

5/22/79 [2]

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THE WHITE HOUSE
WASHINGTON
5/22/79

Frank Moore

The attached was returned in
the President's outbox today
and is forwarded to you for
your information.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

May 22, 1979

Mr. President -

Please ask Senator Cannon to vote
with us on the Greek-Turkey issue
this afternoon. He has said he will
vote with us only if we really need him.
We need better than that from him.

Bob Thompson

*He may help - needed
or not
J*

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12:10 PM

THE WHITE HOUSE

WASHINGTON

May 21, 1979

MEETING WITH SENATOR HOWARD CANNON

Tuesday, May 22, 1979
12:10 p.m. (3 minutes)
Oval Office

From: Frank Moore *Fm/pd*

I. PURPOSE

To give the Senator an opportunity to personally present to you "The Report of the Nevada Commission for the Utilization of State Resources to Meet National Needs."

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: Recognizing that a nuclear test ban treaty may be consummated, a blue ribbon commission of Nevada citizens was formed to study the economic consequences of such a treaty and possible uses for which the test sites in the state could be suitably adapted. The concern was not only with the possible loss of 5,000 jobs which the test sites provide, but also with the loss of the highly skilled core of the community. The Senator would like to present the commission report to you.
- B. Participants: The President
Senator Howard Cannon
Bernard Menke, Executive Director of
the Blue Ribbon Commission
Frank Moore
Dan Tate, BGEN John A. Hilger, Co-Exec.
Director.
- C. Press Plan: White House Photo only.

III. TALKING POINTS

Routine courtesies

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THE WHITE HOUSE
WASHINGTON

2
May 2~~3~~, 1979

Ros
J

MR. PRESIDENT

FYI -- There will be a Memorial Service
for Esther Peterson's husband at
the Kay Spirtual Life Center at
American University on Thursday,
May 24, at 3:00 p.m.

PHIL

THE WHITE HOUSE
WASHINGTON

22 May 79

FOR THE RECORD:

FRANK MOORE RECEIVED A COPY OF
THE ATTACHED.

THE WHITE HOUSE
WASHINGTON

*Frank
family good
luck
J*

CONGRESSIONAL TELEPHONE CALL

TO: Rep. Jamie Whitten (D-Miss.)
Rep. Silvio Conte (R-Mass.)
Rep. Charlie Wilson (D-Tex.)
Rep. Clarence "Doc" Long (D-Md.)

DATE: Tuesday, May 22, early A.M.

RECOMMENDED BY: Frank Moore ^{FM} and Bob Beckel ^{BB}

PURPOSE: We suggest you call the above Members of the House Appropriations Subcommittee on Foreign Operations to seek their support for your FY 80 Foreign Assistance Program which will be marked up Tuesday morning. We expect efforts to cut IFI's drastically, to add specific country restrictions e.g. Panama, to cut AID operating accounts and to delete all funding for Syria.

BACKGROUND:

Jamie Whitten - as Chairman of the full Committee will vote in subcommittee as ex-officia Member for the first time. In the past Whitten has always voted to cut Foreign Aid both in full Committee and on the floor.

Points:

-You should appeal to him to oppose drastic cuts in subcommittee. He should be reminded that there will most likely be deep cuts on the floor and therefore the Committee Bill must come out with minimal cuts if we are to preserve the aid program at all.

-Seek his help in avoiding cutting funds to Syria. (We requested \$60 million, the House and Senate cut the authorization to \$45 million. We need to keep the level at \$45million.).

*Will try to
work along
with Pres. "in
Committee"*

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1,025
335

-If Whitten will not go along you might suggest he avoid the markup altogether.

Budget comm
cut

Slight cuts Mil
Ed, Training
at same as '79

FMS = very slight
cut 658 -> 645

IFIs = Asian Dev Bk,
Govt = Inter Am DBk
+23% = World Bk
+5% vs '79 = will be close
to \$600 mil cut
Will help

Will help
all out

Will help
"This morning"

Doc Long - the Chairman once again wants to make deep cuts in his own bill as well as add specific country restrictions. In order to preserve the credibility of the whole foreign assistance program, including the IFI's (his particular dislike), Doc must be persuaded to keep cuts in the subcommittee and full Committee to a minimum. We understand Doc wants to cut the IFI's \$850 million in subcommittee. Dave Obey will try to go no higher than \$650 million.

Points:

-Doc should be reminded that the whole Bill will be subjected to severe cuts on the floor, and if this happens that the credibility of the entire foreign assistance program will be jeopardized.

-Both Senate and House authorizing Committee have cut our Syria request from \$60 million to \$45 million. You should urge Long to hold at \$45 million.

-You should request full funding for Panama (\$18.3 million). The House passed a prohibition on aid to Panama in the authorizing legislation the Senate cut the funds but put no prohibition in the Bill. We hope to drop the prohibition in conference in case Long raises this point.

Charlie Wilson - has been with us the last two years but has sworn to leave us this year because of our policy toward Nicaragua. Although we expect he will help us on bilateral aid we expect him to side with Long on cuts for the IFI's. You will probably not change him on this and will most likely get an earful on our human rights policy, but Wilson may be receptive to:

- Full funding for Syria.
- Full funding for our bilateral accounts.

He is considering an amendment to cut Panama. You may be able to talk him out of it, but it is doubtful.

Will help

Silvio Conte - has been our biggest Republican supporter in the House, particularly on Foreign Aid. His nose is out of joint because he believes we are neglecting him and that the DNC is grooming a candidate to oppose him in 1980. Points:

-Thank him for his continued support of your programs, particularly foreign aid.

-Urge him to oppose cuts in aid to Syria and Panama.

-Tell him you understand he will be coming in to see you shortly to get a Presidential signature on a picture Conte was given on a trip to Italy, and you look forward to the meeting.

Town of Traversie

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THE WHITE HOUSE
WASHINGTON
5/22/79

Frank Moore

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

From last
seen

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for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

Frank -
Will see me
10 pm Wed
J

CONGRESSIONAL TELEPHONE CALL

TO: Senator Jim Exon
DATE: Today
RECOMMENDED BY: Dan Tate/Frank Moore *J.M.*
PURPOSE: Senator Exon called you late yesterday afternoon.
This would be a return call.

