

TAX SHARING PLAN OFFERED BY G.O.P.

Rep. Goodell Asks Allotting of 3% of Income Tax

WASHINGTON, Nov. 26 (AP) — A House Republican leader has already drafted a plan for sharing Federal taxes with state and local governments that will be a cornerstone of Republican policy in the next Congress.

The plan calls for turning back 3 per cent of Federal income tax receipts to states and localities to use as they see fit. The amount would rise gradually to 5 per cent.

Offered by Representative Charles E. Goodell, Republican of upstate New York, the plan is the first concrete proposal by the House Republican leadership since the Republican election triumphs of Nov. 8.

"This proposal seeks to provide for the great public needs of the 1960's and 1970's by equipping state and local governments to meet these needs," Mr. Goodell said. "It is an alternative to the philosophy of the Great Society," he added.

Not Replacing Anything

Mr. Goodell, chairman of the Republican Planning and Research Committee, said in a statement that tax-sharing would provide needed general aid funds without reducing state and local governments to administrative subdivisions of Washington.

It is not being offered, at least originally, as a substitute for any existing programs, he said, although in time it may permit some of them to be cut back.

A tax-sharing plan was proposed in 1964 by Walter W. Heller, then chairman of the President's Council of Economic Advisers, but after a brief flurry

of interest the White House apparently put it aside. Representative Henry S. Reuss, Democrat of Wisconsin, has also suggested it in the House.

Mr. Goodell said his plan differed from Mr. Heller's in making a specific allotment of tax receipts to local communities.

The plan calls for distributing 50 per cent of the funds for state purposes, with 45 per cent to be redistributed by the states to local governments, and 5 per cent to strengthen the executive and management functions of states.

The state and local governments would have full discretion over how the money was used, but each state would be required to submit its plan for allocating the money and make an annual report on how it was spent.

Treasury Post Planned

The office of administrator of general aid would be established in the Treasury Department to assume Federal responsibilities under the plan.

Mr. Goodell's plan calls for distributing 90 per cent of the Federal income tax distribution to the states on a basis of population. The remaining 10 per cent would be used to raise the per capita allotment in the 17 poorest states.

Using estimated income tax payments for 1967, Mr. Goodell said that \$1.8-billion would be available for distribution. The average basic allocation would be \$8.50 per person, with the equalizing funds raising the poorer states by as much as \$6.

Although the Federal Government would have no control over how the states and localities used the money, Mr. Goodell said, such use would have to comply with Federal law, including the Civil Rights Act ban on using money for programs in which there is racial discrimination.

Mr. Goodell would also require a review and possible revision of the program by Congress after four years.