2. We strongly oppose the criminal penalties levied against seamen and officers of a vessel violating the provisions of the bill and discharging oil into waters, Section 19(c), and suspension or revocation of license of master or other licensed officer. Section 19(g). These provisions should be stricken from the bill.

PROPOSED AMENDMENTS TO H.R. 15907

H.R. 15907 contains an amendment to Section 8 of the Act with respect to federal assistance in financing construction of local water waste treatment plants heretofore carried out entirely by means of grants-in-aid.

This amendment would authorize the Secretary for three years (fiscal years 1969–71 inclusive) to enter into contracts with a state, municipality, or interstate or inter-municipal agency, within the amounts authorized for appropriation, to provide federal assistance and backing in paying out on principal and interest for construction bond issues (30-year maturity) floated to finance waste treatment facilities. This proposed program would apply only to areas containing 125,000 or more population, or defined by the Bureau of the Budget as standard metropolitan statistical areas.

The federal assistance would consist of—

(*a*) The federal share of principal and interest payments on the locally issued bonds.

(*b*) An additional payment to cover the difference between the private money market interest rate and the current average yield of outstanding federal obligations of comparable maturities.

(*c*) Assumption of outstanding amounts due by the federal government in event of default by the non-federal agency.

(*d*) Fiscal year authorizations of $700 million for 1969; $1.0 billion for 1970, and $1.25 billion for 1971, together with authorization to appropriate moneys for costs of liquidating the contracts. Municipalities under 125,000 population are entitled to "at least" 50% of the first $100 million appropriated under Section 8 for construction of local water waste treatment works.

(*e*) Various eligibility criteria, set by the Secretary, dealing with financial soundness, reasonable interest rates, compatibility with regional water quality plans, adequate user charges, maximum efficiency of design and operation, compatibility with state plan as approved by Secretary, state plan to upgrade efficiency of all local treatment works that have in operation a treatment works operator certification program not later than July 1, 1970.

We realize that there are current problems in finding the necessary funds to honor the authorizing commitment of Congress in enacting the 1965 and 1966 amendments to the Federal Water Pollution Act in the area of construction grants for the localities.

In view of the budgetary pinch, we endorse the approach set forth in the amendments to Section 8 as a temporary expedient. We suggest, however, that the Committee consider seriously the following recommendations with regard to the bonding contracts provisions of this legislation.

1. That the contracts entered into by the Secretary, to assist in paying off public non-federal bond issues for approved water waste treatment plants, over and above other funds available, including federal construction grants under the Act, provide for an additional federal grant sufficient to pay one-third (33.33%) of the annual interest charge payable each year by the non-federal public agency on bonds floated on the private money market. This is along the lines of similar provisions in the Proxmire-Patman bills (S. 3140 and H.R. 15991).

2. That the interest income from the bonds or other securities be subject to federal taxation and the bonds sold to parties other than any agency of the United States Government.

3. That the bonding provisions in Section 2 of H.R. 15907 cover the smaller localities, as well as those of 125,000 population or over, and standard metropolitan statistical areas.

Once again, we urge that this Committee give serious attention to these proposals in the interest of more effectively moving forward on a national water pollution control program which at present is not moving forward. Thank you.