BACKGROUND:

The Senator wants to discuss the shortage of diesel fuel in Nebraska. Farmers there are late in planting and are experiencing difficulties in getting enough diesel fuel for their tractors and irrigation pumps. Nebraska depends heavily on irrigation and 38% of its pumps are run on diesel fuel. When you were in Iowa you announced that the Department of Energy was issuing regulations to insure that farmers had adequate supplies of diesel for planting. Those regulations have been slow in developing and farmers are experiencing difficulties in getting fuel. Senator Exon points out that Republican Governors and Republican Members of Congress are demagoging this issue and attempting to place all the blame on you. Senator Exon maintains that he wants to be helpful to you and in order to do so would like to be able to say that he has spoken to you about the problem personally.

*Bergland:
Cru de → coop
(Farmhand) refinery
Logistics a prob.
No serious prob
anywhere. Complaints
re topping off -*

The Senator also is concerned about a Nebraska news story which was generated by a press release by the Nebraska Congresswoman, Virginia Smith, who spoke to you last week at the Women's Business Enterprise ceremony here at the White House. The press release maintains that you promised to meet with her and a group of Senators and Congressmen whom she would select. The Senator says that this woman is no friend of yours and should have no hand in putting together any White House meeting.

TOPICS OF
DISCUSSION:

You should tell Senator Exon that you are looking into the diesel supply situation in the Midwest and that farmers will be given the highest priority for diesel fuel.

You should also acknowledge his friendship and support for you and assure him that he will have a key voice in putting together any delegation of Congressmen who meet on this issue.

I also urge you to thank him for his support of our position on military grant assistance for Turkey. His Democratic colleague, Senator Zorinsky, is vacillating on the issue. The two do not get along.

Date of Submission: 5/22/79

THE WHITE HOUSE
WASHINGTON

5/22/79

Frank Moore

The attached was returned in
the President's outbox today
and is forwarded to you for
your information.

Rick Hutcheson

J
THE WHITE HOUSE
WASHINGTON

MAY 22, 1979

3:15 p.m.

MR. PRESIDENT

AS YOU KNOW, SENATOR BYRD HAS BEEN
SINGLE-MINDEDLY PURSUING AID TO
TURKEY FOR THE PAST WEEK. DAN TATE
AND WARREN CHRISTOPHER WORKED VERY
HARD WITH HIM AND WE JUST WON
64 TO 32. done

I SUGGEST YOU GIVE SENATOR BYRD A
CALL AND CONGRATULATE HIM.

THANKS TO YOUR CALLS, WE WON FULL
FUNDING ON SYRIA WITH PRESIDENTIAL
WAIVER AND EFFORTS TO PANAMA FAILED.

FRANK MOORE

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U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515
(202) 225-5464

DISTRICT OFFICE:
8873 EAST VALLEY BOULEVARD
ROSEMEAD, CALIFORNIA 91770
(213) 287-1134
(213) 443-8585
(213) 722-7731

GEORGE E. DANIELSON
30TH DISTRICT, CALIFORNIA

Congress of the United States
House of Representatives
Washington, D.C. 20515

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for Preservation Purposes**

May 21, 1979

COMMITTEES:
JUDICIARY
CHAIRMAN, SUBCOMMITTEE ON
ADMINISTRATIVE LAW AND GOVERNMENTAL
RELATIONS
INTERNATIONAL RELATIONS
VETERANS' AFFAIRS
SELECT COMMITTEE ON ETHICS
STEERING AND POLICY
COMMITTEE
DEPUTY MAJORITY WHIP
NORTH ATLANTIC ASSEMBLY
MEMBER:
SPECIAL COMMISSION ON
MODERNIZATION OF
HOUSE GALLERY FACILITIES

Memorandum To: Speaker Thomas P. "Tip" O'Neill ✓
Majority Leader Jim Wright
Majority Whip John Brademas

I have spoken with President Carter regarding my application for appointment as a judge of the U.S. Court of Appeals for the Ninth Circuit. A decision will probably be made by him within a few days and I request your support.

Reasons why President Carter should overrule the panel:

The nominating panel turned me down for two reasons:

1. That I am past 60 years of age and they had been instructed that that was a limitation;
2. That I had been away from the practice of law for more than 18 years.

Both are false:

1. As to age, neither the President nor the Attorney General has issued instructions imposing any age limitation at 60 years or any other age. Several candidates have been nominated by other panels who are in their mid-sixties; one who is 67 or 68.
2. As to practicing law: I carried on a very intensive and extensive law practice for more than 22 years until I came to the Congress in January of 1971. There is no 18 year gap. In Congress I've been a member of the Judiciary Committee for over 8 years - the equivalent of 8 years on the bench as a judge.

Both of these errors are prejudicial errors and sufficient grounds to overrule the decision of the nominating panel.

Thanks, George

DISTRICT OFFICE:
8873 EAST VALLEY BOULEVARD
ROSEMEAD, CALIFORNIA 91770
(213) 287-1134
(213) 443-8585
(213) 722-7731

Congress of the United States
House of Representatives
Washington, D.C. 20515

May 21, 1979

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Majority Leader Jim Wright
Majority Whip John Brademas

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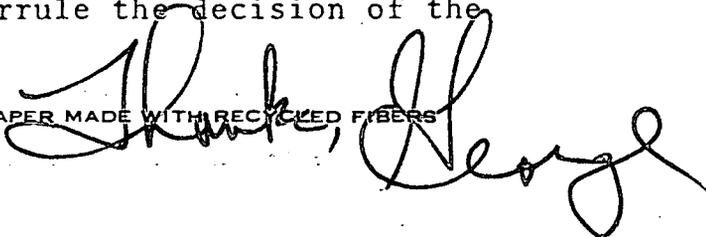
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5/22/79

Frank
J

To: Mr. O'Neill
From: Ari

1. FY '80 Budget: Appropriations Committee on track for floor action beginning June 13th. Defense, Interior and D.C. are behind the others.

