domestic corporate bonds average | 4.73 | 4.66 | 4.62 | 4.50 | 4.57 | 4.64 | 5.34 | 5.82 |
| Domestic municipal bonds (bond buyers 20 bonds) | 3.51 | 3.46 | 3.14 | 3.18 | 3.20 | 3.28 | 3.83 | 3.96 |
| U.S. Government bonds | 4.01 | 3.90 | 3.95 | 4.00 | 4.15 | 4.21 | 4.66 | 4.85 |

[1] Unweighted average of monthly averages.
Source: Survey of Current Business, U.S. Department of Commerce, February 1968; Business Statistics, U.S. Department of Commerce, 1965 edition.

Governor ROCKEFELLER. The data indicate that the volume of taxable bonds sold has increased at a more rapid rate than the sales of tax-exempt bonds, and that the interest on tax-exempt bonds has not increased as rapidly as the interest rate on corporate taxable bonds.

Thus, it would appear that eliminating the present tax exemption for clearly public purpose bonds—such as those for pollution abatement purposes—is not really reaching the basic factors affecting municipal bond market conditions.

Furthermore, the marketability of municipal bonds would be jeopardized if the tax exemption were removed.

Smaller communities in particular might well be seriously affected, as well as the bonds of such agencies as the New York Pure Waters Authority, created at my recommendation in 1967 to assist municipalities finance and construct sewage systems and treatment facilities.

Federal legislation removing the option for tax-exempt bonds would threaten progress of the entire water pollution abatement program.

I would like to add parenthetically if I may, Mr. Chairman, that eliminating the tax-exempt feature of State and municipal bonds has been an objective of the Treasury Department for some 20 years