

The original documents are located in Box 18, folder “Hudson River Tolls” of the James M. Cannon Files at the Gerald R. Ford Presidential Library.

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THE WHITE HOUSE

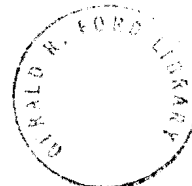
WASHINGTON

April 13, 1976

MEMORANDUM FOR: JIM CANNON

FROM: JUDITH RICHARDS HOPE 

SUBJECT: Increase in Hudson River Bridge and Tunnel Tolls



BACKGROUND

Several months ago, the New York Port Authority implemented the approximate 50 percent increase in tolls for bridges and tunnels crossing the Hudson River to New York City, in order to increase revenues and reduce the vehicular traffic into Manhattan.

FEDERAL HIGHWAY ADMINISTRATION REVIEW

Under the 1906 General Bridge Act, the Corps of Engineers was given the responsibility for supervision of all bridges over navigable waters. When the Department of Transportation was created in 1967, this bridge authority was transferred to DOT. Secretary Coleman, in turn, has delegated this to the Federal Highway Administration, which must review all tolls on such bridges (and tunnels) for reasonableness and justness. Further, if there are complaints about tolls, there must be an investigation, and if the investigation raises material issues of fact, those issues must be resolved at a formal hearing.

There were 22 official complaints about the increased tolls on the Hudson from, among others: the AAA's of New Jersey and New York, certain members of the New York City Council, New York Assemblyman Byron Baer, New York Congressmen Gilman, Murphy and Peyser, a number of members of the New Jersey State Legislature and assorted trucking companies from New York and New Jersey. Complaints ranged from environmental concerns to assertions that the additional revenues were not for highway purposes, but for everything from paying for the World Trade Center to sending the Philadelphia orchestra to Germany!

Last week a hearing judge from the National Transportation Safety Board, John Faulk, was appointed hearing examiner for these hearings. He has scheduled a hearing for June 7, with a pre-hearing set for May 4. The hearing is expected to last four to five days, and the decision may take two to three months thereafter.

Faulk will make his findings and recommendations to the Federal Highway Administrator (Tiemann) who will make the final decision.

Indications are that, given the complex record (over 3 feet high now, and growing) there may be no decision until fall.

To expedite decision will require at the least a conversation with Tiemann explaining the reasons behind the need for a quick decision upon conclusion of the June hearing.

I can do this, if you like, and if you will fill me in on the background.



*Jim - why not discuss
this at your
convenience with
Art Queen and me?
[Signature]*

THE WHITE HOUSE
WASHINGTON

April 13, 1976

MEMORANDUM FOR: ART QUERN
FROM: JUDY HOPE
SUBJECT: Attached Memo

As you will see from the attached, I am sending Jim Cannon the requested material on the Hudson River tolls issue.

I am sending it through you for your review and prior approval.

Thanks.



THE WHITE HOUSE
WASHINGTON

May 14, 1976

Transp.
Waterways
Hudson River
Tolls
5/31/76
INFORMATION

MEMORANDUM FOR: JIM CANNON
FROM: JUDITH RICHARDS HOPE
SUBJECT: Hudson River Toll Hearings

The Hudson River Toll hearings have been postponed by the Administrative Law Judge by request of the 8 parties involved (unanimous). They are as follows:

- Congressman ~~Pizer~~ *Peyser*
- Congressman Murphy
- Mrs. Albert Lamm
- Mr. Sol Weil
- National Council of Salesman's organizations
- Citizens for Clean Air
- New Jersey Motor Truck Association
- Auto Clubs of New York and New Jersey

The hearings are now scheduled for August 9.

Again, this is now out of the hands of the Federal Highway Administrator by virtue of the Administrative Procedures Act, requiring that the Administrative Law Judge act independently. When he makes a decision, it will go to Tiemann for review. (accept or reject)

A possible time frame could be: (optimistic)

Hearings	approx. 10 days from 8/9
Final decision of Ad. Law Judge	late September
Final decision of Administrator	perhaps November

We may wish to inform Bill Ronan.

Yes _____

No _____

Cannon call _____

Hope call _____



THE WHITE HOUSE
WASHINGTON

Date 4/27/76

MEMORANDUM FOR:

Jim Cannon

FROM

Judith
JUDITH RICHARDS HOPE

The bottom line
on the N.Y.C. Port
Authority tolls:

a hearing is
set for June. An
independent hearing
examiner has been
named.