First Budget Resolution: Conference report provides \$23 billion deficit. Obeys will try and defeat the resolution based on the Defense increases, and what he considers decreases below the President in social programs. (Budget staff argues that the bulk of the decreases reflects the reality of slow CETA spendout rates).

Supplemental Appropriation: Appropriations hopes to act on a package next week.

2. Panama Canal: General debate completed. Rule prevailed by two votes. Will not reach floor before week of June 4th.

3. Hospital Cost Containment: Pending in full Ways and Means. Still short votes. Commerce subcommittee expected to finish hearings shortly.

4. Energy Conservation: House and Senate staff are meeting to discuss rationing schemes. Chris Dodd has a proposal to give the President standby authority, not subject to specific Congressional approval of the plan. Toby Moffett has a proposal to require minimum gas purchases and to provide for a standby sticker system that would compel people to leave their cars at home one day a week.

5. Windfall Profits Tax: Ways and Means has completed hearings. Markup likely to be soon after Memorial Day. Committee will tighten the Administration proposal. Some members are pressing to tighten the foreign tax credit as well.

6. Oil Decontrol: Democratic Caucus will debate issue at 10 today. Amendment to prevent decontrol will be germane to the Department of Energy authorization, which could be on the floor in early June. Amendment could prevail.

7. Department of Education: Likely for floor week of June 4th.

8. SBA Authorization: On floor today. Rules Committee made Administration Neal Smith compromise in order as original.

OTHER MAJOR LEGISLATION:

Welfare Reform (expect Administration proposal this week on which Ullman and Corman are in agreement)

National Health Insurance (await Administration proposal)

Trade Agreement (planning floor action in July)

Rail Deregulation (pending in Florio subcommittee)

Department of Natural Resources (to be submitted as legislation)

Public Financing (Committee closely divided; hope finish this week)

Intelligence Charters (await Administration proposals)

Criminal Code Reform

160 Acre Amendment

Sugar Bill (reported by Agriculture; also in Vanik subcommittee)

Regulatory Reform (in Danielson subcommittee)

Revolving Door Amendments (scheduled for continued floor action today)

Countercyclical

Nuclear Waste Management

LEGISLATION APPROVED:

Council on Wage and Price Stability

Countervailing Duties

China-Taiwan

Debt Limit

First recession for FY '79

PASSED HOUSE:

Alaska Lands

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THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

EYES ONLY

May 21, 1979

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze ^{CLS}
Subject: New Orders for Durable Goods in April

Tomorrow (Tuesday, May 22) at 2:00 P.M., the Census Bureau will release figures on new orders received by manufacturers of durable goods in April.

The news is unsettling. New orders in March were revised up by a very large amount; the March increase is now 2.8 percent, instead of the small decline in the earlier estimate. But in April, total new orders fell by 9 percent, and the decline was widespread. Orders for nondefense capital goods, a key indicator of business fixed investment, dropped 12 percent, following a 6 percent increase in March. Orders for primary metals dropped 9 percent in April, and for fabricated metals, 13 percent.

New durable goods orders are very volatile; declines of over 5 percent are not uncommon. Often, however, a drop as large as 5 percent or more in one month follows an equivalent increase in the previous month. The April decline, however, was much larger than the March rise. Moreover, we cannot ascribe last month's drop to the peculiarities of the employment data that influenced the April statistics on industrial production and personal income.

Frankly, we do not know what to make of these figures. Orders for durable goods have been very strong since last fall, and it is hard to believe that business sentiment could have changed almost overnight. Subsequent estimates for April may lead to an upward revision of the data. But, we cannot rule out the possibility that businessmen are becoming more cautious. If so, growth in economic activity in the latter half of 1979 may slow more than we forecast.

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Even if this decline in new durable goods orders is taken at face value, it will not translate into weakness in durable goods production over the next few months. New orders are still larger than shipments, so that order backlogs rose further in April.

Over the next few days, we will try to get a better handle on what these data mean, by looking at data for particular industries and by talking to contacts in the durable goods industries. We will pass on to you any useful information that we are able to uncover. This is an area that will bear very close watching.

THE WHITE HOUSE
WASHINGTON

21 May 79

The Vice President
Hamilton Jordan
Stu Eizenstat
Tim Kraft
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson
Anne Wexler
Jim McIntyre
Hugh Carter
Jerry Rafshoon
Alfred Kahn

The attached was returned in the
President's outbox today and is
forwarded to you for your personal
information.

Rick Hutcheson

EYES ONLY

ADMINISTRATIVELY CONFIDENTIAL

2177



THE REGULATORY COUNCIL
Washington, D.C. 20460
May 18, 1979

Q

MEMORANDUM FOR THE PRESIDENT

SUBJECT: REPORT OF THE REGULATORY COUNCIL; WEEK OF MAY 14

You asked me to let you know when I needed your help on Council matters.

The Council has begun work on the following:

- o analyses of the cumulative effect of federal regulation on the steel and non-ferrous metals industries, both of which are heavily impacted by regulations of a number of agencies;
- o a standing coordinating committee on automobile regulation;
- o a national carcinogen policy;
- o preparation of manuals on assessing costs, benefits, and viable alternatives to command and control regulation; and
- o eliminating duplicative regulation imposed on the banking, hospital, and housing industries.

I would appreciate it if you would make the following comments at the Cabinet meeting on Monday in conjunction with your remarks about Executive Order 12044 (which I understand you intend to discuss):

- o That the first edition of the Calendar of Federal Regulations was a good start. Some agencies participated more actively than others. The Department of Transportation, Consumer Product Safety Commission and Environmental Protection Agency did a particularly good job.
- o That we need a better accounting of accomplishments in regulatory reform and that you have asked me to work with OMB on compiling such a list.
- o That you intend to meet with the Regulatory Council in the near future.
- o That you remain personally interested in working closely with me on Council matters.

I will send a separate memo through staffing requesting that you meet with the Council in the next two or three weeks.

