This report reviews the legislative progress through December 31, 1971 of the rural development bills introduced in the U.S. Senate and House during the first session of the 92d Congress. For purposes of organization, this report presents 15 major rural development categories and limits this review to those bills and bill categories directed at economic, social, and cultural rural development. Each bill presented is identified in terms of its number, its author, its major provisions, and one of the following categories: (1) Revenue Sharing Bills; (2) Reorganization Bills; (3) Development Bank Bills; (4) Bills to Amend the Consolidated Farmers Home Administration Act; (5) Rural Industrial Incentive Bills; (6) National Policy; (7) Housing Bills; (8) Water and Waste Disposal Systems; (9) Rural Development and Population Dispersion Act of 1971; (10) Small Community Development; (11) National Rural Development Center; (12) Rural Telephone Bank; (13) Medical Care Bills; (14) Fire Prevention Bills; (15) Appalachia. A complete list of the proposed rural development legislation introduced during the 92d Congress is presented in the appendices. (JC)
RURAL DEVELOPMENT

Report on Congressional Activities in 15 Major Categories in the 92d Congress, 1st Session

PREPARED BY
THE LIBRARY OF CONGRESS
CONGRESSIONAL RESEARCH SERVICE
FRANCES ROBBINS
Analyst in Agriculture and Conservation

FEBRUARY 3, 1972

Printed for the use of the Committee on Agriculture and Forestry

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1972
## CONTENTS

<table>
<thead>
<tr>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>Revenue Sharing Bills</td>
<td>2</td>
</tr>
<tr>
<td>Reorganization Bills</td>
<td>3</td>
</tr>
<tr>
<td>Development Bank Bills</td>
<td>5</td>
</tr>
<tr>
<td>Bills to Amend the Consolidated Farmers Home Administration Act</td>
<td>10</td>
</tr>
<tr>
<td>Rural-Industrial Incentive Bills</td>
<td>12</td>
</tr>
<tr>
<td>National Policy</td>
<td>15</td>
</tr>
<tr>
<td>Housing Bills</td>
<td>16</td>
</tr>
<tr>
<td>Water and Waste Disposal Systems</td>
<td>17</td>
</tr>
<tr>
<td>Rural Development and Population Dispersion Act of 1971</td>
<td>18</td>
</tr>
<tr>
<td>Small Community Development</td>
<td>18</td>
</tr>
<tr>
<td>National Rural Development Center</td>
<td>19</td>
</tr>
<tr>
<td>Rural Telephone Bank</td>
<td>19</td>
</tr>
<tr>
<td>Medical Care Bills</td>
<td>19</td>
</tr>
<tr>
<td>Fire Prevention Bills</td>
<td>20</td>
</tr>
<tr>
<td>Appalachia</td>
<td>21</td>
</tr>
<tr>
<td>List of Bills—Appendix A</td>
<td>21</td>
</tr>
<tr>
<td>References—Appendix B</td>
<td>29</td>
</tr>
</tbody>
</table>
In the first session of the 92nd Congress over 130 distinctively rural development bills were introduced in the House and Senate. This report describes their legislative progress through December 31, 1971. Many were reintroductions of proposals introduced in previous Congresses; some were new ideas. Many of the bills were identical with the result that all told they fell into about 15 major categories. For organizational purposes it is advantageous to limit the rural development legislation reviewed in this report to bills and bill categories directed at economic, social, and cultural development.

Environmental problems and matters such as soil conservation and water pollution, while crucial matters to total rural development, have been omitted. Education, health, law enforcement, and similar issues which affect the quality of life in rural areas also have been omitted. Developments in national planning as they affect rural area planning, and specific economic development issues, such as airport development assistance, although important to rural development, have not been included in this brief report.

Some major pieces of legislation which would have a substantial effect on rural residents have been excluded because of their national, rather than specific rural, focus. Legislation directed at the farming industry has been excluded unless it was also directed toward the solution of the problems of nonfarm rural residents as well as farmers' problems.

The proposals which created the most widespread interest in rural development were the administration's rural revenue-sharing bill and the bill to create a new Department of Community Development as part of the rural reorganization of the executive branch.

Adverse reaction to these proposals was very strong initially and the President announced late in the session that a new plan for reorganizing the Department of Agriculture would be sent to Congress in the near future.

A Rural Development Subcommittee of the Senate Committee on Agriculture and Forestry was created early in the session and funded for hearings, research, and staff. Extensive hearings were held in Washington and in Iowa, South Dakota, Alabama, Georgia, Oklahoma, Nebraska, and Ohio on rural revenue sharing, reorganization of the Department of Agriculture, and the need for a national policy and program for national rural development. Hearings were also held on a rural credit bill, S. 2223. It was favorably recommended by the subcommittee and was on the agenda of the full committee at the end of the session.

The House Committee on Agriculture held hearings in February, July, September, and October on H.R. 10867. Further action on a redrafted bill is expected in the second session.
REVENUE-SHARING BILLS

(S. 1612, Amendment No. 470 to S. 1612, H.R. 7993, H.R. 11678, H.R. 11880, and H.R. 12009)

Administration bills S. 1612 (Mr. Miller) and H.R. 7993 (Mr. Schwengel) were introduced as the Rural Community Development Revenue-Sharing Act of 1971. The bills fit with the reorganization proposals as part of the President’s “New Federalism.” Several amendments, intended to be offered as substitutes for S. 1612 were introduced by Senator Allen. The Senate Committee on Agriculture and Forestry has held extensive hearings on S. 1612 and the House Committee on Agriculture has considered H.R. 7993.

The legislation is aimed at modifying some existing programs to aid in implementing the administration’s plan for rural development. The legislation would allocate new appropriation authorizations among the States to carry out rural development programs originating from regional or area planning districts.

For purposes of S. 1612 a “rural area” is any county, parish, or similar political subdivision which has a population density of less than 100 persons per square mile or which is not included in a standard metropolitan statistical area. Puerto Rico, the Virgin Islands, and Guam are included as States.

“Rural development” is defined as those programs of a State which directly benefit the residents and are undertaken in a rural area, which are certified by the Governor as benefiting the majority of the rural residents.

Rural community development programs and activities include public works, public services, private investment in industrial, agricultural, and commercial enterprises which would assist in increasing employment opportunities and income and which would promote conservation, develop better transportation, educational facilities, and improve housing and health care.

New funds would be authorized by the legislation, but no appropriation level is set by the bill. Of this appropriation, 1 percent would be divided equally among the States. Of the remainder, each State would receive allocations on the basis of three formulas. Fifty percent of the remainder would be allocated to 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.

From these payments, each State would maintain agricultural extension work through land-grant colleges and would continue 4-H and nutritional aid programs. The legislation would require that each State establish multijurisdictional planning districts and that beginning in fiscal year 1973 the Governors would submit to the Secretaries of Agriculture and Housing and Urban Development (S. 1612) or the Secretary of Agriculture (H.R. 7993) a State development plan.

Under the bill certain present functions of the Department of Commerce and the Department of Agriculture would be discontinued in whole or in part. These would include parts of the Public Works and Economic Development Act of 1965 and the Appalachian Regional Development Act of 1965.

No applications for Federal cost-sharing for certain soil programs under the new rural environmental assistance program (REAP)
would be approved after December 31, 1971. No further agreements under the Water Bank Act or funds to States for forestry and tree planting assistance would be granted after December 31, 1971.

No new contracts would be let under the Great Plains conservation program. Water and waste disposal and planning grants under section 306(a) and (2) and (6) of the Consolidated Farmers Home Administration Act and financial assistance for resource conservation and development projects under the Bankhead-Jones Farm Tenant Act and for certain programs under the Soil Conservation and Domestic Allotment Act would be discontinued.

Senator Allen's amendment No. 470 would establish and provide for general grants-in-aid to States, municipalities, counties, and multi-jurisdictional areawide planning and development districts. It would not eliminate any existing Federal programs.

