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LEGISLATIVE ACTIVITY RELATING TO SPECIAL
RURAL REVENUE SHARING PROPOSALS OF THE
92ND CONGRESS

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Introduction

In his message to Congress on March 10, 1971, President Nixon proposed the fourth in his series of special revenue sharing measures - that for rural community development. Though the 92nd Congress considered several rural revenue sharing measures, none was enacted. The Administration's program was designed to work in conjunction with the departmental reorganization plans submitted at the same time. It was the President's intention to combine into a "Rural Community Development Revenue Sharing Program" the activities and the funding of a number of existing programs operating directly in rural areas and smaller cities. He listed at that time the following eleven programs to be combined:

- Title V Regional Commissions
- Appalachian Regional Commission
- Economic Development Administration
- Resource Conservation and Development Program
- Cooperative Agricultural Extension Service
- Rural Water and Waste Disposal Grants
- Rural Environmental Assistance Program
- Forestry Assistance Grants
- Great Plains Agricultural Conservation Program
- Water Bank Program
- Tree Planting Grants

The combined funding of these eleven programs, along with the addition of \$179 million in new moneys, would yield a \$1.1 billion fund to be shared among the States for rural community development. The funds would be distributed among the States to carry out comprehensive rural development programs originating from regional or area planning districts and approved at the Federal level.

S. 1612 and H.R. 7993

Administration bills S.1612 (Mr. Miller) and H.R. 7993 (Mr. Schwengel) were introduced in April and May of 1971 as the Rural Community Development Revenue Sharing Act of 1971. Several amendments intended to be offered as substitutes for S.1612 were introduced somewhat later. The Subcommittee on Rural Development of the Senate Committee on Agriculture and Forestry and the House Committee on Agriculture held hearings on the bills.

S. 1612 was continuing legislation which authorized the appropriation of such sums as necessary, rather than the specific amounts proposed by the President for fiscal 1972. It provided that up to twenty percent of such funds appropriated would be distributed among the States at the discretion of the Secretary of Agriculture, to be expended as directed by the Secretary. One percent would be divided equally among the States. The balance would be apportioned among the States as follows: (1) fifty percent of the remainder of such balance would be apportioned on the basis of rural population; (2) twenty-five percent would be apportioned on the basis of rural population and the excess of the average per capita income for all States over the average rural per capita income for the particular State; and (3) twenty-five percent would be apportioned on the basis of rural population and the excess of the percentage change in population of all States over the percentage change in rural population for the particular State. Apportionments from such balance could be used for any State activities which would benefit residents of a rural area within the State.

Each State would be required to submit a State development plan for the expenditure of the funds apportioned to it (other than those apportioned at the discretion of the Secretary), but approval of the Secretary would not be required.

There would be no matching requirements, and funds apportioned to a State under the bill could be used to meet matching requirements of other laws.

Each State would be required to establish multijurisdictional planning districts to encompass the geographic area of the entire State and a planning board in each district composed of the elected officials from the local governments within the district.

Although the duties and the authorities of the planning boards were to be determined by the governor of the State, one representative of each planning board would be a member of the State development planning advisory commission which would participate in formulating the State rural development plan to be forwarded to the Secretaries of Agriculture and Housing and Urban Development each year.

The term "rural area" was defined in S. 1612 as all areas outside Standard Metropolitan Statistical Areas and those political subdivisions, townships or counties within SMSA's which have a population density of less than 100 persons per square mile.

Amendment to S. 1612

Senator Allen's amendment no. 470 would have established and provided for general grants-in-aid to States, municipalities, counties and multijurisdictional areawide planning and development districts. It would not have eliminated any programs, as the Administration bills would.

The fiscal year appropriation would be \$500 million and would be apportioned by the Secretary of Agriculture among the States, multijurisdictional planning districts and local governments according to formulae specified in the legislation.

Amendment to S. 1612

An amendment proposed by Mr. Bellmon as Title IV of S. 1612 provided for the renaming of the Department of Agriculture as the Department of Agriculture and Rural Development. It expanded the duties of the Secretary to include establishing State and local rural development offices and coordinating Federal rural development activities.

