

is to qualify for reimbursement through later Federal repayment of the Federal share of project cost. According to Public Law 660, the Federal share of costs could be repaid for projects on which construction began between July 1, 1966, and July 1, 1971, and which met other requirements for Federal assistance but were constructed without such assistance. We think it unwise to change the rules less than 18 months after the Clean Water Restoration Act amendments became law.

In recent years, great efforts have been made to devise programs and supply funds to encourage State support for pollution abatement. Cooperation between State and Federal levels will not be advanced by this proposal to change the 1971 date to 1968 and thus narrow by more than half the period during which construction would be eligible for Federal reimbursement if all other necessary conditions had been met.

The league opposes shortening the period of eligibility for reimbursement. In view of the leadtime necessary before treatment plant construction could be started and of the changes in State laws necessary before prepayment could be used, there must be many plants planned, with bonds approved in recent referendums, that will not be underway by July 1968 yet expected to have Federal reimbursement because they would be under construction before July 1971. To preserve harmony with the States and to strengthen State and local faith in the reliability of the Federal construction grant program, we think such plants should receive the help for which they are eligible under the amendments made in 1966 by the Clean Water Restoration Act.

LEAGUE NOT COMMITTED TO LONG-TERM CONTRACTS AS PATTERN OF FEDERAL FINANCING

We do not want to say that a system of installment payments should become the procedure for many types of Federal aid to States and local jurisdictions. Nor do we want to say that it should be the pattern used for Federal support for water pollution abatement incentives after 1971. Contracts obligating the Federal Government to installment payments might limit the Government's freedom of choice in spending its income, much as installment debts constrict the disposal income of an individual or family.

The league has no position on long-term financing by the contract method. We are in favor of using it for funds now authorized, in order to break the construction backlog building up because of uncertainty about Federal aid. Further study and discussion of the effects of this method well before the time of consideration of post-1971 authorizations might give a better basis for long-term decisions. We suggest that provision be made for such a study by the staff of this committee.

TWO LEVEL APPROVAL OF PLANT DESIGN AND OPERATION PLANS

As much as anyone else, league members want maximum efficiency for their investment. We are somewhat dubious, however, about the amount of reviewing that might be required under section 2(g)(1) which provides that "* * * design and operating plan for treatment