In the amendment, a rural area would be any part of any county, parish, town, township, or similar political subdivision including all areas within the territorial confines which has a population density of less than 100 persons per square mile and not within the corporate limits of a municipality larger than 50,000.

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

An amendment proposed by Mr. Bellmon as title IV of the revenue sharing bill (S. 1612) would provide for the renaming of the present Department of Agriculture as the Department of Agriculture and Rural Development and would elaborate the duties of the Secretary in establishing State and local rural development offices and in coordinating Federal rural development activities.

Though different in some respects from the administration revenue sharing proposals, the "Rural Economic Development Act of 1971," H.R. 11678 (Mr. Mizell) would authorize new appropriations for rural development and distribute them to 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 Cochairman to act as a 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 Commission would require a maintenance of effort policy in the States and would consider a priority of programs for development. Assistance would be provided for projects aimed at rural problems of transportation, industrial growth, education, health, housing, environmental protection, and planning resources.

REORGANIZATION BILLS

(S. 1430, H.R. 6962, H.R. 6964, and H.R. 7276)

Four identical bills—H.R. 6962, 6964, 7276, and S. 1430—have been introduced to create a new Department of Community Development. The proposal is part of the administration's general plan for reorganization of the executive branch and a move toward President Nixon's
“new federalism.” The measure is designed to promote more effective management of certain rural development functions presently controlled by several executive departments by consolidating related functions into a single Department of Community Development. The legislation is designed to encourage and facilitate communication and cooperation between Federal and local governments and to eliminate much of the confusion resulting from complex Government structures.

A new Secretary would be named to administer the Department made up of an Urban and Rural Development Administration, a Community Transportation Administration, and a Housing Administration, each with its own administrator.

The Secretary would have the authority to prescribe policies, standards, criteria, and procedures and to reorganize the Department, as necessary. He would also have the authority to establish, alter, discontinue, or maintain State, regional, and local field offices.

All functions of the present Department of Housing and Urban Development would be transferred with the exception of certain programs carried out under title IV of the Housing Act of 1950. Some functions would be transferred from the Office of Economic Opportunity, the Department of Transportation, and the Commissioner of Education. Certain disaster relief programs would be transferred from the Small Business Administration; and the Secretary would assume responsibility for certain functions of the Secretary of Commerce under the Public Works and Economic Development Act of 1965.

The Rural Electrification Administration, functions of the Soil Conservation Service under the Bankhead-Jones Farm Tenant Act and the Farmers Home Administration water and sewer grants and planning assistance would be transferred from the present Department of Agriculture.

Hearings on S. 1430 were held before the Senate Committee on Government Operations May 25 and 26 and June 22 of 1971. Overview hearings on H.R. 6962 and the other executive reorganization bills were held in June and July before the House Government Operations Committee.

The reorganization proposals were discussed in hearings before the Senate Subcommittee on Rural Development on June 16, 1971. Numerous witnesses from farm groups and rural development organization spoke in opposition to the administration's proposal.

William Murray, legislative representative of the National Rural Electric Cooperative Association, testified that he found the proposed reorganization plan illogical and impractical. He viewed dismembering the Department of Agriculture and distributing its functions to new departments “mainly urban oriented” as a poor way to administer rural development programs. He stated further that the reorganization accompanied by revenue sharing would serve to fragment and complicate rural development efforts still further. He felt that reorganizing the Department of Agriculture itself would be a better idea.

Fred Heinkel, president of the Mid-Continent Farmers Association and chairman of the Coalition of General Farm and Commodity Organizations, spoke in opposition to proposal which would (1) abolish the Department of Agriculture and diminish the farmer's voice and influence on the Federal Government; (2) remove programs and agencies from the direct control of an accountable Secretary of Agriculture; and (3) shift primary focus on Government agencies and pro-
grams away from benefiting farmers and that farm programs would fare badly.

Other witnesses repeated many of these fears of further confusion and an end to valuable programs and established Government structures at field hearings on rural development held in Iowa, South Dakota; Alabama, Georgia, Oklahoma, and Nebraska in May, July, and September.

On November 11, 1971, President Nixon announced that the reorganization plans for the Department of Agriculture had been withdrawn. Under a new proposal to be sent to Congress during the 92d Congress, a separate Department of Agriculture would be maintained to concentrate solely on those problems which affect farmers. Peripheral functions would be trimmed off and moved to the Department of Community Development and Natural Resources.

**DEVELOPMENT BANK BILLS**


Three basic rural development bank bills were introduced in the first session of the 92d Congress. S. 742 (Mr. Pearson) and the companion House bill H.R. 9630 (Mr. Kyros) would provide for the creation of a Rural Community Development Bank to make financial and technical assistance available for the establishment and expansion of commercial, industrial, and related public and private facilities.

S. 2223 (Mr. Talmadge and Mr. Humphrey) and corresponding House bills would amend the Consolidated Farmers Home Administration Act of 1961 by establishing for nonfarm rural development an across-the-board investment and credit system similar in purpose and operation to the combined operations of the Farm Credit Administration and the Farmers Home Administration in the farm credit field.

S. 580 (Mr. Sparkman) and H.R. 3550 (Mr. Patman) would establish a National Development Bank as an instrumentality of the U.S. Government to assist—financially and technically—the economic expansion in depressed rural areas and urban slums.

**Major Provisions of S. 742**

Under S. 742 counties in the 50 States and Puerto Rico in which at least 15 percent of the families have annual incomes below the OEO poverty level would be eligible for assistance. Indian reservations would also be eligible. Specifically excluded from eligibility would be areas within standard metropolitan statistical areas, metropolitan planning or development districts, and areas in otherwise-rural areas where adequate development resources are already available.

This bill would create as an instrumentality of the U.S. Government a Rural Community Development Bank. The bank would undertake financing and assistance for appropriate fees. It would maintain liaisons with other Government instrumentalities to prevent overlapping of operations and would consult with and encourage local banks to participate in its financing. Emphasis would be given to assistance in the construction of facilities owned by residents of the rural area.

The bank would have the authority to issue $1 billion worth of class A stock available in its entirety for purchase by the Secretary.
of the Treasury from proceeds of any securities issued under the Second Liberty Bond Act. A 2-percent return on the amount of subscription would be paid from the net income. The bank would also have the authority to make, participate in, or guarantee loans or provide other financing for real and personal property and to provide interim financing for the construction or improvement of facilities. The bank would further provide or assist in providing insurance for the facilities. In providing technical assistance to State and local governments, the bank would do research and gather information and would develop criteria to assure that these projects would not be inconsistent with comprehensive development planning already in existence in the area.

The bank could also require each borrower to contribute a certain percentage to its loan to a guaranty fund.

**Major Provisions of S. 2223**

Title I of S. 2223 would create a rural development credit system consisting of: (1) a supervisory Federal Rural Development Credit Agency; (2) a Federal Rural Development Investment Equalization Administration to provide subsidies for rural development purposes; and (3) institutions which would make loans for rural development purposes. These institutions would be (1) local banks or other financial institutions designed as participating institutions; (2) district rural development credit agencies—financial agencies of multijurisdictional planning and development districts; and (3) 10 regional banks.

Each borrower would be required to purchase stock in the District Development Credit Agency in the amount of 5 to 10 percent of the loan. The Regional Rural Development Credit Bank would establish the loan terms and conditions.

Any financial agency of a multijurisdictional planning and development district of a State could be designated, upon proper approval, as a District Rural Development Credit Agency and be chartered as an instrumentality of the United States. These agencies could be required to purchase stock in the Regional Rural Development Credit Bank. They would then be authorized to make loans for rural development purposes through participating institutions or directly in any rural area where there is no participating institution able and willing to supply the credit needs of the applicant.

The 10 Regional Rural Development Credit Banks to be established by the bill would have the corporate power to issue various classes of voting and nonvoting stock.

Applications for assistance would have to be endorsed by the multijurisdictional governmental planning and development district as consistent with its plans.

