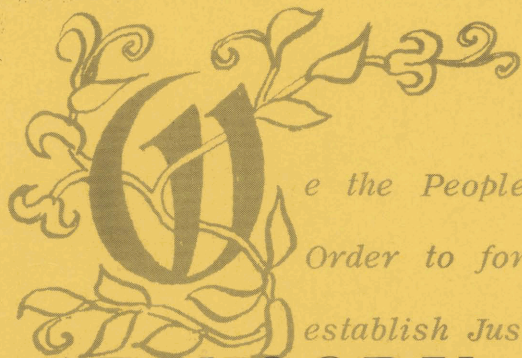


A C I R



*We the People of the United States, in
Order to form a more perfect Union,
establish Justice, insure domestic Tran-
quility, provide for the common defence, promote the
general Welfare, and secure the Blessings of Liberty
to ourselves and our Posterity, do ordain and establish
this Constitution for the United States of America.*

ADVISORY COMMISSION
ON
INTERGOVERNMENTAL
RELATIONS

Eleventh Annual Report

January 31, 1970 Washington, D.C.

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

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Robert E. Merriam, Chicago, Illinois, Chairman; replacing Farris Bryant, Jacksonville, Florida, Chairman, October 30, 1969
Howard H. (Bo) Callaway, Pine Mountain, Georgia; replacing Alexander Heard, Nashville, Tennessee
Dorothy I. Cline, Albuquerque, New Mexico

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Karl E. Mundt, South Dakota
Edmund S. Muskie, Maine

Members of United States House of Representatives

Florence P. Dwyer, Mrs., New Jersey
L. H. Fountain, North Carolina
Al Ullman, Oregon

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Robert H. Finch, Secretary of Health, Education, and Welfare; replacing Henry Fowler, Secretary of the Treasury
Robert P. Mayo, Director of Bureau of the Budget; replacing Price Daniel, Director of the Office of Emergency Preparedness
George Romney, Secretary of Housing and Urban Development; replacing Ramsey Clark, Attorney General

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Warren E. Hearnes, Missouri; replacing John Dempsey, Connecticut
Nelson A. Rockefeller, New York
Raymond P. Shafer, Pennsylvania; replacing Spiro T. Agnew, Maryland

Mayors

C. Beverly Briley, Nashville, Tennessee; replacing Arthur Naftalin, Minneapolis, Minnesota
Richard G. Lugar, Indianapolis, Indiana; replacing Neal Blaisdell, Honolulu, Hawaii
Jack Maltester, San Leandro, California
William F. Walsh, Syracuse, New York

Members of State Legislative Bodies

W. Russell Arrington, Senator, Illinois; replacing Ben Barnes, Speaker, Texas
B. Mahlon Brown, Senator, Nevada; replacing Jess M. Unruh, Assemblyman, California
Robert P. Knowles, Senator, Wisconsin; replacing C. George DeStefano, Senator, Rhode Island

Elected County Officials

John F. Dever, Middlesex County, Massachusetts
Edwin G. Michaelian, Westchester County, New York; replacing Angus McDonald, Yakima County, Washington
Lawrence K. Roos, St. Louis County, Missouri; replacing Gladys N. Spellman, Prince George's County, Maryland

**ADVISORY COMMISSION
ON
INTERGOVERNMENTAL
RELATIONS**

Eleventh Annual Report

January 31, 1970 Washington, D.C.

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Virginia Stith, Secretary

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John J. Corson, Chairman of the Board, Fry Consultants, Inc., Washington, D.C.
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Daniel J. Elazar, Professor of Political Science and Director, Center for the Study of Federalism, Temple
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Mabel Walker, Executive Director, Tax Institute of America, New Jersey
Paul N. Ylvisaker, Commissioner, Department of Community Affairs, Trenton, New Jersey



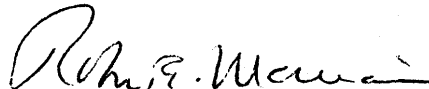
ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
WASHINGTON, D.C. 20575

January 31, 1970

Dear Mr. President:

I have the honor to submit the Eleventh Annual Report of the Advisory Commission on Intergovernmental Relations, pursuant to Public Law 86-380, which requires the submission of a report on or before January 31 of each year. As provided in the statute, a copy of this report also is being transmitted to the Vice President and to the Speaker of the House of Representatives.

Respectfully submitted,


Robert E. Merriam
Chairman

The President
The White House

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Chapter 1

FEDERALISM IN THE SIXTIES: A TEN-YEAR REVIEW

It is both convenient and appropriate to include in this Annual Report of the Advisory Commission on Intergovernmental Relations a ten-year review of federalism in the United States because the Commission is now ten years old. The bill creating the Commission was signed by President Eisenhower on September 24, 1959, and the Commission held its first meeting on December 10 of that year. The basic Congressional mandate of the Commission is to endeavor, through studies and recommendations to national, State and local governments, to strengthen the American federal system.

But there are substantive reasons as well for reviewing the evolution of intergovernmental relations over this period. In no decade other than that of a century ago has the theory of federalism hung so much in the balance in the United States or the pendulum of American public opinion swung so widely as to how powers should be shared among the various levels of government. Historians may single out the 1960's as one of the half-dozen periods of the country's history that were most crucial for the survival of federalism in the United States.

The Nineteen Sixties began with a continuing disenchantment with "layer cake" federalism and the laggard response of State government to escalating urban needs. Under the "layer cake" theory, certain functions are performed by the National Government, while others are left entirely to States and localities. By contrast, under the "marble cake" concept, responsibility for dealing with functions of domestic government is shared among National, State and local levels, with many—indeed, most—functions participated in by all three levels.

At mid-point in the decade public sentiment for the "Great Society" programs was at a peak, accompanied by a wide-spread belief that only national action was sufficient or appropriate to meet the challenges of poverty, civil rights, and urban decay. However, the Sixties are ending with a strong flow of power back to States and localities, a growing disillusionment with "marble cake" federalism and substantial sentiment in support of a "New Federalism" championed by the Nixon Administration by which increased reliance is

placed upon State and local governments to make the multitude of public decisions required in the pursuit of domestic goals.

In assessing developments in the Sixties a few major trends stand out: The growth of functional bureaucracy; concern for more effective assurance of civil rights to minorities, preceded and followed by mounting protest and civil disorder by the black and the young; further political, fiscal and social fragmentation of urban America; increasing tension and imbalance in the intergovernmental revenue system; and some heartening signs of an awakening of State governments to 20th Century conditions and needs. Throughout the decade doubts have been widely expressed as to the adequacy of traditional governmental organization, structure, and processes in coping with the tremendous problems of urbanization, technological explosion and increasing social and racial tensions.

Consequently, standing out well in the forefront of the Nation's agenda for the Seventies and its search for a "New Federalism" is the urgent necessity of overhauling and adapting governmental institutions to meet better the needs, problems, and aspirations of the American people.