The hearing cannot
be dropped at this
point.

THE WHITE HOUSE

WASHINGTON

April 13, 1976

MEMORANDUM FOR: JIM CANNON

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and Tunnel Tolls

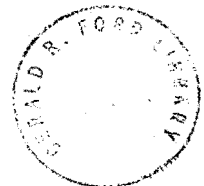
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D R A F T

THE WHITE HOUSE

WASHINGTON

Dear Bill,

Just a short note to thank you for your thoughts on the Municipal Bankruptcy Legislation, HR 10624. As you probably know, the President did sign this legislation on April 8.

Some of your suggestions were developed in the analysis and decision making program here at the White House. While the President did not feel the Bill contained all that the Administration was looking for, it was his judgement that the Bill was at this time one which he should sign.

I look forward to getting together with you and the Vice President in the near future.

Best personal regards.

Sincerely,

James M. Cannon
Assistant to the President
for Domestic Affairs

Mr. William J. Ronan
Chairman
The Port Authority of NY & NJ
One World Trade Center
New York, New York 10048



Commissioners
William J. Ronan, Chairman
W. Paul Stillman, Vice Chairman
Andrew C. Axtell
George F. Berlinger
Robert R. Douglass
Milton A. Gilbert
James G. Hellmuth
James C. Kellogg, III
Gustave L. Levy
Matthew Nimetz
Alan Sagner
Victor R. Yanitelli, S.J.

April 2, 1976

Office of the Chairman

Dear Jim:

I feel I must express my profound concern that the Municipal Bankruptcy Legislation (H.R. 10624) which has been passed by the Congress may well result in a major municipal bankruptcy between now and the end of the year which could debilitate the entire municipal bond market for years to come. It should be vetoed by the President.

As a result of this bill, the risk of municipal default will be enhanced markedly because the bill makes bankruptcy an easier choice for elected municipal officials than the tough belt tightening which the administration has heretofore espoused. If we are right in this appraisal, an immediate result will be higher interest rates on State and local borrowing all over the country causing millions and millions of dollars of added taxes and expenditures.

Further, the bill is not in the form which the President had originally requested since it is not limited to major cities as he had proposed. A whole restudy of Federal bankruptcy legislation is scheduled by the House Judiciary Committee. We suggest that after veto, municipal bankruptcy can and should be part of that study.

The major change made by this legislation is the virtual elimination of the requirement of consent of fifty-one percent of the creditors to a plan of adjustment prior to the filing of a petition for relief under the present bankruptcy law. That provision in the current law has effectively prevented the bankruptcy of the City of New York. Under the new bill, a municipality may invoke bankruptcy law protection if it is difficult to achieve such consent. If that 51% requirement had not existed during the recent fiscal turmoil, it is probable that New York would be in bankruptcy at the present time.

Although the enactment of this bankruptcy legislation at some time in the future may be reasonable, at the present time it will cast a cloud over the fiscal integrity of cities and other local

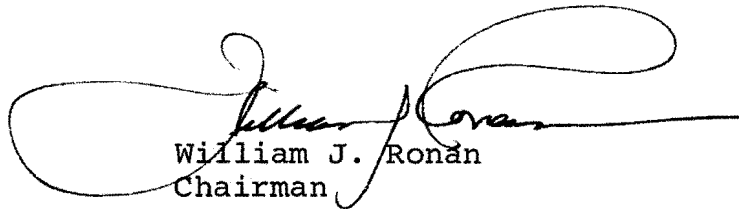


government entities throughout the United States.

It is also clear that a major municipal bankruptcy would mean that many obligations will not be fulfilled. Contracts that have been entered into with suppliers of goods and services all over the United States will not be paid at the time such creditors have a right to be paid. Holders of financial obligations, bonds and notes, will not be paid when they, under the present circumstances, have a right to be paid. There will be a crisis in confidence affecting not only the City of New York but other major and smaller municipalities throughout the country. The fragile economic recovery which is now taking place across the country could therefore be placed in jeopardy.

I realize the difficulty which the President would have in vetoing this legislation and I would not advocate that course but for the fact that I believe this to be a most serious matter.

Sincerely,



William J. Ronan
Chairman

Mr. James A. Cannon
Assistant for Domestic Affairs
The Executive Office of the President
The White House Office
Washington, D.C. 20500