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THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

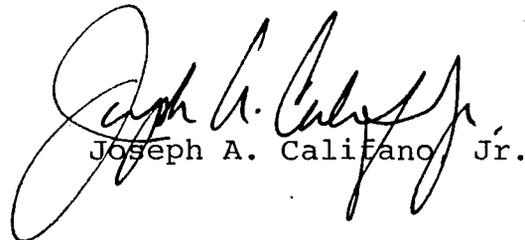
MAY 18 1979

C
1

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of HEW Activities

- o Appropriations Process: Congressman Natcher has closed the mark-up of the Labor-HEW appropriations bill. The subcommittee will not officially release any information until June 4, the date on which full committee action is expected. Needless to say, this hampers our ability to apprise members of the full committee of the impact of the mark-up on Administration proposals. It also sets back open government in the Congress by about five years.
- o Testimony: On Wednesday I will testify on the refugee bill before the House Judiciary Subcommittee on Immigration, Refugees and International Law (Holtzman). On Thursday I will testify on the mental health legislation before the Senate Human Resources Subcommittee on Health (Kennedy).
- o Health Fair: From Tuesday through Thursday we will sponsor a Health Fair on the Mall, designed to dramatize to the public those aspects of every day life that affect health: nutrition, stress, physical fitness and lifestyle. Most importantly, it is designed to be a prototype for cities and states to follow.


Joseph A. Califano Jr.

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THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

May 19, 1979

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*

Subject: CEA Weekly Report

Energy. On Thursday, May 17, Mike Blumenthal and I testified on the oil decontrol program before the Subcommittee on Energy and Power chaired by Congressman Dingell. From his questions, Dingell seemed sympathetic, but worried about whether or not the Administration's tax program might be too complicated, requiring a large bureaucracy and raising difficult enforcement problems (i.e., different tax bases for different kinds of oil).

National Health Insurance. CEA staff was active in discussions with HEW, DPS, OMB and Treasury on the HEW draft plan. We continue to be concerned about the components of that plan which would take us down the road to complete Federal control of the health system. CEA staff will be working closely with OMB staff in the development of the alternatives to be presented to you next week.

When Senators and Congressmen are briefed this week, I think it should be made clear that the HEW plan as it relates to fee schedules for all payers and the total federalization of medicaid, represents only one proposal and that you are still considering alternatives.

Fuel Efficiency Standards. I was absent from your meeting with the auto company executives. Fred Kahn and I have had one session with Joan Claybrook on this issue, and have another scheduled this week. On the basis of our analysis to date, the issue of "straight-lining" vs. "front-loading" boils down mainly to whose engineers you believe -- GM's or Brock Adams'. While this particular issue might, reasonably, be called either

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way, our problem is the cumulation of a whole series of expensive regulations dealing with autos and trucks, from different agencies and under different laws. Taking a fairly tough regulatory stand on each one individually might well be justified, but the economic and inflationary impact of the sum of all of them becomes very large. Despite the improvements that are being put in place, the very nature of the laws and the regulatory process makes it impossible for the Administration to deal with all of these regulations in an interrelated way, setting regulatory objectives and time schedules in the context of both social priorities and economic impacts.

Tokyo Summit. On Friday, I presented to Henry Owens' preparatory group an overall economic assessment and set of policy recommendations put together by a group of economic officials, one from each of the seven countries, that I chaired. It appeared to be unanimously accepted in substance (which makes me worry that there must be something wrong with it). Henry's group asked me to prepare an analysis of the economic consequences of the recent and threatened further increases in OPEC oil prices. The size of the likely increase this year is now much larger than what we thought several months ago. The potential increase in OPEC oil prices -- which tends to raise both unemployment and inflation -- is now large enough, so that some consultations among governments about macroeconomic policy responses may be desirable. (For example, if some governments try to moderate the higher unemployment by more stimulative policies while others try to moderate the inflation by more restrictive policies, a new set of disturbances in trade balances and foreign exchange markets could be set in motion.)

Miscellaneous. George Eads' nomination to be the third Member of the Council of Economic Advisers was reported favorably by the Senate Committee on Banking, Housing and Urban Affairs on Thursday, May 17. It should be acted upon by the full Senate next week.



Department of Energy
Washington, D.C. 20585

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May 18, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: JIM SCHLESINGER *DS*
SUBJECT: Weekly Activity Report
May 12-18, 1979

1. Middle Distillate Rulemaking. The Department intends to issue shortly a rule which will provide entitlements to imports of middle distillate fuels. The purpose of this rule is to encourage such imports so that refiners can replenish diminished supplies of heating oil and to provide refiners the flexibility to increase production of gasoline.
2. Notice of Inquiry of Motor Gasoline. The Department announced this week that it intends to reexamine its Mandatory Petroleum Price Regulations for retailers of motor gasoline to examine what changes might be appropriate. During the course of this inquiry, we intend to consider what alternatives to the present price regulations would be easier to enforce and thus would enable the government to provide the public with better protection against unlawful overcharges. It will also examine whether current regulations allow retailers to earn an adequate profit on sales of motor gasoline.
3. Displacement of Fuel Oil With Motor Gasoline. The Federal Energy Regulatory Commission this week issued a rule which would authorize the purchase of natural gas by end users and transportation by interstate pipelines of the gas when used to displace fuel oil.

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THE SECRETARY OF THE TREASURY
WASHINGTON 20220

May 18, 1979

9
1

MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. EPG ACTIVITIES

The Steering Group reviewed HEW's Phase I plan for National Health Insurance. Charlie and Jim have informed you of our concerns and our deputies will be working closely with Stu Eizenstat on the issues over the next week.

The Steering Group has authorized me to testify next week (before Senator Proxmire's Banking Committee) in opposition to repeal or restrictive amendments of the Credit Control Act of 1969. I will make clear that we do not presently favor the imposition of credit controls.

The Steering Group continues a detailed review of our overall economic strategy for the next 18 months. The immediate problem is what to do with the wage/price program, which is obviously coming under increasing pressures. We will be studying a wide array of options next week, after which a discussion with you would be useful. A larger question is how we can structure and present our total economic program in a compelling manner during a period when growth will be slowing, unemployment will be rising somewhat, and inflation will be continuing at very high rates. Needless to say, this will all be extremely difficult in an election year.

2. ENERGY TAXES

Hearings on the windfall profits tax in the Ways and Means Committee were completed on Friday. A mark-up has not been scheduled, but it probably will be after the Memorial Day recess.