GROWTH OF FUNCTIONAL BUREAUCRACY

Increased Federal Involvement in Domestic Programs

In 1960, Federal grants-in-aid to State and local governments totaled about \$6 billion (of which \$5 billion was for highways and welfare) and involved fewer than 45 separate grant-in-aid programs. These programs had evolved slowly from the 1880's on. Prior to 1930, ten such programs had been established covering land grant colleges, State experiment stations, and extension services; highway construction; forestry cooperation; and vocational education and rehabilitation.

During the New Deal period 14 additional programs were initiated covering public assistance, employment security, public and child health services, fish and wildlife, public housing, and school lunches.

During the post World War II period running through 1959, 20 new programs were established. Of these, five were extensions of already existing programs. Major new fields entered by the Federal Government during this period were: airports and hospital construction, mental health facilities, urban renewal, aid to "federally impacted" school districts, sewage treatment plants, and library services.

So at the beginning of 1960, Federal financial aid for specific public services was a significant but by no means dominant aspect of government in the United States. Except for highways and welfare, Federal aid did not constitute a sizeable proportion of State and local spending in any major functional area. The 44 programs were visible, comprehensible, and manageable. Most governors, mayors or city managers could, if asked, enumerate all or most of the types of Federal aid for which their jurisdictions were eligible.

In 1960, however, public and Congressional opinion was beginning to shift toward a more active involvement of the National Government in many new areas of activity. Public pressure for the "Forand Bill"—the precursor of medicare and medicaid—was mounting. A White House Conference on Education conducted by the Eisenhower Administration a few years earlier had shown strong underlying sentiment for Federal aid for elementary and secondary education. Indeed, medical care for the aged and aid for teachers' salaries was to become a recurring theme in the campaign oratory of John F. Kennedy in the 1960 presidential election.

During the short Kennedy years, many grant-in-aid proposals that had lain on the Congressional shelf for the better part of two decades were dusted off and started through the legislative process. A 1961 statute launched the Federal Government into the new areas of mass transportation assistance and grants for open space. A large program of Federal assistance for mental health was authorized; other new grants involved educational television, air pollution control, health services to migratory workers, and manpower development and training.

The second session of the 88th Congress, at the advent of the Johnson presidency, saw the beginnings of a vast expansion in categorical grant programs: Food stamps, farm labor housing, water resources research, coordinated regional health facilities, outdoor recreation, and the enactment of the Economic Opportunity Act with the launching of the widely heralded "War on Poverty."

In the first session of the 89th Congress the enactment of new grant programs reached a high water mark: approximately 25 were legislated during the session. Sizeable new programs included medicaid, aid for Appalachia, elementary and secondary educational

aid, water and sewer lines, law enforcement assistance, State technical services, solid waste disposal, and highway beautification. Many of the programs enacted earlier were also expanded and broadened.

Growth of Project Grants

Practically all of the new grant programs were functionally oriented, with power, money, and decisions flowing from program administrators in Washington to program specialists in regional offices to functional department heads in State and local governments—leaving Cabinet officers, governors, county commissioners, and mayors less and less informed as to what was actually taking place and making effective horizontal policy control and coordination increasingly difficult at all levels of government.

A majority of the new programs were in the form of "project" grants—an approach under which a State or local agency desirous of receiving Federal assistance prepare application, submits it to the nearest Federal regional office, and hope for the best. In contrast, under a "formula grant" approach, allotments of funds are made to governmental jurisdictions to cover a designated fiscal period for a designated purpose, with selections of individual projects left to the recipient governments, in the light of their own respective priorities.

Growth of "Private Federalism"

Demonstrated mainly in the Economic Opportunity Act but present in other programs as well was a growing tendency to make Federal assistance available to non-governmental organizations. This seeming antipathy toward the State or local "Establishment" was most marked in the human resources programs. The Economic Opportunity Act heralded a new concept of local government—maximum feasible participation of the poor in the framing and administration of service programs directed primarily to low income people. Even though grant funds were also made available to governmental bodies, requirements for advisory committees were designed to dilute somewhat the decisionmaking responsibilities of elected officials.

Growth of "Direct Federalism"

Increasingly, the new grant programs, being directed to urban problems, channeled funds directly to local governments without significant involvement of the governor or the State legislature. Twenty-three of the 38 grant programs that completely by-passed the States were enacted after 1960.

The Economic Opportunity Act was framed purposefully to exclude or minimize any State participation in the program, particularly its "community action" phases. This program marked the apex of Washington antipathy and arrogance toward State governments and many local governments as well. More and more the goal of "Creative Federalism" in the view of numerous program administrators was to utilize local governments—and States when it could not be avoided—as work horses in a Federal "delivery system."

Programs administered under the aegis of the Housing and Home Finance Agency and later the Department of Housing and Urban Development likewise gave scant opportunity for State involvement. In fact, the unwritten policy among administrators of many of the newer social programs seemed to be "beware of the States." Not to be overlooked, however, is the fact that much of this "by-passing" was heartily endorsed by the States. Other by-passing was justified on the grounds that the poor and the black—especially the latter—would never get a fair shake from State governments, especially in the South.

Some considered the assignment of major liaison responsibilities with the cities and counties to Vice President Humphrey's office another manifestation both of "Direct Federalism" and of the National Government's growing deep and sincere concern with urban problems.

The Management Mess

The second session of the 89th Congress continued to enact new programs, but by 1966 the symptoms of "program indigestion" had become visible everywhere.

The total number of separate statutory authorizations for grants-in-aid had reached the neighborhood of 400.

Various organizations began to publish "catalogs" of available Federal programs for the use of State, local, and private organizations. In fact, the number of grant catalogs was proliferating to the point that a "Catalog of Catalogs" published by the Advisory Commission on Intergovernmental Relations covered nine single-spaced pages!

All of this added up to a "management mess" and a break down in the "marble cake" theory of federalism. Too many cooks were spoiling the broth, with duplication, overlapping, and proliferation the order of the day. The patience of governors and mayors began to give way, and the paper tide of grant applications engulfed the Washington bureaucracy.

If there was a "mess in Washington," certainly State Houses and City Halls were far from models of management excellence in gearing up to meet the exploding

problems of the 1960's and in accommodating to the host of new national initiatives. The chief executive of a major industrial State described the personnel resources of his jurisdiction as a "thin line of administrative competence." The long ballot, infrequent legislative sessions and lack of a trained staff were serious detriments to effective performance at both State and local levels.

Touching the Brakes

Following the November 1966 elections, there ensued a rising chorus of dissent from publicly elected officials of State and local governments. Democratic governors meeting in White Sulphur Springs, West Virginia, demanded that Washington begin to take governors more fully into account in the administration of the multitude of Federal programs. Heeding these complaints, President Johnson charged the Director of the Office of Emergency Planning, former Florida Governor Farris Bryant, with making a governmentwide effort to bring Washington closer to the States and the States closer to Federal program decisions. Teams of Federal officials visited over forty State Capitols, getting acquainted with the governors and their staffs and with State officials having policy or program responsibilities in areas being covered by the new programs. Reciprocal visits of governors and their staffs to Washington were also arranged.