Obligations of these regional banks could be purchased and sold by any member of the Federal Reserve System and by the bank itself. Regional banks would also have the authority to merge upon the approval of the majority of their stockholders and the Federal Rural Development Credit Agency.

The Federal Rural Development Credit Agency would supervise and direct the entire system, would be able to purchase or sell any obligation or any State of local government issued for rural development purposes, and would be required to give necessary technical assistance to applicants.
To provide incentive payments for rural community development, the bill would establish a Federal Rural Development Investment Equalization Administration to carry out programs of interest supplements and capital augmentation payments. Any borrower who could not pay the full amount of annual interest on his loans from his project earnings would be eligible to receive, at the end of the fiscal year, an interest supplement.

The bipartisan Federal Rural Development Credit Board would establish the general policy for the system and would be authorized to buy and sell securities and to invest funds. Obligations issued by the Board would be guaranteed by the Secretary of Agriculture and the full faith and credit of the United States would be pledged to the payments of the amounts guaranteed. The Secretary of Agriculture would also be authorized to insure any obligation insured or purchased by the Board from a revolving fund capitalized initially at $5 million.

Title II would extend the authority of the Consolidated Farmers Home Administration to make and insure loans to any prospective borrower for any rural community development project, including those providing employment for, as well as those serving farmers, ranchers, farm tenants, farm laborers and other rural residents. The loans would have to be consistent with existing area-wide plans of multijurisdictional planning and development districts. The bill would also extend the authority for grants for water and waste disposal projects, and would increase the maximum amount authorized for grants from $100 million to $300 million for any fiscal year.

For purposes of the bill, a rural area is any area of a State, Puerto Rico, or American Samoa which is not a part of, or contiguous to any municipality of 35,000 or more and its adjacent urbanized and urbanizing areas.

Extensive hearings were held on S. 2223 by the Subcommittee on Rural Development of the Senate Committee on Agriculture and Forestry. Under Secretary of Agriculture, Phil Campbell, testified for the administration on July 23, 1971. He pointed out that while the administration strongly favors the purposes of the bill it feels that the development of this banking and credit system would be too narrow and specific to meet effectively the needs of rural America. He testified that the administration’s revenue sharing proposal would be a stronger and more comprehensive response to the demand for economic betterment of the rural areas. The bill has received considerable attention and favor from many sectors, however, and action on the bill, as modified on the basis of the hearings, is expected in this Congress.

Some miscellaneous amendments were attached to the original bill by the Subcommittee on Rural Development after recommendation were received in hearings from the National Governors Conference, the League of Cities, the Investment Bankers Association and several other groups. Under the new section 1001 the Secretary would be required to pay 50 percent of the interest yield on any obligation for a rural development purpose issued by a State, State instrumentality, or local general government as a taxable, rather than tax exempt, obligation.

Section 1003 would rename the present Department of Agriculture as the Department of Agriculture and Rural Development and set out the duties and responsibilities of the Department and the Secretary for programs in agriculture and rural development.
Major provisions of S. 580

The National Development Bank established by S. 580 would make long-term loans at reasonable interest rates to (1) State and local governments for public works facilities; (2) individuals and corporations to establish new business and commercial enterprises; and (3) public agencies and private nonprofit and limited dividend corporations for the construction of low- and moderate-income housing. The assistance would go to "depressed urban and rural areas" defined for purposes of this bill as areas with a 5-percent rate of unemployment for the preceding calendar year, designated, without regard to political boundaries, by the Secretaries of Labor and Commerce and the Director of the Office of Economic Opportunity. Areas with high rates of underemployment or a pending drop in employment would also fall under this definition.

The board of directors of the bank would comprise the Secretaries of the Treasury, Commerce, Housing and Urban Development, Agriculture, and Labor. Other members would be appointed by the President from State and local government positions and from the private sector.

The bank could make or guarantee loans to provide funds for the purchase of real and personal property and for the working capital necessary for location of a new business or improvement when the borrowers agree to hire a specified number of previously unemployed or underemployed persons and they agree to conduct training courses. The bank could make or guarantee loans or purchase obligations to finance public works projects in eligible areas. It would also make or guarantee loans to appropriate public agencies, nonprofit cooperatives and limited dividend corporations for construction of low- and moderate-income housing.

Loans made by the bank would be for a period determined by the board and, where possible, would coincide with the projected useful life of the facility. The interest rate on direct loans would be no more than 6 percent, or the Federal Reserve discount rate, whichever is lower.

Hearings were held on S. 580 in June and July 1971 by the Senate Committee on Banking, Housing and Urban Affairs.

Major provisions of H.R. 1521

H.R. 1521 (Mr. Reid) is similar to the above bill. The Domestic Development Bank established would undertake financing and technical assistance for appropriate fees; encourage local financial institutions to participate in the bank's financing; and give emphasis to assistance to locally owned facilities.

While the definition of eligible area includes no specific rates of unemployment, as in S. 580, it does specify that its activities be limited to areas of high unemployment and low income in urban areas or areas with substantial unemployment and low income combined with out-migration in rural areas. Indian reservations would also be eligible. For purposes of the bill, a "low-income person" would have an adjusted gross income less than the amount determined by the Secretary of Labor as adequate to support himself and his family.

The bank would issue $2 billion worth of nonvoting stock to be purchased in its entirety by the Secretary of the Treasury from proceeds of sales under the Second Liberty Bond Act—20 percent at the time of subscription and 80 percent subject to call by the board.
The bank would have the authority to make, participate in, or guarantee loans or provide other financing to public agencies or private organizations to establish or expand facilities which will provide a minimum of 25 new jobs in the area. Loans and interim financing would also be authorized to be made to building contractors for construction or improvements of existing facilities. The bank would be authorized to provide insurance and technical and supportive assistance. Further, assistance would be limited to situations where other financing could not be obtained at reasonable terms; the borrower has sufficient equity to insure his careful management of the projects; the local governing body has certified approval of the facility; the establishment of the facility will contribute to a higher standard of living in the area; there is no discrimination in hiring; and unemployed or low-income people would be given preference in hiring.

**Major provisions of S. 1958**

S. 1958 (Mr. Humphrey) differs from the above bills in that the bank to be created would be privately owned. The bank would sell one class of common stock with voting rights throughout the country with a par value of $100 per share. If the bank's total capital of $3.5 billion were not raised by stock sales, the Secretary of the Treasury would be authorized to purchase bank obligations over a 10-year period, at $300 million a year. Additional purchases by the Secretary of $300 million of debentures could be made in emergencies. At the time of receiving loans, each borrower would be required to purchase stock until he holds an amount equivalent to $0.50 per capita for each person in the area or for each person served by the new facility.

For purposes of this bill, "State" is defined as any of the 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands. "Local government" is any county, municipality, or other political subdivision of a State, or any school or special district created by the State.

The bank could: (1) make commitments to purchase, service and sell obligations of a State or local government issued to finance basic community facilities or public works; (2) make or guarantee loans to State and local governments for the construction of commercial facilities and to nonprofit organizations for the construction of housing and medical facilities; and (3) make loans to facilitate economic development in areas designated by the Council of Economic Advisers as low-income, or depressed areas in need of direct loans. A loan could not exceed the total capital cost of the project and would be made for a term not to exceed the life of the project or 40 years, whichever is less. This term would be shortened to 20 years for loans made to private persons for profit-making projects. The interest rate would be set by the board low enough to be competitive with municipal bonds.

Regional operating divisions would be established to assess borrower eligibility and to transact the bank's business locally. There also would be qualified personnel to advise on matters of intergovernmental operations, Federal grant-in-aid programs, methods of administering development and operation of commercial facilities and technical data and requirements for public works and commercial developments.

The Secretary of Housing and Urban Development would have the authority to insure any loan made by the bank. An initial appropria-
tion of $10 million would be authorized to establish a revolving fund from which payments would be made.

Appropriations would be authorized without fiscal year limitation in such amounts as necessary to carry out the purposes of the act.

