

The reason I ask that question, Mr. Knowlton, is that Secretary Udall was before the committee yesterday and he seemed to think that it was not necessary to have this tax credit for industry, yet some of us have felt this would be very helpful to the industry if they had a tax credit, if they were resolving some of these pollutant problems.

Could you respond to this?

Mr. KNOWLTON. I feel everything the Federal Government can do to accelerate the program is well warranted. An accelerated depreciation program is of interest to our industry, although it merely returns the benefits to the individual corporation at a more rapid rate than it would otherwise obtain.

I think an increased investment credit would perhaps be more of an incentive.

Now, may I refer once again to New York State, a situation with which I am particularly familiar?

The New York State laws, as Governor Rockefeller pointed out earlier today, also provide a 1-year amortization which has been helpful, and second, it provides freedom from real estate taxation, exemption from real estate taxation for abatement facilities without any return. And third, it provides exemption from sales tax, from sales taxes on the original equipment.

All of these have benefited the industry in New York and I think it is a proper reflection of public interest to do so.

Mr. CLAUSEN. Well, as you know, the overall pollution problem is associated, both the public sector institutions and private sector organizations, and what we are really seeking is to somehow balance the public and private sector organizations ability to handle this particular problem.

Now, certainly when you meet with your board of directors, if you could present to them the fact that a tax credit or a business tax credit—which is the same thing, really—will be available, and they would be paying taxes anyway, if they did not take care of this particular problem, would this not help you in convincing your board of directors that they should be working toward the maximizing of control of pollution in that area?

Mr. KNOWLTON. Mr. Clausen, that would undoubtedly help, but I think I can truthfully say we do not need any further incentive toward maximizing our own efforts.

I think that the increasing emphasis on the joint industrial-municipal plant is one of the best mechanisms to accomplish this. Again, going back to New York State, this has been resolved by a declaration of policy by the State Health Department under the aegis of the Water Resources Commission, which dictates that the percentage of participation on the part of an industry in a joint plant is not limited. If it is 99 percent industry and 1 percent municipal, it qualifies for acceptance under the state program, provided that the waste is amenable to municipal treatment.

I think all of these mechanisms make a part of the whole. The more that can be done, the faster we will accomplish our objectives.

(At this point, Mr. McCarthy assumed the chair.)