City and county officials, also restive, were urging a policy of consultation before action in the framing of Federal grant-in-aid regulations. This restiveness brought forth three responses over the ensuing three years—two from the Executive and one from the Congress. A Budget Bureau circular was issued requiring that draft of grant regulations being considered by Federal agencies be submitted for review and comment to organizations of State and local government. This process got underway slowly in mid-1967, and two and one-half years later its efficacy was still in doubt because too often draft regulations had become fairly well frozen before submission to State and local officials. However, accompanying this formal procedure was a growing number of productive informal conferences between agency officials and State and local organizations. This increase in consultation was due not only to growing agency cooperation but to the growing insistence and "clout" of the Washington based organizations of State and local officials.

As a second Executive development, President Nixon moved, immediately upon his inauguration in January 1969, to consolidate responsibility within his Executive Office for attention to Federal-State-local relations. In the previous administration this respon-

sibility had been divided, with Vice President Humphrey handling liaison with the Nation's mayors and county officials and the Office of Emergency Planning carrying on similar work with State governments. These liaison activities were consolidated by President Nixon into an Office of Intergovernmental Relations to function under the direction of Vice President Spiro Agnew. Nils Boe, former governor of South Dakota, was named head of the new Office.

The Congressional response to the grass roots revolt against program proliferation and arbitrariness was illustrated by the enactment of three measures:

(a) The "Green Amendment" to the Economic Opportunity Act, adopted in 1967, gave preference to local governments as opposed to private non-profit organizations in the assignment of responsibility for carrying out community action programs. Under the amendment private community action agencies were to be free to operate if the local government did not exercise the "first option" of operating the program directly. Contrary to the expectations of some, a drastic turnover in the control of the community action programs did not follow the enactment of the Green Amendment. There were several reasons for this: Many mayors were content to leave well enough alone; others preferred to keep out of the line of fire and avoid association with a controversial and often unpopular program; also, regulations to implement the Green Amendment were so drawn by the Office of Economic Opportunity as to make the assumption of program responsibilities by local governments very difficult and for State governments, virtually impossible.

(b) In late 1968 Congress enacted the Intergovernmental Cooperation Act, which represented the culmination of five years of effort on the part of organizations of State and local government and many other interested groups. Most of the provisions in the Act were based upon recommendations made during the 1961-1966 period by the Advisory Commission on Intergovernmental Relations.

The Act provided for supplying grant information to governors and legislatures as to Federal grant programs and amounts within their States; modification of the "single State agency" requirement in many Federal grant statutes; authorizing Federal agencies to provide technical services on a reimbursable basis to State and local governments, with such reimbursement accruing to the agency appropriation account rather than reverting to miscellaneous Treasury receipts; authorization for

the President to exercise broad coordinating power over Federal programs for urban development; periodic Congressional review of Federal aid programs lacking an expiration provision; and a requirement that the General Services Administration consult with local government officials in the acquisition and disposition of real property.

On the verge of enactment at the end of 1969 was a further extension of the provisions of the 1968 Act including: Authorization to Federal agencies to accept State and local fiscal audits of grant-in-aid expenditures; simplification of fiscal reporting requirements on grant expenditures; authorization for joint funding of interrelated components from separate grant appropriations; and presidential authorization to consolidate grants subject to Congressional veto.

(c) The Partnership in Health Act of 1966 consolidated a number of small, separate categorical health grant programs into a single broad grant to State governments for comprehensive public health services, permitting the States to tailor the program details to fit their specific needs. This marked the first sign of Congressional sympathy toward the concept of grant consolidation. From grant proliferation had come the natural recommendation from State and local governments, the Bureau of the Budget and others that the number of separate programs be reduced through a process of consolidation. Such consolidation was envisioned as giving greater flexibility to State and local officials and rendering the whole grant-in-aid system more manageable by getting it back to something approaching the visible and comprehensible dimensions at the beginning of the decade, without reducing or curtailing the magnitude and breadth of benefits.

A subsequent attempt to effect a parallel type of consolidation in the vocational education field met with strong resistance from entrenched categorical program interests.

These responses by the Congress and the executive branch, beginning in 1967, were but surface indications of a recognition in many quarters of the absolute necessity for fairly drastic changes in Federal-State-local relationships in order to make the whole American federal system work. At the end of the decade, there was little disagreement that a "management mess" did indeed exist and that Herculean efforts would be required to avoid a total breakdown in the capacity of governmental institutions at all levels to cope with the manifold challenges ahead.

CIVIL RIGHTS, PROTESTS, AND DISORDER

The Civil Rights Movement

The civil rights movement which began to accelerate early in the decade and was continuing as 1969 drew to a close, disclosed major weaknesses and produced major strains in patterns of intergovernmental relations in the United States. Continued violation by some State and local governments of basic precepts laid down in the Fourteenth Amendment could have but one solution: National action. These actions by the National Government left relationships bruised in many quarters of the country.

One of the major products of the civil rights movement was the restoration of political rights of the Negro in the South and in some other isolated areas where they had suffered abridgment. The constitutional amendment outlawing poll taxes, and the Voting Rights Act of 1965 were 100 years-late implementations of the intent of the Fourteenth Amendment. Exercise of the franchise by Negroes has already brought many changes in the political structure of a number of southern States, including the election of Negroes to local office and to State legislatures, and has made racism considerably less of an overt issue in political campaigns in that region.

The Politics of Confrontation

The success of civil rights protests in achieving governmental change was a lesson quickly learned by many other groups dissatisfied with the *status quo*. By the end of the decade, the march, the demonstration, the sit in, and the takeover of college buildings all had become a familiar part of the American scene. A continual nagging question was the extent to which the politics of protest and confrontation should be subjected to governmental regulation and if so, by what level of government. Attempted actions by the Congress, city and county governing bodies, and State legislatures to "keep protest within bounds" were frequently countered by questions of constitutionality in terms of freedom of assembly and speech.

Riots and Civil Disorder

Succeeding the nonviolent protests in the civil rights movement and the peaceful demonstration was an increasing resort to group violence in the mid- and late-1960's. The 1965 Watts riot in Los Angeles was followed in 1967 by serious outbreaks in Newark, Detroit, and scores of other places. In 1968 a wave of disorders ensued upon the assassination of Martin Luther King, Jr.