**BILLS TO AMEND THE CONSOLIDATED FARMERS HOME ADMINISTRATION ACT**


**Major Provisions of H.R. 10867**

Title I of H.R. 10867 (Mr. Poage) would amend the Consolidated Farmers Home Administration Act to allow the making and insuring of loans to residents of rural areas to acquire or establish small business enterprises in rural areas. A Senate bill, S. 2981 (Mr. Aiken), incorporates titles I and II of H.R. 10867.

For purposes of H.R. 10867, a rural area would not include any area in any city or town with a population in excess of 10,000. The bill would authorize the Secretary of Agriculture to make grants to public bodies and other agencies to prepare comprehensive plans for rural development. The Secretary would also have the authority to make and insure loans to public, private or cooperative organizations or to individuals for the purpose of improving and financing business and industrial development.

By amending the Watershed Protection and Flood Prevention Act the legislation would authorize the Secretary to enter into agreements based on conservation plans with landowners. The Secretary would also be authorized to pay for the storage of water for present and anticipated demands for municipal or industrial water as long as the cost of the storage did not exceed 50 percent of the estimated cost of the reservoir structure.

The bill would create the U.S. Agricultural Land Development Corporation to promote more orderly marketing of agricultural commodities in interstate commerce and orderly changes in the use of land adjacent to large urban centers. For purposes of the bill an urban center would be any municipality or incorporated or unincorporated city or borough and any county organized as a city with a population of 100,000 or more. The Corporation would not be an agency of the Federal Government and would be administered by a Board of Directors authorized to issue $200 billion worth of capital stock with voting rights and dividends. Fifty percent of the stock would be purchased by the Federal Government and the other 50 percent would be issued to the public. The Corporation would be authorized to buy any farm offered for sale within areas adjacent to urban centers. This land could be devoted to any legal purpose directed by the Corporation except the cultivation of crops determined by the Secretary of Agriculture to be in surplus.

In these bills Congress directs the heads of executive departments and agencies to establish and maintain the policy of locating new Government offices and facilities in rural and low population density areas in line with the provisions of the 1970 act.

Hearings were held in the first session on H.R. 10867 by the House Committee on Agriculture, but they had not been printed when the first session closed.
Major Provisions of S. 2800

The Rural Revitalization Act of 1971, S. 2800 (Mr. Dole) would amend the Consolidated Farmers Home Administration Act of 1961 by adding a new title V to authorize the Secretary of Agriculture to assist in the planning and financing of rural development. The Farmers Home Administration would be renamed as the Rural Development Administration. A stated purpose of the bill is to authorize and direct the Secretary of Agriculture to establish some form of preference to encourage and enable farmers to utilize the financial provisions of the bill.

Any open country, town, college or city located at least 20 miles from a standard metropolitan statistical area would qualify as a rural community or area. Rural community planning organizations would be recognized to plan and interpret the activities and goals of rural communities.

The Secretary of Agriculture would have authority to guarantee loans to lending institutions to borrowers for the implementation of approved development projects. The Secretary would be authorized to make aggregate grants to $750 million in a fiscal year. They would be available for authorized projects in sparsely populated areas to the extent necessary to make repayments. Grants could not exceed 50 percent of the project cost. Applications for grants would be submitted to the Secretary of Agriculture by rural community planning units.

Financial assistance would be available for water and sanitation systems, health and civil defense facilities, transportation and recreation facilities and for industrial and commercial development. To encourage rural population growth the Secretary would be authorized to make loans for acquisition of land and the purchase or construction of housing. The land would have to be located in a rural area; no single purchase could exceed 200 acres; and the land could not be used for commercial agricultural purposes until the loan has been repaid.

H.R. 2181 (Mr. O'Konski) would amend the Consolidated Farmers Home Administration Act to authorize the Secretary of Agriculture to make or insure loans up to 90 percent of the cost of recreational enterprises and small or medium sized industrial or commercial establishments in rural areas. Available to local public agencies and other interests to provide the facilities, services or opportunities for employment in industries, the loans would include funds for land acquisition, buildings, plants, access roads and necessary water supply and waste disposal facilities. The loans would be repayable in 40 years, or a period no longer than the useful life of the facility. The interest rate would be established by the Secretary not to exceed 5 percent per year.

Preference for loans would be given to financing installations approved under Federal programs for which adequate local financing is not otherwise available and to the installation of facilities which have substantial local public or private assistance either in cash, land or facilities.

H.R. 10671 (Mr. Purcell) would amend the Consolidated Farmers Home Administration Act to increase aggregate limits for existing loan programs and to authorize the Secretary of Agriculture to make and insure loans to local public bodies, to persons, corporations and other business organizations to finance small or medium sized indus-
trial or commercial facilities. The Secretary would also be authorized to make grants for the planning, development and construction of these establishments.

**RURAL INDUSTRIAL INCENTIVE BILLS**


Four basic rural industrial incentive bills were introduced in the first session of the 92d Congress. Two provide tax credits on investments but differ basically in their approach to amending the Internal Revenue Code of 1954. One bill is directed specifically at drawing industry to Indian reservations and the fourth would give income tax credits to employers for employee training programs in rural areas. They all have the same purpose to make it desirable to locate industrial and commercial facilities in areas of low population, low income and high unemployment.

**Major Provisions of H.R. 3511**

The Rural Job Development Act of 1971—H.R. 3511 (Mr. Sebelius) defines a rural job development area as a county in which there is no involvement with a standard metropolitan statistical area or a city of 50,000. Fifteen percent of the families in the area must have annual incomes of less than $3,000. Further, there must be statistics to show that the area has had a 5 percent annual decline in population over the preceding 5 years, or has a projected loss of population and employment as a consequence of the closing of an armed forces installation. Indian reservations are also included in the definition.

Title I of the legislation establishes the criteria for assistance eligibility under the act. A person or appropriate legal entity engaged in an industrial or commercial enterprise through a new or improved facility in a rural job development area would be certified by the Secretary of Agriculture if: (1) the facility is approved according to local zoning ordinances; (2) the facility is placed in service in the first taxable year of the certification period; (3) the facility will give full time employment to at least 10 people; (4) 50 percent of those to be employed reside in the area; and (5) the Secretary of Agriculture determines that the facility will yield significant economic benefits to the area. Persons carrying out the work of a previously existing and certified facility could also be granted a certificate.

The legislation would create a new section 40 in the Internal Revenue Code of 1954 to include rural areas and to run parallel to existing law for other areas. A tax credit equal to 7 percent of investments in real depreciable property would be allowed once a certificate of eligibility has been obtained by the taxpayer. In certain areas with a population density of less than 25 persons per square mile the credit would be increased to 10 percent. The credit would be applied for expenditures chargeable to the capital account, paid for the manufac-
ture, production, construction, or erection of such property and the purchase or improvement of such property.

If the amount of this credit should exceed the taxpayer’s liability for the taxable year, the new section 40 would provide for a 3-year credit carry back and a 10-year carry-forward. If a certificate of eligibility is terminated, the tax credits for taxable years—within limits—would be recaptured. Similarly, tax credits would be recaptured in the event the property is diverted from its intended use.

Also, in the event of a termination of a certificate, the election to increase the depreciation deduction for qualified property would be terminated and future depreciation deductions would be computed under present rules. In addition, once a certificate of eligibility has been obtained, a taxpayer could elect to depreciate property which qualifies for the tax credit over two-thirds of its estimated useful life.

Further deductions equal to 50 percent of the compensation paid to each employee in a training program would be provided. To qualify for this additional deduction, the need for employee training would have to be certified by the Secretary of Labor.

S. 346 (Mr. Pearson) the companion bill, was passed by the Senate as amendment No. 346 to the Revenue Act of 1971. It would have allowed a 10 percent investment credit for certain property placed in service in rural areas, but was deleted from the final version in conference. The Revenue Act as passed included a 7-percent investment credit.

