

I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### BEEF RESEARCH AND INFORMATION ACT

The Senate continued with the consideration of the bill (H.R. 7656) to enable cattle producers to establish, finance, and carry out a coordinated program of research, producer and consumer information, and promotion to improve, maintain, and develop markets for cattle, beef, and beef products.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that none of the time consumed following the vote on the treaties be charged against the time allotted to the Beef Research and Information Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The second assistant legislative clerk proceeded to call the roll.

(At this point Mr. GRIFFIN assumed the Chair.)

Mr. TOWER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### NEW YORK CITY SEASONAL FINANCING ACT OF 1975—S. 2725

Mr. TOWER. Mr. President, over the past several months, the financial plight of New York City has received a great deal of attention. Some people have argued that the Federal Government should choose a set of revenue and spending measures which New York would be required to accept in order to avoid bankruptcy. Now, however, New York State officials themselves have selected a financial plan embodying fiscal measures that will equate New York City's revenues with its spending.

The New York financial plan emphasizes debt restructuring and new taxes. Thus investors holding over \$4.4 billion of debt issued by, or on behalf of, New York City will experience a reduction in interest earnings and/or a delay in the repayment of their principal. New or increased taxes will be imposed in New York City on personal income, banks, cigarettes, personal services, and estates.

While the financial plan will enable New York City to equate spending with revenue over the course of a fiscal year, the city still will experience intrayear, cash-flow problems. These will arise because, during some months of each year, the city's expenditures will exceed revenues. But since the city's budget will be balanced on a fiscal-year basis, deficits in some months must be offset by surpluses in other months.

This cash-flow pattern is experienced by many cities. They, in turn, borrow funds in the credit markets during deficit months and repay the borrowings during succeeding surplus months. Credit mar-

kets view this type of borrowing as legitimate. But because of past financial irresponsibility, New York City cannot even go to credit markets for this type of legitimate borrowing.

Last week President Ford proposed Federal Government loans to New York City as a substitute for legitimate short-term borrowing in the credit markets to bridge intrayear, cash-flow discrepancies. This is an approach similar to that which Senator BROOKE and I unsuccessfully supported as an alternative to the Federal bailout legislation reported by the Committee on Banking, Housing and Urban Affairs.

Today I am introducing legislation which would implement the President's proposals. This does not constitute a Federal bailout of New York City. A bailout would enable New York City to escape taking the tough steps needed to put its financial house in order immediately. A bailout also would enable investors to escape sharing the burden. I reject the bailout approach categorically.

Under the legislation I am introducing, short-term loans would be extended to New York City, or to a State agency for the benefit of New York City, only to enable the city to continue providing essential services to its citizens during those months when expenditures exceed revenues. All loans would mature no later than the last day of the city's fiscal year in which they are issued. This would prevent the loans from being used for any purpose other than meeting legitimate credit needs relating to intrayear, cash-flow problems.

The Secretary of the Treasury would be authorized to require such security as he deemed necessary for the loans. He also would be authorized to withhold payments from the Federal Government to New York City in order to offset any claims the United States might have against the city under the legislation. At no time could the outstanding loans exceed \$2.3 billion. Failure to comply with the terms of a loan would prevent the city from receiving additional loans. Authority to extend loans would expire on June 30, 1978.

Mr. President, I urge prompt acceptance of this legislation by the Senate.

I am submitting it in two forms, one in the form of an amendment in the nature of a substitute to S. 2615, which is already on the calendar; and the other in the form of an independent bill.

Mr. President, I ask unanimous consent that the bill and the section-by-section analysis be printed at this point in the RECORD.

There being no objection, the bill and analysis were ordered to be printed in the RECORD, as follows:

S. 2725

Whereas it is necessary for the City of New York to obtain seasonal financing from time to time because the City's revenues and expenditures, even when in balance on an annual basis, are not received and disbursed at equivalent rates throughout the year; and

Whereas the Congress finds that at the present time the City is or may be unable to obtain such seasonal financing from its customary sources; and

Whereas the Congress finds that it is necessary to assure such seasonal financing, in

order that the City of New York may maintain essential governmental services.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "New York City Seasonal Financing Act of 1975".

#### SEC. 2. DEFINITIONS.

The words and phrases used in the Act have the following meanings:

(a) The terms "City" and "State" mean the City and State of New York, respectively.

(b) The term "Financing Agent" means any agency duly authorized by State law to act on behalf or in the interest of the City with respect to the City's financial affairs.

(c) The term "Secretary" means the Secretary of the Treasury.

#### SEC. 3. LOANS.

(a) Upon written request of the City or a Financing Agent, the Secretary may make loans to the City or such Financing Agent subject to the provisions of this Act, provided that in the case of loans to a Financing Agent, the City and such Agent shall be jointly and severally liable thereon.

(b) Each such loan shall mature not later than the last day of the fiscal year of the City in which it was made, and shall bear interest at an annual rate determined by the Secretary at the time of the loan, based upon the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the maturities of such loans, adjusted to the nearest one-eighth of one percentum, plus one percentum per annum.

#### SEC. 4. SECURITY FOR LOANS.

In connection with any loan under this Act, the Secretary may require the City and any Financing Agent and, where necessary, the State, to provide such security as he deems appropriate. The Secretary may take such steps as are necessary to realize upon any collateral in which the United States has a security interest pursuant to this section to enforce any claim the United States may have against the City or any Financing Agent pursuant to this Act. Notwithstanding any other provision of law, the Secretary may withhold any payments from the United States to the City, either directly or through the State, which may be or may become due pursuant to any law and offset such withheld amounts against any claim the Secretary may have against the City or any Financing Agent pursuant to this Act.

#### SEC. 5. LIMITATIONS AND CRITERIA.

(a) A loan may be made under this Act only if the Secretary determines that there is a reasonable prospect of repayment of the loan in accordance with its terms and conditions. In making the loan, the Secretary may require such terms and conditions as he may deem appropriate to insure repayment. The Secretary is authorized, without regard to Section 9, to agree to any modification, amendment or waiver of any such term or condition as he deems desirable to protect the interests of the United States.

(b) At no time shall the outstanding amount of loans hereunder exceed in the aggregate \$2,300,000,000.

(c) No loan shall be provided under this Act unless: (i) the City and all Financing Agents shall have repaid according to their terms all prior loans under this Act which have matured, and (ii) the City and all Financing Agents shall be in compliance with the terms of any such outstanding loans.

#### SEC. 6. REMEDIES.

The remedies of the Secretary prescribed in this Act shall be cumulative and not in limitation of or substitution for any other remedies available to the Secretary or the United States.

#### SEC. 7. FUNDING.

For the purpose of making any loan or the payment of any expenses under this Act, the Secretary is authorized to use as a public