The immediate response generally was one of bewilderment and often outrage coupled with uncertainty as to what could be done to restore social health to the stricken cities. Contributing most to this uncertainty was the apparent lack of a clear link of cause and effect. A history of neglect and disregard for the welfare of minority groups in Newark contrasted with Detroit's record of considerable concern with, and apparent improvement in race relations over a period of several years. Yet both suffered greatly from the rioters and looters. There was concern at all levels of government lest accelerated action on programs for central city rebuilding be construed by some as "rewarding the rioters." In general, the effect of the riots upon Federal, State and local governmental action was to discredit "welfare" proposals and to popularize "police" measures.

From the standpoint of federalism, a significant feature of the rising tide of racial unrest and civil disorder was the tendency of local officials and news media to speak almost entirely in terms of remedial action by the Federal Government, occasioned perhaps by the feeling that only through access to Federal financing could sufficient resources be mobilized. This view was also put forth forcefully by the President's National Advisory Commission on Civil Disorders (the Kerner Commission). Paradoxically, the apparent reason for much of the dissatisfaction of minority groups in the cities was and is rooted in local government structure and fiscal arrangements—including the "white noose" of the suburbs, under-financing of central city schools, inadequate housing, unbalanced patterns of State aid, and repressive restrictions upon the administration of public welfare. These and other sources of unrest stem primarily from *State constitutions and statutes and are not directly controllable by Federal law or regulation.*

POLITICAL, SOCIAL AND ECONOMIC FRAGMENTATION OF URBAN AMERICA

Seeds of The Urban Crisis

Population Migration: Farms to the Cities—Cities to the Suburbs

The pace of urbanization in the United States quickened in the '50s and remained rapid through the '60s. During this period and especially in the '60s, two streams of humanity were flowing in diverse directions with contrasting motivations. Middle- and low-income people, accompanied by the young of all economic levels, were leaving the farms and the small towns of America's south and midwest, going toward the urban

centers of the Atlantic seaboard, the midwest and Pacific coast in search of employment, a better standard of living, economic and social equality—and in general, the dream of “the good life” which people ever since Aristotle have embodied in The City.

In a concurrent stream of migration, upper and middle income whites were leaving the central metropolitan cities for suburbia and exurbia in the wake of school integration, deteriorating services, rising costs, high taxes, and burgeoning crime and delinquency. In-migration of Negroes, coupled with a high birth rate, was making many of the large cities increasingly black. As streets became more congested, suburban shopping centers with acres of parking space became more and more of a magnet to shoppers and merchandisers alike. Downtown stores closed or retrenched and opened up suburban branches. Light and white collar industry began more and more to seek suburbia as an increasingly desirable location for new plants. The life styles of corporate executives and their wives acted more and more as a discriminating factor against business location in either central cities or rural “Deadsvilles.”

The migration from city to suburbia began in earnest following the end of World War II, and was assisted by a series of actions at Federal, State, and local levels that collectively became some of the seeds of the “urban crisis” which grew and worsened throughout the '60s.

At the State House: Red Light for Annexation; Green for Incorporation

The philosophy of municipal home rule and local self-determination has been deeply ingrained in American political philosophy for a century. In most States pressures from residents of unincorporated areas adjacent to cities had long before the Sixties brought about stringent restrictions upon the expansion of city boundaries through annexation, which consequently became more and more difficult. In some States it became illegal for the city even to initiate annexation proceedings; any initiative had to come from residents outside desiring to join the city. Rural dominated legislatures were an ideal seedbed for legislation of this type. Legislators distrusted the big cities and felt it only right that citizens fortunate enough to be living outside their borders be protected from the reach of the octopus.

Logically, also, the combination of the self-determination theory and the desire to keep the big city in check had a tendency to sustain overly permissive requirements for incorporation of new municipalities.

The motivations for incorporation were many. Among the powers of incorporation was the power to zone, and with this power would come the opportunity to create tax havens by zoning out the poor and zoning in business and light industry. From this kind of State constitutional and legislative base—restricted annexation and unrestricted incorporation—inevitably came political fragmentation and a multiplication of units of local government in most metropolitan areas of the country.

These trends began even before World War II and accentuated in the Fifties and early Sixties, though with some few encouraging countervailing tendencies apparent toward the end of the decade.

Growth Out of Control: The Special District

Rapid growth of special districts has intensified the splintering of local government. These local units, created for the most part to perform a single service, grew 16 percent in the five-year interval between the 1962 and 1967 Censuses of Government. Now totalling over 21,000, the special district constitutes over one-third of all local governments in metropolitan areas.

The forces that compel this alarming proliferation are strong: One is refusal—or constitutional inability—of many States to relax or remove their restrictive tax and debt limits upon traditional types of local government. Another comes from the timidity of existing local governments in facing up to new problems. Still another arises from the restrictions upon county government in its ability to differentiate through its territory the level of service provided and the tax rates imposed.

Special districts, overlapping and often unrelated to the boundaries of general local governments, are often unresponsive to control by the general public. The bill they present to the taxpayers is too often concealed in special fees or taxes unrelated to the taxes of other local units. Worst of all, the citizen finds it difficult to keep track of the decisions of special district governments and to register his preferences and dissatisfactions in the voting booth.

Widening Fiscal Disparities: Distressed Cities; Subsidized Suburbs

As higher income people moved out from the city to suburbs and beyond, the governmental revenue and expenditure consequences were certain. Throughout the '60s the disparity between the tax base of the central city and the bases of its many suburban environs continued to widen. Post-World War II policies of the

Federal Government with regard to home mortgage insurance and highway financing facilitated this flight to the suburbs. Because these policies made home construction in suburban areas easier, and private auto transportation downtown possible and convenient, the motivations for suburban living continued to increase. In the mid- and late '60s, growing civil disorder and rising crime became additional factors driving out both residents and business from central city areas.

With an increasing proportion of low income people, central city service costs inevitably escalated; relief payments had to be made, public health and social services had to be increased, and police forces had to be augmented. Meanwhile the central city's revenue base rose at a much slower rate. At the end of the decade, in practically all of the large metropolitan areas, taxes were taking a higher percentage of income in the central city than outside—this despite the fact that quality of service in the suburbs continued to improve in contrast to that provided in the inner city.

Service quality disparity was especially marked in education where, despite the obvious need for greater per pupil expenditures in socially and economically disadvantaged areas, per pupil school expenditures—and in many cases, State school aid—were higher in suburbia.

The White Noose Tightens

Throughout the '50s and the '60s, the inner cities of the Nation's metropolitan areas were becoming increasingly black. As the proportion of Negroes in public schools increased, the exodus of whites quickened. With the legal bases for annexation, incorporation and zoning fixed as they were by State law, and with highway and housing policies of the Federal Government oriented to favor the suburbs, in more and more metropolitan areas, an increasingly black and increasingly poor central city strangled by a white noose of affluent suburban enclaves seemed inevitable for the future.