Major Provisions of H.R. 5190

The other major income tax incentive bill pending is the “Rural Development Incentive Act of 1971” H.R. 5190 (Mr. Evins). Under this bill a rural job development area is any political subdivision, including cities, counties, parishes and districts, which is not part of a standard metropolitan statistical area, in which more than 25 percent of the families have annual incomes of less than $3,000 and which has undergone, is undergoing, or is about to undergo a substantial loss of population.

Eligibility for certification requires that a facility create at least 25 new full-time jobs and that 50 percent of those hired comprise people living within the area or in another job training area within a reasonable commuting distance. Twenty-five percent of those employed must be either heads of households which earned less than $3,000 the previous year or individuals which earned less than $1,800 in the previous 12-month period. The facility must be established on a policy of on-the-job training and orientation and must not have moved from a comparable job training area to acquire the tax benefits.

This bill would amend section 46 of the Internal Revenue Code. It would increase any existing credit (no credit is presently allowable under section 49, Internal Revenue Code) by 7 percent of the portion of the qualified investment attributable to section 38 property which constitutes all, or an integral part of facilities certified as job development facilities. There are no provisions in the bill for credit carry back or forward, rather credit would be limited by an amendment to Internal Revenue Code section 46(a)(2). In the event the certification of a facility terminates before the close of the useful life, the credit would be recaptured.
The Internal Revenue Code would be further amended by defining “certified facilities” as tangible property exclusive of section 38 property, which constitutes all, or is an integral part of, facilities which are certified as to area location and job training and job-producing characteristics. The original owner of such a facility would be entitled to a deduction with respect to the amortization on an adjusted basis over a 60-month period. At any time, however, the taxpayer would be free to discontinue the amortization deduction.

Major provisions of H.R. 7690 and H.R. 9359

H.R. 7690 (Mr. Culver) and H.R. 9359 (Mr. Culver) would initiate tax incentives for industrial development on Indian reservations. Any plant, facility, or other commercial establishment would qualify as an “exempt reservation facility” if the Secretary of the Interior determined that for any year of the preceding 9 it had qualified as a reservation industry pursuant to the Reservation Industries Act and if the income of at least 50 percent of the man-hours were attributable to manufacturing or production by eligible Indians as defined by the Reservation Industries Act. A reservation industry must employ at least five Indians and cannot have been transferred from other Indian or non-Indian areas. An eligible Indian is one who resides on a reservation and is enrolled as a member of an Indian tribe which has contracted to establish a manufacturing plant.

With the approval of the Secretary of the Interior a tribe could contract to establish a manufacturing plan and become eligible for the tax benefits provided for in the bill.

Major provisions of H.R. 3504

H.R. 3504 (Mr. Price of Texas) would amend the Internal Revenue Code to limit the use of industrial development bonds to rural areas, and would give an income tax credit to rural employers.

A rural job development area under H.R. 3504 is a county, no part of which is in a standard metropolitan statistical area and in which there is a poverty rate of 50.000. In the area more than 15 percent of the families must have annual incomes of less than $3,000; there must have been a 5-percent annual drop in employment for the preceding 5 years and the community must be undergoing or likely to undergo a serious emigration due to the closing of a defense installation. Indian reservations are also included in the definition.

The Secretary of Agriculture would certify as eligible for financial assistance those facilities approved by a local authority as consistent with zoning and economic plans of the area; which give full-time employment to at least 10 persons; in which at least 50 percent of those employed either live in the area or have spent 1 year on active military duty or 1 year in the Job Corps; and in which at least one-third of those employed are heads of families earning less than $3,000 annually or individuals earning less than $1,800 annually.

Industrial bonds are those secured by liens, mortgages, or other security interests in property or secured by an interest in payment made in respect of money or property used under a lease, sale, or loan arrangement for industrial or commercial purposes. If, under provision of the bill, they are secured for a certified rural development facility, they would not be considered as being used for industrial or commercial purposes.
Under title III an income tax credit up to $25,000 per employer would be given on 10 percent of the expenses for training programs for individuals residing in the rural job development area. Included in the expenses would be wages and salaries of apprentice employees; wages and salaries of employees enrolled in an on-the-job training program under the Manpower Development and Training Act of 1962; wages and salaries of employees participating in a cooperative education program involving alternative periods of employment and study; home study courses; and the expenses of the taxpayer for organized job training—the purchase of books and testing and training materials.

Further tax credits would be given on certain depreciable property. A 7-percent credit would be given on the certified facility and the transportation and utility services for the facility. A 14-percent credit would be given on personal property of the facility.

A 25-member National Advisory Committee on Rural Industrialization would be established to make recommendations to the Secretary of Agriculture relating to the carrying out of his duties under the act.

NATIONAL POLICY

(S. 10, H.R. 5289, and H.R. 8274)

Identical bills, S. 10 (Mr. McClellan) and H.R. 5289 (Mr. Mills) were introduced to establish a national policy relative to the revitalization of rural and other economically depressed areas. The policy set out in the bills would be for all departments and agencies in the executive branch to give preference to low population density areas in awarding Federal contracts for the purchase of equipment, goods, and services and administering or implementing new and existing Government programs.

All departments and agencies would be responsible for administering manpower training programs, redirecting programs to provide a work force of the size and quality to meet the manpower requirements of any business or industry relocating in a rural area, and insuring that programs increase employment opportunities for those unable to obtain or maintain suitable employment at the present. Each department and agency would be required to review its own functions and to file a report with the Comptroller General so that he may make recommendations for further actions.

A Board for the Revitalization of Rural and Economically Distressed Areas would be established in the General Accounting Office for such purposes.

The Senate Committee on Government Operations held hearings on S. 10 on April 27 and 28, 1971. Mr. Dwight Ink, Assistant Director of the Office of Management and Budget, testified that the administration agrees that a national policy for rural economic development is needed, but he discussed coordination of Federal programs to this end in terms of Government reorganization and revenue-sharing proposals.

James Sundquist, senior fellow at the Brookings Institute, spoke strongly of the need for public service facilities and rural credit institutions. He testified that while a policy of directing Federal facilities to locate in rural areas was good because no additional funds would be required to implement the plan, it would lack impact because not enough facilities could be so located in any one year. He said that
the idea of giving preference for Government procurement contracts to firms in rural areas is unpopular with business and with the administering agencies. It was his opinion that rural areas actually need enterprises which are fully competitive. He recommended a larger scale Appalachia-type program.

Don Mackey, executive director of the Upper Savannah Development District, Greenwood, S.C., spoke of the confusion and lack of uniformity in present programs and criticized the numerous and varied definitions for assistance eligibility which, he added, are often unrealistic. He recommended that one Federal agency design and define development districts and that a uniform Federal grant-in-aid management system be developed.

Eugene Mooney, professor of law at the University of Kentucky and consultant on rural development, supported the general policy statement of S. 10. However, he felt that because of a certain lack of capability and willingness on the part of the Federal agencies for administering the policy, the needed internal coordination and impact would not be achieved.

Housing Bills

(S. 2897, H.R. 6294, H.R. 11974, and H.R. 12072)

Two housing bills were introduced which would provide major benefits to people in rural areas.

H.R. 6294 (Mr. Roberts) would amend the Housing Act of 1949 to enable owners of farms to receive grants and special loans to make repairs or improvements on farm dwellings occupied by the families of operating tenants, lessees, sharecroppers, or migrant workers.

Major Provisions of S. 2897

The Emergency Rural Housing Act of 1971, S. 2897 (Mr. McGovern), would establish an Emergency Rural Housing Administration to cooperate with local agencies to provide minimal housing facilities for eligible persons in rural areas and small communities. Both homeownership and rental occupancy are included but emphasis would be given to ownership situations. For purposes of the bill, a person would be eligible for housing assistance if he lives in a rural area and is unable to obtain minimum housing without help from this act. Minimal housing facilities are defined as safe, weatherproof dwelling with modern plumbing which also meet certain square area requirements established by the Housing Administration. Those areas not contained in standard metropolitan statistical areas would be considered rural areas; small communities would be any political subdivisions with populations of less than 25,000.

