

I think that probably we would be making a mistake in trying to tinker with the tax laws in an abatement program.

It is always good and it is refreshing to know that we have the splendid leadership of you and your administration.

Governor ROCKEFELLER. Thank you.

Mr. BLATNIK. Mr. Kluczynski.

Mr. KLUCZYNSKI. Mr. Chairman, I have no questions. I am sure that the great Governor has all the answers at his fingertips. It is always a pleasure to have the Governor from the great State of New York appear before this committee. Your testimony will be very helpful to the committee when we sit down and try to write this bill.

Again I want to say it is a pleasure to have you before us again. You are doing a wonderful job, and keep up your good work.

Governor ROCKEFELLER. Thank you, sir.

Mr. BLATNIK. Mr. Cleveland.

Mr. CLEVELAND. Governor, we are very grateful for your testimony. I think you have put your finger on at least one aspect of this legislation, although it was brought up here by Secretary of Interior as a water pollution abatement bill, there is a haunting suspicion that at least some sections of it were written by the Treasury Department. Some people on this side of the aisle have long felt that one of the routes, and there are many routes, toward achieving our objectives is to give private industry tax credit or a substantial deduction insofar as they build these facilities. And I fail to see that in the bill, but perhaps in executive session we can suggest it.

Another thing that interests me, Governor, is many States have a legal limit in the amount of interest that they can pay on their obligations. And as I understand it, New York is 5 percent.

Governor ROCKEFELLER. That is right.

Mr. CLEVELAND. Under this legislation then you would undoubtedly be unable to even participate because surely New York State, as good as your credit is in the current bond market, if the tax-exempt feature was removed, you would probably have to pay a good deal more than 5 percent to borrow money?

Governor ROCKEFELLER. We would have to get an amendment from the legislature, which I think we could get to be perfectly frank. The law was just amended for New York City, which had to go for a higher rate even on the tax-exempt bonds. I think it is a very good point.

Mr. CLEVELAND. And another thing that I note, in conclusion, your insistence on user charges as the method of financing the local level. I believe that the user charge would not be a tax deduction to the average citizen; whereas if the method of financing were a tax to local municipal authority, this would be a tax exemption. So once again we find the fine hand of the Treasury in Mr. Udall's bill.

Governor ROCKEFELLER. Very good point.

Mr. CLEVELAND. Thank you for your testimony.

Mr. BLATNIK. Mr. Harsha.

Mr. HARSHA. No questions.

Mr. BLATNIK. Mr. Dorn.

Mr. DORN. Mr. Chairman, I have no questions. I do want to commend the distinguished Governor for his contribution in our delibera-