Still, some mitigating factors began to assert themselves toward the end of the decade. Open housing had become the law of the land. Federal aid was being supplied for schools in especially poor areas, and increased aid for central city schools was being voted by some States. States were asserting greater concern with and control over land use in metropolitan areas, through the establishment of multi-county planning districts and other means. County government was coming alive, and the Federal Government was requiring more interlocal cooperation in the administration of some of its grant-in-aid programs.

Some Hopeful Signs

Uniformity of Geographic Bases for Economic Planning and Development

One of the consistent complaints voiced by State and local officials regarding certain Federal grant-in-aid programs focused on the tendency of some Federal program administrators to urge and even insist upon diverse multi-county groupings within the States for purposes of program administration. This caused considerable confusion where several agencies—e.g., Economic Development Administration, Office of Economic Opportunity, and the Department of Agriculture—came into conflict with one another within a particular State regarding the geographic base to be used for program administration.

Consequently, a presidential directive, issued on September 2, 1966, required Federal agencies to honor district lines established by the State governments for purposes of economic planning and development. This requirement had the effect of encouraging State governments to take the initiative in establishing multi-county districts for planning purposes. Subsequent Federal legislation amended Section 701 of the Housing Act to provide Federal financial incentives for the establishment of these districts. By the end of the decade more than a score of States had grouped their counties into regional planning areas.

Enactment of the Model Cities Program

Enacted during the second half of the Johnson administration, and in process of continuing experimentation and modification at the end of 1969, was the Model Cities program—designed to stimulate grass roots concern, initiative, and citizen participation in the revitalization of blighted city neighborhoods. The legislation followed, in part, the concept of the community action phase of the Economic Opportunity Act but without the overtones of anti-establishment political action that marked the poverty program. The Model Cities legislation recognized that the traditional categorical approaches to the solution of urban problems were tending to weaken local government and alienate State government, and often proved to be an inefficient method for providing a range of closely related community services. Under this earlier approach, Washington had not been content just to deal with local government exclusively but made financial assistance available to every conceivable kind of special district or political jurisdiction. Consequently, one of the original goals of the Model Cities program was to provide "bloc grant" assistance to cities without the usual categorical com-

partmentation. Beginning in 1969, in its reappraisal of the Model Cities program, the Nixon administration moved forcefully to involve State government significantly in its administration.

Stimulus to Comprehensive Metropolitan Planning

Section 204 of the Demonstration Cities and Metropolitan Act of 1966 provided an important stimulus to interrelate various functions of urban development by requiring that all applications for grants or loans for certain physical development projects within a standard metropolitan statistical area be accompanied by the review and comment of an areawide body, authorized to carry on comprehensive planning for the metropolitan community. This requirement encouraged the establishment of regional councils of public officials and other areawide coordinating and planning bodies where few existed previously.

Regional councils of governments (so-called "COGs") sprang into existence quickly as a result of the enactment of Section 204. More or less concurrently, Section 701 of the Housing Act was amended to provide Federal financial assistance for the establishment and operation of the COG's. A Joint Service to Regional Councils was formed by coordinate action of the National League of Cities and the National Association of Counties to backstop these new organizations. By 1970 a number of COG's had progressed far beyond the "Lodge meeting," discussion-type forum into regional bodies with embryonic powers of general local government.

Emergence of Strong County Government The Horse and Buggy Image

Of all forms of local government in the United States, nearly all counties up until a few years ago had persisted the most in changing the least in responding to the needs and wishes of their citizens. In many States, the county courthouse for generations typified sloth, waste, and antiquated management of public affairs. Historically, in many States, the structure of county government has been painstakingly specified in the States' constitution, with the usual requirement that all officials of any consequence be directly elected, thereby rendering impossible any unified, cohesive management of county business. Also counties historically have had few powers of a functional or "municipal-type" government. The characterization of county government as the "Dark Continent of American politics" in local government textbooks was accurate in most situations.

Revitalization of NACO

A major factor in changing the image of county government during the '60s was the strengthening, with the help of private foundation grants, of the National Association of Counties—changing it from an organization staffed only with a parttime executive secretary in the late '50s to an association with national prestige and considerable Washington influence. The influence of NACO on national policies had grown considerably by the end of 1969. Its importance was illustrated by the appearance at a morning session of its 1968 annual meeting of all the major presidential candidates—Nixon, Rockefeller, Wallace, Humphrey, and McCarthy.

At the State level, NACO's influence was being felt but to a much lesser degree. State action, usually of a constitutional nature, is required to modernize county government and to empower the county to carry out urban functions. Those States having an active and imaginative association of counties have tended to move ahead briskly in this area but in other States any effort to develop the county as an instrument of regional government has met with rebuffs from rural-dominated county associations.

Growing Interest in City-County Consolidation

The pressures of the "metropolitan problem," typified by dozens of separate municipalities within a metropolitan area, have caused political and civic leadership in some metropolitan areas in some States to look to the county as a vehicle for achieving areawide coordination. As some have put it, the county has "a real adequacy" to deal with problems transcending the boundaries of individual municipalities. In some States the approach has been to endow counties (or at least those having a sizeable population) with authority to carry on urban functions, particularly those of a utility nature, such as water supply and sewage disposal. In many States, the welfare function is administered from a county base, and in an increasing number of metropolitan areas, counties have been taking over the public health duties from constituent cities.

In other States serious consideration has been given to city-county consolidation. In the early part of the decade only one major city-county consolidation was effected—Nashville-Davidson County, Tennessee. By mid-1969 however, two other major consolidations had been enacted: Jacksonville-Duval County, Florida, and Indianapolis-Marion County, Indiana. More importantly, 14 separate merger possibilities were under official study in various parts of the country by the end of the year.

Advocates of "metropolitan government," long scorned and rebuffed by the realities of the State-local political system were being joined in some places by the Establishment itself. The coming of the Black Revolution, with assumption of Negro political power achieved or imminent in a number of central cities was giving rise to proposals by suburbanites and city business interests for city-county consolidation and other measures that would create a single government over a broader geographical area. Through this means, the desperate fiscal condition of the increasingly black and poor inner city would be ameliorated but at the cost of weakened political power of the Negro community. While many might term this progress for the wrong reason, it is likely that a combination of many factors will continue to propel county government into increasing prominence and responsibility in the years ahead. It should be noted also that the Negro attitude is by no means universally hostile to metropolitan reorganization because the fiscal dividends are clear, and in some cases, such as the Jacksonville-Duval County consolidation in Florida, Negro political strength in the community increased somewhat.

TAXING—SPENDING TENSIONS IN THE REVENUE SYSTEM

State-Local Spending Skyrockets

The financial pressures on State and local governments continued unabated during the Sixties as they strove to meet the burgeoning demands of a growing and urbanizing population for more and better public services, compounded by an inflationary trend during the last half of the decade. State-local spending more than doubled from \$61 billion in 1960 to an estimated \$127 billion in 1969. At the same time, Federal expenditures increased during the decade at a somewhat slower rate than did State and local spending, and Federal debt grew far less rapidly.