The Administrator of the new agency would be authorized to make loans to eligible persons for the purchase of land and the construction of facilities, or for the acquisition or rehabilitation of existing facilities. A minimum of 50 percent of the principal amount would be amortized over a period no longer than 40 years, with an interest rate of no less than 1 percent, and would be secured by a first mortgage. The Administrator would determine the conditions of loans. Principal and interest payments would be paid into the U.S. Treasury.

The Administrator would be authorized to finance all or part of the development of rental facilities for eligible persons. Rent levels
would bear a reasonable relationship to the incomes of renting parties. Where feasible, rental facilities would carry an option for purchase.

Appropriation authorization would be set at $500 million per year for 5 years, to be reduced by any amounts paid into the Treasury each year on the loans. The Administrator would be authorized to issue notes to the Secretary of the Treasury in amounts necessary to carry out purposes of the bill.

WATER AND WASTE DISPOSAL SYSTEMS

(S. 391, H.R. 1101, H.R. 11036, and H.R. 11332)

Four basic bills were introduced to give financial assistance for providing water and sewer facilities to rural communities and their residents.

H.R. 484 (Mr. Ullman), the Water and Sewer Facilities Grant and Loan Consolidation Act of 1971 would amend the Housing and Urban Development Act of 1965 to issue grants and loans to rural areas for water and sewer facilities. Rural areas as defined by the bill would be incorporated places with populations of less than 5,500 and unincorporated areas not included within the urbanized areas of a standard metropolitan statistical area. Grants would be made for rural development projects when the Secretaries of Agriculture and Commerce have determined that the population of the rural area would not decline below the level for which the project was designed. Upon consultation with the Office of Emergency Preparedness, the Secretary of Housing and Urban Development could make grants to cover up to 50 percent of the cost of repair, reconstruction or replacement of basic water or sewer facilities destroyed by disaster. The Secretary would also be authorized to make grants to nonprofit groups to finance specific projects for basic water or sewer facilities in rural areas when no public agency has indicated willingness to undertake the project and other financing was not available at reasonable terms.

Loans could be made when the Secretary determined a project necessary to provide adequate water and sewer facilities and for the improved health and living standards of the area.

H.R. 11036 (Mr. Price of Texas) would amend the Consolidated Farmers Home Administration Act of 1961 to increase the maximum percentage limit from 50 to 90 percent on the amount of any construction grant for water and waste disposal systems in rural areas.

H.R. 1101 (Mr. Monagan) would authorize the Secretary of Housing and Urban Development to make grants to local public bodies and agencies to finance the development of systems or facilities connecting private, nonprofit nursing homes of public or private nonprofit hospitals to public sewer facilities. Grants made under the bill would be available only to agencies serving municipalities of less than 50,000 population.

S. 391 (Mr. Hatfield) would amend the Consolidated Farmers Home Administration Act to increase the aggregate annual limits from $100 million to $200 million on grants for water and waste facilities constructed to serve rural areas. It would also increase the aggregate annual limit on grants for the planning and development of these projects from $15 million to $80 million.
RURAL DEVELOPMENT AND POPULATION DISPERSION ACT OF 1971
(S. 2571 and H.R. 11138)

Major Provisions of S. 2571 and H.R. 11138

S. 2571 (Mr. McGovern) and H.R. 11138 (Mr. Purcell) would create in the Executive Office of the President a Council on Rural Development and Population Dispersion. The three-member Presidentially appointed Council would have as its basic function the coordination of governmental recommendations and activities related to rural development. Each year the Council would submit to the President a report on current and foreseeable trends in rural development, the implications of these trends, and a comprehensive and coordinated program of Government action through needed legislation.

Through these functions, the Council would supply an infrastructure for more effective handling of agriculture, employment, health, housing, and other rural problems. Through the direction of programs to improve rural economic conditions, and to raise the quality of rural life, the bills look toward achieving a more desirable geographic distribution of the Nation's population.

SMALL COMMUNITY DEVELOPMENT
(S. 2058, H.R. 7843, and H.R. 7844)

H.R. 7843 (Mr. Culver) and S. 2058 (Mr. Hughes) are identical bills which would provide for the sound and orderly development of small communities by assisting in meeting their needs for essential community facilities and attractive business districts. For purposes of this legislation, a small community would be any community, municipality, town, or village of less than 15,000 which is not part of a standard metropolitan statistical area. A community facility is defined as a structure or related group of structures designed to provide and include accommodations and facilities for all or substantially all of the officers, employees, and agencies of the government. The facility could also include a central police or fire station and accommodations for health, recreation, or library services. The bill would authorize the Secretary of Housing and Urban Development to provide assistance for the construction of these facilities. He would be authorized to guarantee the repayment in full of any sums borrowed to finance the construction of the facility and to make annual grants in the full amount of the interest due on the loans. Additional financial assistance would be available for facilities housing health, recreation, or library services.

Title II of the legislation would provide additional assistance to local nonprofit development companies for the exterior rehabilitation, restoration, and beautification of small community business districts. Grants could be made to pay for two-thirds of the estimated cost of planning the work and loans could be made to pay for two-thirds of the cost of actual construction. The Secretary of Housing and Urban Development would be required to make sure that the laborers involved in the construction work receive the standard minimum wages under the Davis-Bacon Act.
A National Rural Development Center for rural research and planning would be created under S. 1507 (Mr. Pearson) and H.R. 10138 (Mr. Roy). The center would be an independent Government agency set up to carry out comprehensive and continuing research and analysis to help stimulate economic and social growth in rural areas. The Center would also formulate policy, analyze the effectiveness of existing institutions and determine the need for more or different development programs. Laboratories and facilities to conduct or initiate educational programs would also be established.

The Center's Board of Trustees would be authorized to receive money and donated property for the use of the Center and to use, sell or dispose of property. It would also be authorized to hire experts and consultants, to recruit volunteer help, and to enter into contracts and grant arrangements to carry out the provisions of the act.

Public Law 92-12 (S. 70, Mr. Dole) was signed into law on May 7, 1971. The law amends the Rural Electrification Act to provide an additional source of financing for the rural telephone program. It establishes a rural telephone bank and a rural telephone account in the U.S. Treasury. The bank will be capitalized initially by Government subscription with provision for retirement of the Government interest and conversion to private ownership. The financing is an adaptation of the Federal land bank system.

The bank, with 13 directors, will be financed through the sale of stock and debentures. U.S. stock purchases will amount to $300 million over a 10-year period.

A number of bills were introduced in the first session of the 92d Congress to encourage physicians to practice in rural-physician shortage areas, and to make it financially easier for medical students who intend to practice in rural areas to complete their training.

Major Provisions of S. 576

S. 576 (Mr. Tower) would provide income tax incentives for physicians who practice in "physician shortage areas." The shortage areas would be those areas within a State certified by the Secretary of Health, Education, and Welfare as having an insufficient number of doctors to meet the needs of the local population. Certification would be made on recommendation by the State planning agency designated by the Public Health Service Act, or by an agency designated by the Governor. The bill would encourage physicians to remain in a rural area for 5 or more years by providing increasing tax deductions for the first 5 years. For purposes of the bill "adjusted gross medical
income" is defined as gross income from the medical practice less any deductions arising from the practice. The tax benefits would apply to each physician only once.

**Major Provisions of H.R. 7510**

H.R. 7510 (Mr. Gray) would amend the Public Health Service Act to authorize the Secretary of Health, Education, and Welfare to make grants to public and private nonprofit accredited medical schools for scholarships. These scholarships would be awarded according to the financial need of students who agree to serve at least 2 years in communities of their choice which have been designated by the Secretary as communities with a physician shortage. Two years of practice would excuse male students from 1 year of military duty.

