March 3, 1955

Honorable Herbert H. Lehman
United States Senate
Washington, D. C.

Dear Senator Lehman:

Last year, together with some thirteen other Senators, I sponsored a bill designed to assist municipalities in financing needed public works, particularly sanitary and water facilities. This bill was supported by the American Municipal Association.

Opposition to the bill centered around the feature which would have provided for direct federal guarantees of municipal bonds. Accordingly, I have revised the proposed legislation in the hope of attracting greater support. A copy of the bill which I propose to introduce soon is attached herewith for your consideration. I should be very pleased if you would join with me as a co-sponsor of this measure.

As you will see, this bill does not offer a guarantee of a lower interest rate; but it would provide an assured market for appropriate bond issues. Under existing laws there is authority for the Federal Government to make loans of the character envisaged, but it requires a direct appropriation and no money has been appropriated for this purpose. My proposed bill would establish a corporation to serve as a market for appropriate bond issues employing the revolving-fund procedure, which has been proved a practicable method for somewhat similar purposes in the past.

Please have your office notify my Administrative Assistant if you desire to join in sponsoring this bill. An early reply would be appreciated.

With every good wish, I am

Sincerely yours,

Russell B. Long