Coupled with the expansion of public services was the need to modernize and expand the State-local capital plant—New school buildings to accommodate more students at all levels; sewer and water lines and roads into the ever-growing suburban communities; mass transit systems to bring the suburbanites to their jobs. Much of this construction was financed from borrowing; State-local debt doubled—from \$70 billion at the close of fiscal 1960 to some \$140 billion by the end of the decade.

Tax Increases and Political Suicide

State and local government began the decade with a revenue system not very responsive to economic growth.

In general, the combination of State and local property, sales and income taxes nearly kept pace with economic growth during the period while spending was generally running several percentage points ahead—a 108 percent rise in State-local spending corresponded with an 84 percent increase in the GNP, 1960-69.

In 1968, the Advisory Commission on Intergovernmental Relations conducted a study to determine the derivation of increased State tax collections as between dividends from economic growth vs. "political" decisions to increase rates, broaden the base, or impose new taxes. It was found that over the period 1950-67, an estimated 53 percent of the growth in the major State government tax sources resulted from political or legislative initiative and 47 percent from the automatic response of existing State taxes to economic growth. (The comparable figures for 1950-68 are 54 percent and 46 percent respectively.) It was also found that, taking the country as a whole, most State tax systems at the present time will produce an increase in revenue roughly proportional to the percentage increase in State personal income. Nevertheless, as of 1967 this automatic response for each 1 percent change in State personal income varied from a low of .7 percent in Nebraska to a high of 1.4 percent in Oregon. (In 1968 the range was from .7 percent in Ohio to 1.4 percent in Idaho.)

In brief, during the '60s as well as the '50s, most State governments—dependent as they were upon consumption taxes and moderate to low rate income taxes—had to raise rates and impose new taxes time after time in order to keep abreast of increasing educational and other domestic expenditures. Local governments had to do likewise with property taxes and miscellaneous nuisance taxes.

Consequently, throughout this period, the political landscape was strewn with defeated governors, mayors, and county officials who had courageously committed suicide at the polls by doing what had to be done to increase sources of revenue to meet—in part at least—escalating service demands of the citizenry.

The Heller Plan

One of the most important and controversial developments in intergovernmental relations during the decade was the advocacy of a form of "revenue sharing" between the Federal Government on the one hand and the States and localities on the other.

In contrast to the legislative difficulty and high political risk encountered by State and local officials in changing their tax structures to accommodate rapidly rising expenditure demands of the public, the major tax development at the national level during the decade was the enactment of material reductions even while new

domestic programs were being enacted. This seeming paradox resulted from the very high yield-responsiveness to economic growth of Federal personal and corporate income taxes (about 1.6 percent for each 1 percent increase in GNP).

It is hard to recollect a presidential campaign marked to any great degree by the issue of taxes, although of course, a modest bow to the subject is usually given by both candidates—"tax reform" always being a reasonably popular proposal if kept sufficiently general. On the other hand, it is hard to find a gubernatorial campaign anywhere in the country at any time during the '60s (or '50s for that matter) when taxes was not an issue *and often the only major issue*. The same is true of many local elections. These two facts speak volumes about the imbalance in the intergovernmental revenue system which has become more marked each year since World War II.

In late 1963, Walter Heller, Chairman of President Johnson's Council of Economic Advisers, broached with the President the general proposition of sharing with the States some of the annual "fiscal dividend" from Federal income taxes rather than continuing to plow back most of such dividends into Federal tax reduction. After receiving a general go-ahead from the President to explore the subject, a White House task force was formed under the chairmanship of Dr. Joseph Pechman of Brookings Institution. The task force reported back in the early summer of 1964, strongly recommending the adoption of a revenue sharing plan.

The initial response to the proposition of revenue sharing was not encouraging to its advocates. President Johnson became disenchanted for a variety of reasons. Organized labor reacted with instant and strong opposition, fearing that such a policy would undermine the future growth and vitality of the Federal categorical grant system; Federal agency heads and program administrators responded in a similar vein. Mayors expressed strong doubts as to whether cities would get "fair sharing" from State governors and legislators if the funds were all channeled to the States with no strings attached.

Although revenue sharing was endorsed by Senator Goldwater in the 1964 presidential campaign, it continued to look like a long bet over the next couple of years due to the disappearance of the prospects of a budgetary surplus and a "fiscal dividend" visualized by Heller along with rising costs of the Viet Nam war. By 1967, however, public officials all over the country were becoming increasingly frustrated with the proliferation of Federal grant programs and the endless regulations which accompanied them.

The Governors' Conference established a special committee on revenue sharing, under the chairmanship of then-Michigan Governor George Romney, to look at

the question and to come up with recommendations and a formula. The National League of Cities, U.S. Conference of Mayors and National Association of Counties all established similar committees with which the Romney Committee worked, with a view to finding ways in which officials representing all levels of State and local government could come together on a revenue-sharing formula.

The 1968 presidential campaign found both major candidates in support of revenue sharing, and in 1969 it became a major part of President Nixon's legislative program, with initial strong support from governors and mayors. The decade closed with improvement in the legislative prospects for revenue sharing but with a number of major hurdles still ahead.

THE STATES: SLEEPING AND AWAKENING

The Picture in 1960

Although important steps had been taken in a few States to modernize State constitutions, most States in 1960 were functioning under stringent restrictions placed upon both their executive and legislative branches in the wake of public revolt at scandals in State governments that swept the country in the years immediately following the Civil War. In 1960, legislatures of most States were meeting only biennially; a great many governors were not eligible to succeed themselves, and in sixteen States the governor served only a two-year term. No State had enacted an income tax since 1937 and a great many of the country's major industrial States were without such a tax.

Major reliance by most States upon consumption taxes and indirectly on local taxes, plus political risks in imposing new taxes, plus legislative malapportionment, plus a variety of other factors, all conspired to create a posture of disinterest and neglect on the part of State government with regard to urban problems. Suburban tax enclaves were sprouting, the white noose was tightening, and local government units were multiplying in the country's metropolitan areas. But most States stood aside.

When cities wished financial assistance for housing, for airports, for urban development, for sewage treatment facilities, for mass transportation, and the host of other functions produced by increasing population density and technological advance, they stopped wasting their time going to the State capitols and instead beat a wider and deeper path to their Congressional delegations in Washington. Special interest groups, both private and public, also played a significant role in encouraging direct federal-local relationships. Groups representing various functional interests—education, water pollution,

and aviation, for example—were anxious to see funds provided for the purposes being sought by county commissioners and mayors. These interest groups brought their influence to bear for the enactment of federal grants to the localities. Another set of interest groups typified by chambers of commerce and manufacturer's associations, when testifying before Congressional committees regarding the desirability of federal aid for particular functions, would urge that the federal government stay out of the field and "leave it to the States." At the State level the same groups would often give adverse testimony before State legislative committees as to the desirability of State action. This behavior brought disillusionment to local governments and resulted in increased pressure by officials and groups associated with the public sector for a new pattern of direct Federal-local relationships.