A canvass of all the Ways and Means Committee members indicates the following general conclusions: (1) there seems to be a majority for the windfall profits tax,

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(2) a substantial amount of support for toughening the tax, (3) a majority against plowback, and (4) a wide variety of views on the uses of the Energy Security Fund.

3. THE DOLLAR

The dollar appreciated this week on active trading, in response to further indications of a U.S. economic slowdown, growing inflationary pressures overseas, and the prospect of further OPEC oil price increases. Germany, Japan and Switzerland intervened actively to support their currencies, and the Japanese relaxed controls on capital inflows in an effort to reduce selling pressure on the yen. We purchased moderate amounts of German marks.

4. DEVELOPMENT BANKS

The Senate voted 67-24 on Thursday to authorize full funding for the regional development banks--the Inter-American Development Bank, the Asian Development Fund and the African Development Fund--for the next four years. There were no proposals to cut the amounts we had negotiated, nor to add restrictive amendments. The House plans to take up the legislation in early June. Meanwhile, the appropriations process begins next week with the mark-up of our \$3.6 billion request in the House Subcommittee chaired by Clarence Long.

5. JAPANESE TV DUMPING DUTIES

On March 31, 1978 Customs assessed \$46 million in antidumping duties against importers of Japanese television sets. As of April 1979, \$41 million had not been paid. On May 15, 1979 the Commissioner of Customs decided to refer all unpaid cases to the Department of Justice for suit. Individual referrals will be made as rapidly as the Customs staff can prepare the necessary documents.

Mike

W. Michael Blumenthal

Community WASHINGTON, D.C. 20506
Services Administration



C
/

18 MAY 1979

MEMORANDUM TO THE PRESIDENT

Attention: Rick Hutcheson
Staff Secretary

FROM : Graciela (Grace) Olivarez
Director
Community Services Administration *GO*

SUBJECT : Weekly Report of Significant Agency
Activities
(May 13 - May 18, 1979)

Director Addresses Hispanics in Atlanta

As a follow-up to the Spanish Heritage Week Town Hall meetings of last year, I addressed the Hispanic Community of Atlanta, Georgia, along with the Hispanic Federal Coordinators, about the significance of affirmative action programs in this administration and the importance of an accurate count of Hispanics in the 1980 census.

Crisis Intervention Program

The attached sheets show how the Community Services Administration (CSA) has allocated \$186,236,413 of its \$200 million Crisis Intervention Program for Fiscal 1979.

Community Food and Nutrition Program

The final rule for CSA's Community Food and Nutrition Program has just been signed and will appear next week in the Federal Register. The new rule will help our grantees advocate for a more effective mobilization of federal, state and local food and nutrition resources.

Attachments

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THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

Q

May 18, 1979

MEMORANDUM FOR THE PRESIDENT

ATTENTION: Rick Hutcheson, Staff Secretary
FROM: Brock Adams
SUBJECT: Significant Issues for the Week of May 14

Handwritten signatures of Brock Adams and Rick Hutcheson are written over the "FROM" and "SUBJECT" lines of the memorandum.

Energy/Transportation Impacts - We are receiving reports of severe shortages of diesel fuel and rapidly escalating prices.

- As of May 8, the American Public Transit Association reported that forty bus/transit systems were receiving less diesel fuel than their current operating requirements. I have attached a list of the cities where shortages are occurring. The Department of Energy says they are discussing this problem with major suppliers and are in the midst of rulemaking actions to provide 100 percent of current fuel requirements to ground public transportation. We endorse the 100 percent allocation proposal.
- Jet fuel suppliers are still allocating fuel at levels 80 to 95 percent of 1978-79 base levels. The latest cutback has been by Shell, which supplies 100 percent of the fuel at Anchorage, Honolulu, and JFK airports and has reduced those airport supplies to 95 percent of the base level.
- Reports from truck stops in Oklahoma and California indicate 40-45 percent shortfalls in May allocations with some sold out completely. Truck stops in New Mexico, Arizona, Nevada, and Texas report serious shortages.
- The railroads report a general carrier shortfall of 20-25 percent compared to May, 1978, and they are drawing down inventories to overcome current shortages. The Burlington Northern, for example, indicates it has 66 percent of its normal inventory for this time of year. The American Association of Railroads estimates increased diesel fuel prices are costing the industry \$750,000 daily.
- Waterway operators report current diesel fuel prices per gallon ranging 59 cents to 90 cents compared to 40-50 cents per gallon at the end of 1978.

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Meeting with Chicago Mayor Jane Byrne - On Tuesday, May 15, I met with Mayor Byrne of Chicago to assure her of our willingness to work with the city and State in any reassessment of their transportation priorities. She indicated that she is developing her position on such major projects as the Crosstown Expressway (\$1+ billion) and the Franklin Street Subway (\$500-700 million) and will be contacting me in the near future.

Anti-Inflation Program - We are still making progress in our efforts to hold down highway construction costs. Preliminary figures indicate that the construction cost index for the quarter ending March 31 dropped 8.4 percent, the largest quarterly decrease on record. Costs decreased in excavation activities and Portland cement concrete pavement while reinforcing steel continued to rise in price. We have provided details to the Council on Wage and Price Stability.

Cities served by transit systems receiving less Diesel Fuel than current operating requirement.

Albany, NY
Allentown, PA
Battle Creek, MI
Billings, MT
*Boise, ID
Chatanooga, TN
Chicago, IL
Dallas, TX
*Denver, CO
Des Moines, IA
Duluth, MN
Grand Rapids, MI
Harrisburg, PA
Jackson, MI
Jacksonville, FL
Kansas City, MO
Little Rock, AK
Long Beach, CA
Louisville, KY
Luzerne Co. (Wilkes-Barre), PA
Madison, WI
Minneapolis/St. Paul, MN
Milwaukee, WI
Mobile, AL
Oakland, CA
Omaha, NB
Phoenix, AZ
Plainfield, NJ
Rock Island, IL
Sacramento, CA
St. Louis, MO
Santa Clara, CA
*Santa Cruz, CA
Santa Monica, CA
South Bend, IN
Stockton, CA
Tucson, AZ
Winston, Salem, NC
Los Angeles, CA

* These systems have had a ridership increase of over 20% in the last year. Many others on this list have had significant ridership increases for the same period.