Revenue Sharing Provisions of S. 3462

On February 16, 1972 the House Agriculture Committee reported out H.R. 12931 (H. Rept. 92-385), the Rural Development Act. It was passed by the House on February 23rd, but contained no rural revenue sharing provisions. Revenue sharing provisions did make their way into S. 3462, the original Senate version of the Rural Development Act of 1972 (reported in the Senate in lieu of H.R. 12931-S. Rept. 92-734).

Title III of the bill authorized the appropriation of \$500 million annually to be apportioned on a formula basis among the States. Each State's share would then be further divided and granted: (1) one-third to multijurisdictional planning districts; (2) one-third to counties for the benefit of local governments; and (3) one-third to be retained by the States.

Title III of S. 3462 provided for no change in existing categorical grant programs nor amendments to their authorizing legislation. It was the feeling of the Senate Committee on Agriculture and Forestry, which considered the bill, that existing categorical programs which had been "tried and proven" should be maintained. The Committee did feel, however, that it would be best to give States,

districts, and local governments additional funds with more flexibility in determining how the money would be spent. 1/

In Title III, revenue sharing provided for the "protection, conservation and development of the natural resources for improvement of rural areas and of rural community development under the leadership of local entities of government." Funds would be used generally for any purpose which contributed to the enhancement of the area.

Funds were to be apportioned among the States, the counties and the planning districts on the basis of the following formula: (1) 40 percent on the State's rural population; (2) 20 percent on the rural per capita income; and (3) 40 percent on the decrease in the State's rural population. Each State would pass one-third of the revenue sharing funds on to substate multijurisdictional planning districts, one-third to the counties, and would retain one-third as noted above.

Revenue Sharing Provisions of H.R. 12931

On April 19th and 20th the bill was considered and passed by the Senate as H.R. 12931 with amendments. Actually, it now contained primarily Senate, rather than House language. At this point the rural revenue sharing provisions were contained in Title II of H.R. 12931. As in the previous Senate version annual appropriations of \$500 million were authorized. The requirements of planning and approval of development plans remained basically the same as before, as did the provisions that States retain one-third of the funds and pass along one-third to the planning districts and one-third to the counties.

1/ See - Senate Report 92-734, Rural Development Act of 1972, p. 46.

In the version of H.R. 12931 which passed the Senate the formula of distribution among States did change, however. Rather than the 40-20-40 split of S. 3642, the new version adopted the following formula: (1) 50 percent on the basis of the State's rural population; (2) 25 percent on the basis of the State's rural per capita income; and (3) 25 percent on the basis of the decrease in the State's rural population.

Revenue Sharing Provisions Eliminated

Some members of the Senate Committee and the White House were disappointed with the final conference report (H. Rept. 92-1129) because the revenue sharing provisions had been dropped in conference. However, the report was approved by both houses and the bill was signed by the President on August 30, 1972. Rural revenue sharing legislative activity had centered primarily on provisions in these rural development bills, and with their loss in conference, action was ended for the 92nd Congress.

Revenue Distribution Formula in Other Bills

The 50-25-25 formula for apportionment of funds appeared in other legislation in the 92nd Congress, notably the "Rural Economic Development Act of 1971-2" introduced by Congressman Mizell (H.R. 11678).

Though different in some respects from the administration revenue sharing proposals, H.R. 11678 would have authorized new appropriations for rural development and distributed them in the States to carry out rural development programs originating in regional or area planning units. It would provide for the creation of a Rural Development Commission comprising a Federal Co-Chairman to act as liaison with Federal agencies and the Governors of the States.

The Commission, fashioned after the Appalachian Regional Commission, would conduct research, make recommendations for implementing rural development programs, and approve applications for development assistance from regional or area planning units.

The bill authorized the appropriation of \$1 billion for the first fiscal year of the program, with no authorization figure set for the remaining four years. One percent of the appropriation would be distributed equally among the States. Of the remaining amount, 50 percent would be distributed among the States on the basis of rural population; 25 percent on the basis of rural per capita income; and 25 percent on the basis of rural population change.