A further indication of State government disinterest in the substance of urban and local government problems was the fact that in 1960, only two States (New York and Alaska) had provided within their organizational structure for continuing attention and assistance to local governments with regard to emerging urban problems, and in the former, the emphasis of the department was toward the smaller towns and villages rather than the larger cities.

Although at one time or another over half of the 50 States had provided in their State constitutions that both Houses of the State legislature would be apportioned according to population, malapportionment became increasingly the order of the day throughout the 20th century and into the Sixties. As urban populations increased, under-representation of the urban areas in the legislature became more and more marked. But a revolution was about to occur!

Baker vs. Carr

At the beginning of the decade, a legal effort was launched by Ben West, Mayor of Nashville, Tennessee, in collaboration with other groups in the State, that was to produce one of the most significant developments of the century, and indeed the life of the Republic, in Federal-State relations. Legal challenges to malapportionment had been initiated from time to time in State courts, but in general these courts as well as the Federal judiciary had said that legislative apportionment was a "political" question and not susceptible to judicial "tinkering."

It was contended by plaintiff in *Baker vs. Carr* that the legislature of Tennessee in its refusal, over six decades, to apportion according to population was violating not only its own constitution but also the Fourteenth Amendment to the Constitution of the

United States—that no State shall deprive any citizen of equal protection of the laws. It was alleged that through refusal to apportion equitably both Houses of the legislature, the citizens of the under-represented areas were being denied equal protection of the laws. The case was litigated through lower Federal courts and in time came to rest before the U.S. Supreme Court. In a landmark decision the Court held legislative apportionment to be "justiciable" and no longer a "political" question beyond the reach of the judiciary.

Court actions sprouted over the country, and within a relatively brief period some additional cases were before the Supreme Court—this time asking if it was not necessary, in order to assure "equal protection," that both Houses of a State legislature be apportioned according to population regardless of the provisions of the State constitution or of any referenda that the State might have had on the subject. In the *Lucas* case, involving apportionment in Colorado where the people of the State had made a clear choice in a statewide election for apportioning only one house on population, the Supreme Court held that "equal protection" meant "one man—one vote."

The initial response of State legislatures was understandably one of rage. In December 1962 the General Assembly of the States, meeting under the aegis of the Council of State Governments, proposed three amendments to the Constitution of the United States: one amending Article V (the amendment article) to provide that State legislatures alone, without the participation of Congress, could initiate and ratify amendments to the Constitution. Second, an amendment providing that the apportionment of State legislatures was not a justiciable matter. The most extreme proposal of all however, was the establishment of a "Court of the Union" to be made up of the Chief Justices of the highest court of each State with such Court of the Union rendering a *final* decision on any decisions of the Supreme Court that affected the division of powers between the National Government and the States. During the next two years, 13 States passed legislative resolutions in support of proposition number one, 15 supporting proposition number two, and five supporting the Court of the Union.

At about the same time that State legislatures were reacting violently to the court decisions, the late Senator Dirksen of Illinois introduced a constitutional amendment providing that one house of the State legislature could be apportioned on a basis other than population if the State so decided. This amendment did not secure the necessary two-thirds majority in each house of the Congress. The next proposal of Senator Dirksen was for each State to adopt a resolution calling for a national constitutional convention to take the necessary amend-

ing action subject to later ratification by three-fourths of the States. A great many State legislatures, prior to reapportionment in accordance with the court decision, adopted the Dirksen resolution.

As the number of adoptions neared 30, consternation grew in the Congress as to what would happen if a constitutional convention were petitioned by the requisite number of States. Inconclusive debate ensued as to what should be done. Meanwhile, as more State legislatures reapportioned themselves, the progress of the Dirksen amendment in the States slowed. Nevertheless, the number of adoptions reached 33 (34 was the required number). In late 1969 the lower house of the Wisconsin legislature defeated the Dirksen proposal, apparently ending the possibility that it would ever be adopted by the required number of States—the earlier resolutions of a few States in the meantime having been invalidated by State legal action and the prospect that in a few States legislative action would be taken to rescind the earlier adoptions.

By 1967, most apportionment actions had been completed and it was possible to draw a few conclusions. The first and most obvious was that the main gainers from legislative reapportionment were the rapidly growing suburbs rather than the large central cities. The average age of State legislators dropped significantly following reapportionment as many elderly rural members were “apportioned out.” In general, reapportionment seemed to be benefiting Republicans more than Democrats. However, apportionment also seemed to be producing more “activist” State legislation—perhaps arising from the fact that the big influx of young suburban legislators, though mostly conservative in political philosophy, were nevertheless deeply concerned about solving urban problems. In brief, urban oriented legislation began to be enacted where it had lain on the shelf before.

Modernization of State Government

The most important effect of reapportionment was to bring about a ferment of constitutional change in those States where it was necessary to rewrite the constitution in order to bring it into line with the one man-one vote rule. Much opposition to constitutional revision in the past had come from legislators who were fearful that revision efforts would involve reapportionment. With this fear removed, the mood of many legislators toward constitutional modernization became more favorable.

At this critical juncture—1966-1968—an important new ingredient was added. Sparked mainly by the Chamber of Commerce of the United States and the Committee for Economic Development, national organi-

zations began to exhort business leaders to get behind the modernization of State government—warning that the price of continued State inaction and inability to act would inevitably be more and more Federal programs.

Concurrently with the activities of business organizations, the Council of State Governments, the National Municipal League and the newly formed Citizens Conference on State Legislatures redoubled previous efforts directed toward an overhaul of State government and State-local relations. The major goals backed formally or informally by all of these organizations were (a) shortening the State ballot; (b) enabling the governor to succeed himself and to serve at least two four-year terms; (c) authorizing the governor to reorganize the executive branch subject to legislative vote; (d) unshackling local government from unrealistic constitutional and statutory restrictions upon their fiscal and functional powers; (e) initiation of annual sessions of the legislatures; (f) year-round staffing of major standing committees of the legislature; (g) increasing legislator compensation; and (h) providing adequate physical facilities for the legislature and legislators.

The Picture in 1970

By the end of 1969 State governments were coming alive. Many had awakened from their long sleep. Most of the major industrial States were becoming involved financially and administratively in pressing urban problems. For example, a large number of States had voted bond issues or otherwise provided funds for water pollution abatement. Several States, including Massachusetts, California, Pennsylvania, and Maryland, had voted funds for assisting mass transportation. A number of States including Connecticut, New York, Michigan, Delaware and New Jersey were involved in financial assistance to local governments for housing and urban redevelopment.