**Major Provisions of H.R. 703**

H.R. 703 (Mr. Downing) would encourage physicians, dentists, and optometrists to practice in areas which the State health authority has determined to have a health personnel shortage. For those who agree to practice in shortage areas for 3 years the Secretary would pay, in full, the principal and interest in any outstanding educational loans from public or private sources, incurred during professional training.

**Major Provisions of H.R. 8017 and S. 1353**

H.R. 8017 (Mr. Zwach) and S. 1353 (Mr. Pearson) would amend the Public Health Service Act to alleviate the shortage of health care personnel in rural areas by authorizing appropriations to the Department of Health, Education, and Welfare for special grants and contracts for the alleviation of such shortages. The Secretary of Health, Education, and Welfare would be authorized to make grants for surveys of rural health needs and to make grants to public or nonprofit private agencies and organizations for the development of innovative methods of expanding and improving rural health care facilities. These projects would include providing physicians with access to diagnostic and consultative services of major medical centers through modern communications; the establishment of full- or part-time medical clinics; providing mobile diagnostic units and the expanded use of emergency health transportation and emergency care. The Secretary would be authorized to make grants to local educational facilities to help identify individuals from rural areas who indicate an intention to go into medicine and to assist schools in meeting the expenses of staffing and operating medical training programs.

Hearings on H.R. 703 were held April 20–29 by the Subcommittee on Public Health and Welfare of the Committee on Interstate and Foreign Commerce.

**FIRE PREVENTION BILLS**

(S. 69, S. 963, H.R. 537, H.R. 1289, H.R. 6533, and H.R. 8700)

The proposed legislation centering on fire prevention measures for rural areas generally would authorize the Secretary of Agriculture to cooperate with and furnish financial assistance to States and other
public bodies and organizations to establish fire prevention systems.

S. 69 (Mr. Dole) would authorize a 3-year pilot program for assistance in areas with populations of less than 5,000 outside standard metropolitan statistical areas. Local expenditures would be required to match Federal funds.

H.R. 1289 (Mr. Flynt), and S. 963 (Mr. Montoya) would establish a cooperative system to protect woodlands, orchards, rangelands, pastures, crops, and farmsteads in rural areas. The Secretary of Agriculture, acting in cooperation with the appropriate State officials, would be authorized to pay up to 75 percent of the total budgeted expenditures or of the actual expenditures for protection programs.

H.R. 537 (Mr. Brophy of North Carolina) would amend the Consolidated Farmers Home Administration Act to authorize loans to rural community centers for fire and rescue facilities in rural areas.

**APPALACHIA**


The Appalachian Regional Development Act of 1965 is extended by Public Law 92-65 (S. 2317—Mr. Randolph). The law authorizes $6 million through fiscal 1975 for administrative expenses, almost $1.5 billion through fiscal 1978 for highway development, and $800 million for each fiscal year 1972 and 1973. The Secretary of Transportation is authorized to make grants up to $40 million through fiscal 1975 to improve airport safety. Grants are also authorized for child development centers, control and abatement of mine drainage pollution, site development for nonprofit and public organization, public works and development services, and for the operation of vocational education facilities. Loans for low- and moderate-income housing are also authorized.

S. 575 (Mr. Randolph) was the major piece of legislation to authorize funds to carry out the purposes of the Appalachian Regional Development Act of 1965. It was passed by Congress and vetoed by the President on July 14, 1971.

Three bills—H.R. 2367 (Mr. Pirnie), H.R. 10855 (Mr. Landrum), and S. 2538 (Mr. Allen) would amend the 1965 act to include new areas within the Appalachian region.

**Appendix A.—Proposed Rural Development Legislation, 92nd Congress, First Session**

**House Bills**


H.R. 484—To consolidate the administration of grants and loans for basic public water and sewer facilities and water treatment works. Mr. Heiman. January 22, 1971. Committee on Banking and Currency.


H.R. 703—Amend the Public Health Services Act to encourage physicians, dentists and other medical personnel to practice in shortage areas. Mr. Downing.


H.R. 1289—To authorize the Secretary of Agriculture to cooperate with and furnish financial and other assistance to States and other public bodies and organizations in establishing a system for the prevention and control of fires in rural areas. Mr. Flynt. January 22, 1971. Committee on Agriculture. Identical to S. 903, H.R. 6633 and H.R. 8700.


H.R. 1521—To establish a Domestic Development Bank to assist in the development of employment and business opportunities in certain rural and urban areas. Mr. Reid (N.Y.). January 22, 1971. Committee on Banking and Currency.

H.R. 2181—To amend the Consolidated Farmers Home Administration Act of 1961, as amended, to authorize the Secretary of Agriculture to finance and participate with State and local interests in the financing of recreational enterprises and industrial establishments needed for the economic development of rural areas. Mr. O’Konski. January 26, 1971. Committee on Agriculture. Referred to Conservation and Credit Subcommittee.

H.R. 2365—To amend the Appalachian Regional Development Act of 1965 to include in the Appalachian region all of the Appalachian Mountain system. Mr. Pirnie. January 26, 1971. Committee on Public Works.

H.R. 2562—To amend the Rural Electrification Act of 1936, as amended, to provide an additional source of financing for the rural telephone program. Mr. Thomson (Wis.). January 29, 1971. Committee on Agriculture.


H.R. 3502—To amend the Rural Electrification Act of 1936, as amended, to provide an additional source of financing for the rural telephone program. Mr. Price. (Tex.). February 3, 1971. Committee on Agriculture. Identical to S. 70 and H.R. 2562.

H.R. 3504—To amend the Internal Revenue Act of 1954, to limit the use of industrial development bonds to rural areas, to allow a credit against income tax to employers for the expenses of providing job training programs in rural areas and otherwise to encourage the fuller and more effective use of the human resources of such areas. Mr. Price (Tex.). February 3, 1917. Committee on Ways and Means.


H.R. 3550—To establish a National Development Bank to provide loans to finance urgently needed public facilities for State and local governments to help achieve a full employment economy in urban and rural America. To provide loans for the establishment of small and medium sized businesses and industries and the expansion and improvement of existing businesses and industries, and for the construction of low and moderate income housing, and to provide job training for unskilled and semiskilled unemployed and underemployed workers. Mr. Patman, February 4, 1971. Committee on Banking and Currency.


H.R. 5190—To encourage national development by providing incentives for the establishment of new or expanded job-producing and job-training industrial and commercial facilities in rural areas having a high proportion of persons with low incomes or which have experienced or face a substantial loss of population because of migration. Mr. Evins (Tenn.). March 1, 1971. Committee on Ways and Means. Identical to H.R. 1510, 10622, 10656, 10753, 10852, 10894, 11009, 11495, 11504, 11524, 11555, 11573, 11675, 11695, 11760, 11842.

H.R. 5289—To establish a national policy relative to the revitalization of rural and other economically distressed areas by providing incentives for a more even and practical geographic distribution of industrial growth and activity and developing manpower training programs to meet the need of industry. Mr. Mills. March 1, 1971. Committee on Government Operations. Identical to H.R. 8274 and S. 10.


H.R. 6294—To amend the Housing Act of 1949 to provide that owners of a farm may receive grants and special loans to make certain repairs or improvements on farm dwellings occupied by the family of the operating tenant, lessee, sharecropper, or migrant worker. Mr. Roberts. March 17, 1971. Committee on Banking and Currency.


H.R. 7519—To amend the Public Health Services Act to provide a program of grants to medical schools to provide scholarships to students who will provide service to communities determined to have a shortage of and need for physicians. Mr. Gray. April 20, 1971. Committee on Interstate and Foreign Commerce.

H.R. 7690—To provide tax incentives for industrial development for the Indians on certain reservations in order to improve conditions among the Indian people on such reservations. Mr. Culver. April 22, 1971. Committee on Ways and Means. Identical to H.R. 9359.

H.R. 7843—To assist in community development, with particular reference to small communities by aiding in construction or rehabilitation of multipurpose community facilities to serve a variety of essential public service functions, including health, recreation, library, public safety and local government. It would further assist local nonprofit development companies in the restoration of small business districts in order to encourage community development. Mr. Culver. April 28, 1971. Committee on Banking and Currency. Identical to H.R. 7844 and S. 2058.