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

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May 18, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall *Ray*

SUBJECT: Major Departmental Activities
May 14 - 18

Consultation with the AFL-CIO leadership. Under the agreed upon consultation process the Vice President, Stu and I will meet today with the AFL-CIO. We will be discussing inflation policy, the MTN, and the problems of Federal employees. This will be the first of regular monthly meetings. I believe we can use this process to help forge a better consensus on economic policy and further improve the climate of our relations.

No progress on the United Airlines/Machinists Strike. Yesterday the Collective Bargaining Committee met to review current and upcoming negotiations. It looks like there are few prospects for a settlement in the United strike and that the strike will be a long one. In addition, no one can foresee a guidelines settlement.

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DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

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May 18, 1979

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson
Staff Secretary

SUBJECT: Weekly Report

Secretary Bergland is in Minnesota with his father who is critically ill.

FARMER-OWNED RESERVE WHEAT IS RELEASED. Wheat in the farmer-owned reserve was released for redemption May 16 when the prices reached \$3.31 per bushel -- two cents above the \$3.29 trigger level.

CONTINUED STRONG WORLD GRAIN DEMAND LIKELY. World feed grain requirements during 1979 - 1980 are virtually certain to exceed production.


JIM WILLIAMS
Acting Secretary

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THE SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

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FYI

May 18, 1979

REPORT TO THE PRESIDENT

Upon Secretary Kreps' return, she will report to you on her trip to China, Hong Kong, and Tokyo. She arrives in Washington late Sunday afternoon and will attend the Cabinet meeting Monday morning. Shortly after the meeting she plans to appear before the Washington Press Club where questions on her China trip are expected to predominate.



Elsa A. Porter
Acting Secretary

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EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

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May 18, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren
Gus Speth
Jane Yarn

D.S.

SUBJECT: Weekly Status Report

Alaska Lands Vote. Congratulations on the overwhelming House vote for the Udall-Anderson Bill. In light of predictions of a close vote, the result demonstrates the broad public support for your position as well as the effectiveness of your efforts to gain passage of this Bill.

Prime Agricultural Lands Retention Report. Today we released a report -- "A Survey of State Programs to Preserve Farmland" -- that was prepared for us by the National Conference of State Legislatures. About three million acres a year of prime farmland is converted each year to other uses such as urbanization. The report represents the first comprehensive survey of state laws designed to protect prime farmland from conversion. The report should serve as a catalyst for developing alternative farmland protection methods. A copy is attached.

Environmental Review Regulations. Four months ago, we published our final regulations reforming the preparation of environmental impact statements and other procedural aspects of the National Environmental Policy Act. Our efforts to reduce paperwork and delay and improve decisionmaking have stood up well under scrutiny and, in fact, have been complimented by the U.S. Chamber of Commerce, the National Governors' Association, and the National Wildlife Federation, among others. We now are devoting substantial time to ensuring that individual agency procedures properly implement your directive and the Council's regulations.

Coastal Protection. Today we signed an agreement with NOAA to develop an East Coast map that will identify and display, through a sophisticated overlay technique, coastal areas that are least suitable for energy and other major industrial sites and that contain important natural resources, such as commercially valuable living resources and critical habitats. We are undertaking this study in response to federal agency difficulties in dealing with the Pittston, Maine and Portsmouth, Virginia refinery siting proposals. The study is expected to be completed in one year.

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

May 18, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Douglas Costle

THE ADMINISTRATOR

If gasoline scarcities worsen, we will face a major environmental problem: massive amounts of switching from unleaded to leaded gasoline in cars with catalytic converters. Converters are ruined by two tankfuls of leaded gasoline.

The problem is getting worse rapidly. About 10% of the cars nationwide switch fuels now. In early April, California's rate was 28%, however, perhaps indicating a national trend.

The consequences of large scale switching are quite serious:

- o It poses an enormous threat to our efforts to control pollutants like smog and carbon monoxide.
- o If emission controls on large numbers of cars are destroyed, controls on industrial plants will have to be much more restrictive to maintain healthy air quality.
- o The costs are great. The nationwide investment in catalytic converters is \$7 billion (\$150 to \$300 per car). Additional measures to counter the environmental losses would be costly and could engender strong public resistance.

We have done the following to reduce fuel-switching:

- o Persuaded DOE to propose limiting the price difference between leaded and unleaded gasoline to 5¢ (because switching is related to the price difference at the pump).
- o Strongly urged DOE to modify its pricing rules that inhibit refiners from producing sufficient unleaded gasoline. Immediate action is critical because unleaded inventories are very low compared with leaded stocks.
- o Initiated a strong drive to get states with the more serious air pollution problems to establish inspection and maintenance programs for vehicles in the largest metropolitan areas. These programs, while controversial, represent our best means of keeping emission control equipment operating.

I will keep you advised of our progress.

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A handwritten signature in dark ink, appearing to be "A. M. J.", written over the bottom right portion of the page.



Office of the Attorney General
Washington, D. C. 20530

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May 18, 1979

Principal Activities of the Department of Justice
for the Week of May 14 through May 18, 1979

1. Meetings and Events

On Tuesday, the Attorney General attended a breakfast meeting of the Board of Fellows of the Institute of Judicial Administration in Washington and gave the main speech at the annual awards dinner of the Jacksonville chapter of the National Conference of Christians and Jews. On Thursday the Attorney General had a luncheon meeting with judges for the new Foreign Intelligence Surveillance Act Court and attended the White House ceremony in honor of the Brown decision. That night he gave the keynote address in Washington to the Leadership Georgia Foundation, Inc. On Friday he gave the annual luncheon address to the American Law Institute in Washington.

2. Foreign Intelligence Surveillance Court

The names of the judges and the court's procedures were announced on Friday by the Chief Justice. The judges have been receiving detailed briefings on the nature and scope of their work, and it is expected that they will be able to begin work almost immediately after setting up their internal procedures. The court will hold its sessions in a secure facility provided by the Attorney General.

