

cost of waste treatment facilities was financed by borrowing before Federal grants were begun in 1956; and the local share is still being financed by borrowing in most cases. In 1965, the State of Wisconsin, moreover, instituted a similar aid program for helping localities finance waste treatment facilities.

The bill would certainly boost antipollution efforts in Wisconsin. Assuming that Wisconsin would continue to receive the same share of funds under the new bill as it is presently receiving, it would receive \$14 million in Federal assistance next year. This payment would go a substantial way in eliminating the \$45 million backlog of applications.

To live up to the commitment which it made to the localities in 1966, Congress should enact the Water Quality Improvement Act of 1968. It is both a moral and a practical necessity that it be enacted.

Let me close by commenting briefly on two other aspects of this bill.

First, I wholeheartedly support the Federal guarantee of the local share of bond issues financing waste treatment facilities and the Federal payment of interest subsidies to reduce the net effective interest rate on the local share of such bond issues to a rate comparable to rates on tax-exempt municipal bonds. These provisions are found in section 2 of the bill.

They assure that the new financing approach will not unduly flood the municipal bond market with new bond issues financing waste treatment facilities.

I have watched the municipal bond market closely in recent years because of my interest in abolishing the municipal industrial development bond—the tax-exempt municipal bond used to finance private, profitmaking industrial plants and commercial facilities. Last year, the issuance of \$1.3 billion of these bonds caused interest rates in the municipal market to climb to a then record 4.44 percent. These high interest rates added unduly to the cost of all public facilities financed by municipal bonds—schools, roads, hospitals, waste treatment facilities.

With the great demand for more and better public facilities in this Nation financed by municipal bonds, it would be highly irresponsible for the Federal Government to encourage the issuance of an additional half billion dollars of tax-exempt bond issues in the next year to finance the construction of waste treatment facilities. The inevitable result would be higher cost for all public facilities.

The enactment of this bill would have the opposite effect. It would actually take some of the pressure off the municipal bond market by federally guaranteeing some bonds which under the existing act would be floated as municipal bonds. This would be a healthy development.

Thus, I see the Federal guarantee and subsidy provisions as an essential feature of this legislation.

PREFINANCING CUTOFF RELAY

Second, I should propose a technical amendment in section 2(c) of the bill. As the section is now written it would cut off as of July 1, 1968, the authority to reimburse localities which went ahead with