H.R. 8017—To amend the Public Health Services Act to assist in alleviating the shortage of health care personnel in rural areas. Mr. Zwacz. May 3, 1971. Committee on Interstate and Foreign Commerce. Identical to S. 1553.


H.R. 8449—To amend the Rural Electrification Act of 1936 to provide additional funds to be used by rural electrification borrowers in furthering the objectives of the National Environmental Policy Act of 1969. Mr. Thompson (Wisc.) May 17, 1971. Committee on Agriculture.


H.R. 9630—To create a rural community development bank to assist in rural community development by making financial, technical, and other assistance available for the establishment or expansion of commercial, industrial, and related private and public facilities and services. Mr. Kyros. July 7, 1971. Committee on Banking and Currency. Identical to S. 792.

H.R. 9650—The Consolidated Farm and Rural Development Act—To authorize loans to rural associations unable to obtain their credit from existing institutions. Mr. Abburezk. July 8, 1971. Committee on Agriculture.


H.R. 10068—To amend the Public Health Services Act to encourage physicians and other medical personnel to practice in areas where a shortage of such personnel exists. Mr. Burke of Florida. July 28, 1971. Committee on Interstate and Foreign Commerce.


H.R. 10671—To amend the Consolidated Farmers Home Administration Act of 1961 to aid in rural area development, to provide for insured operating and other types of loans. Mr. Purcell. September 14, 1971. Committee on Agriculture.


H.R. 10855—To extend the Appalachian Regional Development Act of 1965 to include Elbert and Hart Counties in Georgia. Mr. Landrum. September 23, 1971. Committee on Public Works.


H.R. 11038—To amend the Consolidated Farmers Home Administration Act of 1961 to increase the maximum limit on the amount of any construction grant for water and waste disposal systems serving rural areas. Mr. Price of Texas. September 30, 1971. Committee on Agriculture.


H.R. 11322—To authorize the Secretary of Housing and Urban Development to make grants to certain local public bodies or agencies to finance the development costs of certain connecting sewer facilities. Mr. Monagan. October 18, 1971. Committee on Banking and Currency.


H.R. 11678—To create a partnership between the United States and the several States, for the development of rural America's transportation, industrial growth, education, health, housing, environmental protection, and planning resources and capacity. Mr. Mizell. November 9, 1971. Committee on Agriculture.


H. Res. 128—To create a Select Committee on the Utilization and Development of Rural America. Mr. Purcell. January 22, 1971. Committee on Rules.

SENATE BILLS

S. 19—To establish a national policy relative to the revitalization of rural and other economically distressed areas by providing incentives for a more even and practical distribution of population and industry and by developing manpower training programs to meet the needs of industry. Mr. McClellan. January 25, 1971. Committee on Governmental Operations. Identical to H.R. 5289 and S.274. Hearings, April 27 to 28, 1971.

S. 69—To authorize the Secretary of Agriculture to conduct a pilot Federal-State cooperative program for the prevention, control, and suppression of fires in rural areas. Mr. Dole. January 25, 1971. Committee on Agriculture and Forestry.


S. 391—To amend section 306 of the Consolidated Farmers Home Administration Act to increase the aggregate annual limit on grants for water and waste facilities constructed to serve rural areas and to increase the aggregate annual limit on grants for plans for the development of such facilities. Mr. Hatfield. January 28, 1971. Committee on Agriculture and Forestry.


S. 576—To provide tax incentives to encourage physicians to practice medicine in physician shortage areas. Mr. Tower. February 3, 1971. Committee on Finance.

S. 580—To establish a National Development Bank to provide loans to finance urgently needed public facilities for State and local governments, to help achieve a full employment economy both in urban and rural America by providing loans for the expansion of businesses and industries, for the construction of low and moderate income housing projects, and to provide job training for unskilled and semiskilled unemployed and underemployed workers. Mr. Sparkman. February 4, 1971. Committee on Banking, House and Urban Affairs. Identical to H.R. 3550. Hearings June 7 to 17, 1971. July 7 to 9, 1971. Executive session July 12, 1971.

S. 742—To create a Rural Community Development Bank to assist in rural community development by making financial, technical, and other assistance available for the establishment or expansion of commercial, industrial and related private and public facilities and services. Mr. Pearson February 10, 1971. Committee on Banking, Housing, and Urban Affairs. Hearings July 6, 1971.

S. 963—To authorize the Secretary of Agriculture to cooperate with and furnish financial and other assistance to States and other public bodies and organizations in establishing a system for the prevention, control and suppression of fires in rural areas. Mr. Montoya. February 25, 1971. Committee on Agriculture and Forestry. Identical to H.R. 1289 and S.533.


S. 1597—To provide for the establishment of a National Rural Development Center. Mr. Pearson. April 3, 1971. Committee on Agriculture and Forestry. Identical to H.R. 10138.


S. 1612 Amendment No. 459 intended to be introduced as a substitute to S. 1612. Mr. Allen. October 6, 1971. Committee on Agriculture and Forestry.

S. 1612 Amendment No. 470 intended to be introduced as a substitute to S. 1612. Mr. Allen. October 15, 1971. Committee on Agriculture and Forestry.

S. 1958—To establish a Development Bank to provide an alternative source of credit to State and local governments for the purpose of financing public and quasi-public facilities of all types. Mr. Humphrey. May 26, 1971. Committee on Banking, Housing and Urban Affairs.


S. 2538—To extend the coverage of the Appalachian Regional Development Act of 1965 to cover Green County, Ala. Mr. Allen. September 17, 1971. Committee on Public Works.


S. 2765—To authorize the Secretary of the Interior to carry out a program to provide road systems on Indian reservations necessary for health, education, and the development of industry. Mr. Anderson. October 19, 1971. Committee on Interior and Insular Affairs.

S. 2800—To slow the migration of people from rural areas to urban areas by providing assistance for the development of rural areas so as to make such areas more economically attractive places to live and work, and to provide farmers a preferential accessibility to such assistance. Mr. Dole. January 2, 1971. Committee on Agriculture and Forestry.

S. 2807. To provide housing for persons in rural areas of the United States on an emergency basis. Mr. McGovern. November 30, 1971. Committee on Banking, Housing and Urban Affairs.

S. 2981—To provide for environmental improvement in rural America. Mr. Allen and Mr. Talmadge. December 9, 1971. Committee on Agriculture and Forestry.

S. Res. 76—To authorize supplemental expenditures by the Committee on Agriculture and Forestry for an inquiry and investigation pertaining to rural development. Mr. Talmadge. Committee on Rules. Passed Senate. April 14, 1971.

S. Res. 131—To express the sense of the Senate that the President immediately release all funds appropriated to revitalize our rural and urban development. Mr. Humphrey. June 3, 1971. Committee on Banking, Housing and Urban Affairs.
APPENDIX B.—SELECTED REFERENCES

PRINTED COMMITTEE HEARINGS

Rural Development. Hearings before the Subcommittee on Rural Development of the Senate Committee on Agriculture and Forestry. Covering revenue sharing, balanced national growth policy, national rural development program, reorganization of the U.S. Department of Agriculture, and S. 2223, the Consolidated Farm and Rural Development Act. Parts I-VI, 1971.

Revitalization of Rural and Other Economically Distressed Areas. Hearings before the Senate Committee on Government Operations, 92d Congress, first session, part I, April 1971.


Rural Development and Farm Credit. Hearings before the House Committee on Agriculture, 92d Congress, first session, February, July, September, and October 1971, serial No. 92-K.


OTHER CONGRESSIONAL PUBLICATIONS

Analysis of the Consolidated Farm and Rural Development Act—S. 2223—and comparison with amendments intended to be proposed by Mr. Pearson to S. 1483. Committee on Agriculture and Forestry, 92d Congress, first session, July 20, 1971.


OTHER REFERENCES