3. Bureau of Prisons

The Department and the Bureau of Prisons won a major lawsuit in Bell v. Wolfish, which the Supreme Court announced this week. The case involved the administrative policies of the Bureau in operating its Metropolitan Correctional Center in New York City, and the decision upheld the Bureau's policies in regard to various security and housing policies.

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THE SECRETARY OF THE INTERIOR
WASHINGTON

May 18, 1979

MEMORANDUM TO THE PRESIDENT

From: Secretary of the Interior

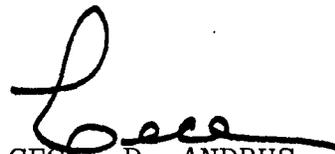
Subject: Major Topics for the Week of May 14

Our Alaska effort paid great dividends. Now we move on to the Senate and although I don't expect as good a result, we are in a strong position for negotiations with the Committee and the end result out of Conference Committee should be acceptable. I will meet with Senator Jackson next week to discuss timing and procedure.

Your legislation for "cost sharing" of water projects went to the Hill on Wednesday. The water developers will oppose us as they always do, but we do have support from those who object to the "pork barrel." Some states are also supportive so we are not alone.

Tom Bevill's Public Works Committee has refused to let us reprogram the funds to set up the independent review capability for water projects that you directed us to establish. I will try again next week, but it looks bleak for any money in 1979. Biz Johnson joined forces with Bevill and rejected the proposal because they know that some of their pet projects can't stand a technical review. I will keep you advised.

I will miss Cabinet on Monday, but Under Secretary Jim Joseph will represent me.


CECIL D. ANDRUS

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THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

May 18, 1979

MEMORANDUM TO: The President
Attention: Rick Hutcheson, Staff Secretary

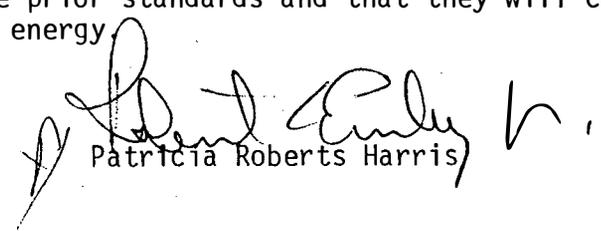
Subject: Weekly Report of Major Departmental Activities

Philadelphia Block Grant Subject to Strong Conditions. On Tuesday, May 15, the Department informed Philadelphia that only 10 percent of its fifth year block grant would be released initially. The remaining 90 percent of the funds will be released in 30 percent increments contingent upon 1) the beginning of construction on Whitman Park, 2) the city's developing a plan for placing 450 units of low and moderate income family housing in non-impacted areas, and 3) HUD's receiving preliminary proposals for an additional 448 subsidized non-elderly new construction units in non-impacted areas with construction having begun on at least 100 such units.

Nuclear Accident Contingency Planning Continues. The Three Mile Island incident has heightened Congressional as well as Administration concern over State and local ability to evacuate nearby populations in the event of a severe nuclear facility incident. In this regard, FDAA has provided to the staff of the Senate Public Works Committee summaries of evacuation planning developed under disaster preparedness grants. Administrator Wilcox met with the Committee staff May 17 and testified before the House Armed Services Committee on the same subject.

Measures Being Taken to Avoid Fraud and Waste in HUD Programs. In response to the Administration's emphasis on honest, efficient government, the Department has established a Committee on Fraud, Waste and Mismanagement. This Committee has identified programs vulnerable to fraud or abuse, and is developing initiatives for management improvement.

New Thermal Standards Effective This Week. HUD's strict new thermal standards are applicable to all Federally insured or guaranteed residential dwellings. The Department has estimated that the standards are 20 percent more effective than the prior standards and that they will conserve a considerable amount of energy.


Patricia Roberts Harris

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A Survey of State Programs to Preserve Farmland: An Overview
by Bob Davies

Response to the NCSL/CEQ "Survey of State Programs to Preserve Farmland" exhibited great interest in the preservation issue, but less agreement on whether existing programs have worked and on what directions future efforts should take.

The major causes for concern cited by respondents echoed the many farmers and farm organizations, State and local officials, environmentalists, and other groups and individuals that have sought to bring the issue of farmland preservation to the forefront at every level of government over the last two decades.

Chief among these concerns is urban sprawl's voracious appetite for farmland. A particular form of urbanization--leapfrogging, scatteration, or "buckshot" development, continues to result in developments surrounding and isolating individual farmers or farming areas. Those farming the land often develop what some term the "impermanence syndrome," lessening concern for use of the best production and conservation methods while contemplating the inevitable sale and change in use of the land.

Urbanization also has destroyed or badly damaged the green belts and buffer zones adjacent to communities, affecting recreational, wildlife management, and natural resources programs specifically located near urban centers. Elimination of truck farming and other food-producing areas near major cities, especially in New England, has increased dramatically their dependence on food supplies shipped from great distances. The weather conditions during recent winters and growing concern over the availability of fuel supplies to make the multistate and trans-continental hauls necessary to maintain food supplies have prompted new worry over diminishing farmland.

A number of rural states cited the continuing decline in the number of family farms and the resulting threat to the viability of rural communities, as general and school populations decline, local businesses supplying goods and services to these farmers go under, and civic and social activities slow. Opportunities for those wishing to enter farming are curtailed. And, one of the factors mentioned frequently in the project visits to Maryland, New Jersey, New York, and Pennsylvania, the loss of family farming in one area after another lessens the philosophical attachment to the land that has kept afloat unaccountable numbers of marginal farming operations, and thus maintained agricultural use of widespread sections of good cropland.

A related issue, foreign investment in farmland, has created concern in all areas of the nation. At least twenty states are considering legislation to limit or prohibit ownership of farmland by nonresident aliens. Bills requiring the filing of reports on land ownership by foreigners are under consideration in a dozen states; Virginia passed such a measure during its recently-concluded 1979 session.

The response of the states to these concerns, except for the latter issue of foreign investment, has been limited. Results from previous studies of farmland preservation efforts have concluded that the greatest level of interest in the issue comes from the highly urbanized Northeast and from certain environmentally conscious parts of the country. This study substantiated those claims in terms of the volume and sophistication of statutes and bills received from the various jurisdictions.

More interest is becoming evident, however, in the Corn Belt and Lake States, with Iowa and Minnesota planning interim activities to consider the report of a state land preservation policy commission and tax credit legislation similar to Wisconsin's, respectively; and Ohio and Illinois are considering agricultural districting bills. (The Illinois legislation was introduced subsequent to the final preparation of this report).

Most states deal with the issue of farmland preservation primarily through provisions allowing preferential property tax assessment. All states but Georgia and Mississippi, and technically Arkansas, have such provisions on their books. Arkansas' general statute on assessment, including sections dealing with agricultural land, was declared unconstitutional by the Pulaski County Circuit Court last fall. The State legislature has passed a constitutional amendment regarding agricultural land assessment which will be on the ballot in November, 1980.

Discussions with those who provided information for the survey and comments in the written responses we received coincided with the conclusions in John Keene's 1976 report for CEQ, Untaxing Open Space, namely that preferential assessment has a minimal effect in most states in preventing conversion of farmland to other uses. Many of these programs could be more accurately termed tax relief measures than effective preservation efforts.

Rollback provisions were generally considered too limited, with some advocating at least doubling the time period in their states, to seven or eight years in some areas and up to fifteen years in Pennsylvania. De facto underassessment of farmland was also cited as a contributing factor to limiting the impact of the provisions. In some states (Pennsylvania, e.g.) there is even reluctance to participate in preferential assessment programs for fear of raising assessments. Enactment of additional guidelines to govern local assessment, as well as training programs and a general upgrading of the assessment function were advocated.

Among the other types of preservation programs highlighted in this survey, three continue to attract the most attention in the states: purchase of development rights, agricultural districting, and transfer of development rights.

Purchase of development rights (PDR) is the technique generating the most interest at present. Yet its costs appear prohibitive. A PDR pilot program in New Jersey was recently abandoned when it was determined that only a relatively few acres could be purchased with the \$5 million appropriated. Other states are still experimenting with PDR and may achieve some success. Maryland, for example, is trying a more cautious program, in which farmers submit bids for the development rights to their land, rather than have the program automatically pay the difference between the farm value and development value of the land.

Agricultural districting was first tried as a farmland preservation method in New York in 1971. Such districts represent something of a compromise between rigid zoning and preferential assessment. Virginia has passed a program modeled after the New York law, and Illinois, Ohio, and Pennsylvania are considering similar bills.

Maryland, New Jersey, and New York are considering adoption of transfer of development rights (TDR) programs, which would empower local governments to delineate preservation and transfer zones (or sending and receiving districts) and create machinery for transmittal and use of development rights from the preservation zones or sending districts. State-coordinated programs are being considered, since in those jurisdictions where local governments are presently allowed to undertake a modified form of TDR program (usually under an "open space act"), only a few have participated, scattered throughout the state, with developers simply crossing into

adjourning jurisdictions where fewer or no limitations on development exist.

Another type of program, exclusive agricultural zoning, has appeared to many to be a straightforward method of restricting certain lands to farming. Certainly states and, as empowered by the state, municipalities and other local governments have the authority to apply such zoning structures. But politically these rather more drastic steps have proven difficult. A strong zoning bill has been considered several times in California but has not passed. A few states, Oregon among them, have modified zoning plans.

Individuals within the most active states who have studied some or all of these preservation methods seem prepared to consider combining the key elements from a number of methods into more comprehensive systems of farmland preservation. Conversations with legislators and staff in Pennsylvania and Maryland, for instance, evidenced interest in combining the basic elements of agricultural districting legislation (preferential assessment with a restrictive agreement plus limitations on use of eminent domain and on taxation by special districts) with "circuit breaker" tax credits or purchase of development rights. Once again, it appears, the effort to balance the rights of the individual (land owner) with the legislated goals and intent of government will result in ever more complex program provisions and larger economic stakes for players on all sides.

A number of survey respondents noted that "raising the ante" in the game of farmland preservation should require the federal government to "get its house in order." A start has been made, they acknowledge, with policy statements and executive memoranda from the Council on Environmental Quality, U.S. Department of Agriculture, Environmental Protection Agency and Economic Development Administration. But a more thorough, government-wide effort to coordinate federal programs and policies is needed, particularly the oversight of programs providing for the infrastructure needs of developing communities--streets and highways, sewer and water systems, housing, public buildings, and shopping areas. Federal legislation sponsored by Congressman James Jeffords (R-VT) and Senator Warren Magnuson (D-WA) was cited numerous times. Prompting their interest were provisions in both measures for coordinating federal policies with state and local preservation programs and financing demonstration programs to test and refine preservation methods.

Many state officials, particularly those with whom we had extended conversations during the state visits in March and while attending a conference on alternative farm, land, and food policies in Nashville in January, were genuinely interested in pursuing a coordinated effort by all levels of government--federal, state, and local, to compile and exchange information on preservation methods and to begin the task of reviewing present policies and their interrelationships. At the moment, however, in most areas of the nation, such coordination is lacking. The limited inventory of state programs, beyond the less effective preferential assessment provisions in almost all states, reflects that need.

A Survey of State Programs to Preserve Farmland

by Bob Davies
Staff Director for Rural Development
Office of State-Federal Relations
National Conference of State Legislatures
Washington, D.C.

and

Joe Belden
Roger Blobaum and Associates
Washington, D.C.

April, 1979

TABLE OF CONTENTS

	Page
Introduction	1
Survey of State Farmland Preservation Laws (Table) . .	4
I. Preferential Property Tax Assessment	5
II. Preferential Property Tax Assessment with Deferred Taxation.	11
III. Preferential Taxation with Restrictive Agreement	27
IV. Circuit Breaker State Income Tax Credits . .	33
V. Inheritance and Estate Taxation	35
VI. Land Gains Taxation	38
VII. Agricultural Districts	39
VIII. Agricultural Zoning	42
IX. Purchase of Development Rights	45
X. Transfer of Development Rights	52
XI. Land Use Commissions.	55
XII. Land Banking	57
Summary of State Visits.	60
Bibliography	67