On the structural side of State government, one-half of the States, including nearly all the industrial States, had established State departments of urban or local affairs. By 1969, half the States had gone over to annual sessions of their legislature, usually by constitutional amendment but occasionally through informal means such as recessing rather than adjourning the legislature and call by the governor into a “special” session in the in-between years. Legislative pay was being increased in many States, and legislative leaders were beginning to meet with their Congressional delegations and to take other actions to make the voice of State legislators as well as governors heard when Federal legislation was being framed. The following table, comparing the situation at the beginning of 1960 and ten years later,

illustrates the length and breadth of change taking place in State government over the decade.

	Number of States	
	1960	1970
Governor unable to succeed		
himself	15	11
Gubernatorial two-year term	16	11
Annual legislative sessions	19	31
State department of urban or		
local affairs	2	25
Without a personal income tax	19	13

As the decade ended, opinion in the country was still very much divided as to whether the States would be able to regain their earlier key position in the American federal system. However few now argued or believed that the States would disappear. Nearly all agreed that improvement had occurred in the responsibility and responsiveness of State governments during the '60s. The officials of many large cities continued to doubt whether a State government would or could ever be as responsive to urban and particularly central city needs as the Congress. Very importantly, there was a growing determination on the part of the Federal Government for the first time in a long while to use Federal funds, programs, and power in such a way as to strengthen the role of the States in the federal system.

Despite these encouraging developments, however, some States including a few industrial states were still responding feebly if at all to the challenges of an urbanizing society. Also, the modernization of State government, both substantively and structurally, was still an uphill battle. State constitutional reform had been rejected in New York, Maryland and New Mexico. On balance, however, State government progress during the Sixties was encouraging.

AGENDA FOR THE SEVENTIES

As the Nation moves into a new decade and prepares to celebrate the 200th anniversary of Independence, it has a long and awesome agenda for preserving a viable federal system in the face of an expanding population, exploding technology and deep social tensions. In the mid-1960's the country appeared on the verge of turning its back on the federal principle and moving to a *de facto* unitary system of government, though preserving a legal facade of federalism. However, the accompanying centralization of program decisions in Washington did not work, and the pendulum is now swinging in the other direction. If the federal principle is to be preserved, efforts must be redoubled and advantage taken of the current swing to buttress the system on a number of fronts. For very surely, if faced

again with inadequate response and performance of our State and local governmental institutions in meeting new and frightening problems, the American people will not hesitate to call for national solutions—solutions of such possible breadth and depth as to bring with them a unitary system of government.

The inventory of unfinished business in strengthening the federal system is large. It is only necessary to enumerate some major ones to see the dimensions of the task.

Restoring Fiscal Balance in the Federal System

A massive rearrangement in the scale of fiscal resources available to the three levels of government is absolutely essential if the federal system is to remain viable, because a strong partnership requires each of the partners to be strong, and this condition cannot be met if one partner has the bulk of the resources and the other two have the bulk of expenditures to meet. The following are some key elements:

- Sharing of a percentage of the Federal personal income tax with States and major localities. The revenue sharing proposal of the Nixon Administration, along with modifications proposed by others, is before the Congress.
- Assumption by the Federal Government of at least the bulk of financial responsibility for welfare and medicaid. Welfare has become so interstate in nature and so dominated by Federal judicial and administrative action that major State and local financial participation in a function over which these governments have no ultimate control makes increasingly little sense. Major welfare reform proposals are pending before the Congress.
- Assumption by State governments of an increasing share of the costs of elementary and secondary education. This would help assure equal educational opportunity, release the local property tax for use in meeting growing non-educational costs, halt much of the existing interlocal competition for industry, and diminish incentives for exclusionary local zoning practices directed against large low-income families. (Hawaii supports and operates public schools from the State level, and Michigan's governor is proposing a State takeover of school financing.)
- Adoption by States of a high quality, high yield State-local tax system, including more intensive use of the income tax, a strong sales tax and an equitable and productive local property tax. The States must take the lead in a drastic overhaul of the local property tax in terms of its organization

and administration. (Thirty-three States have a dual income-sales tax system; some industrial States still do not tap the income tax potential.)

Actions such as the above are much to be preferred to a further willy-nilly massive growth in increasing Federal categorical grants which already have become a jungle so dense that only the most sophisticated "grantsmen" can enter with any confidence.

Adopting National and State Urbanization Policies

Increasingly apparent to public and private sector leadership alike is the need to formulate some conscious public policies that can accommodate the tremendous scale of urbanization and redevelopment bound to occur over the next few years. To continue to leave this pattern to chance and to competitive and contradicting policies of thousands of local governments is to invite economic and social chaos. Some major steps are listed below:

- *Formulation of a national urbanization policy.* At a minimum such a policy would assure that individual Federal programs did not operate contrary to national goals. Some possible new components for such a policy include financial incentives for industrial location in large city poverty areas and rural growth centers; migration allowances to facilitate population movement from labor surplus to labor shortage areas; preference in the award of Federal contracts to areas to which it is desired to attract population and similar preferences in the location of public buildings and other facilities; expansion of governmental assistance for family planning information to low income families; and initiation of new types of Federal support, under certain conditions, for large scale urban development and for the creation of new communities.
- *Formulation of an urbanization policy by each State.* State urbanization policies would be expected to include components comparable to those suggested for a national policy with the extremely important addition of a State land development agency empowered to acquire, hold, site-develop and sell off land to private developers for use in accordance with the State's urbanization policy and with State, regional and local land use plans.
- *Federal and State action for equitable relocation of people and businesses displaced by governmental activity.* One of the fuses leading to social explosion in urban ghettos has been the ruthless bulldozing of homes and small businesses for

highway, urban renewal and other public work projects without adequate provision for relocation. Federal and State legislation is needed to assure the availability of standard housing, prior to the beginning of demolition and to provide adequate financial assistance and advisory services to people being relocated.

- *Increased State role in building regulations.* The States must begin to bring order out of chaos in building codes through such means as State model codes available for local adoption without deviation, by licensing and training building inspectors, and by State performance of these functions where qualified local personnel are not available.
- *Recapture by the State of zoning authority heretofore completely delegated to localities.* Authority to zone is a major incentive to splintering the tax base in metropolitan areas. Misuse of this State police power by local governments has often resulted in deepening fiscal and social disparities between central cities and suburbs.

Civilizing the Jungle of Local Government

Only the State governments have the power to rationalize and render less harmful to orderly urban development the complex array of overlapping local governments that characterize most of the country's major metropolitan areas. This herculean task requires many State constitutional and statutory changes such as the following:

- Removing the shackles that frustrate local efforts to marshal the resources required to meet local needs by clarifying the legal powers of general purpose local governments, authorizing them to determine their own internal structure, modernizing out-dated means of controlling local government tax and debt levels, and liberalizing municipal annexation procedures.
- Arming local governments with an "arsenal of weapons" for meeting the challenges of urban growth by facilitating county consolidation, authorizing counties to perform urban functions and to authorize major cities and urban counties to create neighborhood "subunits" of government in order that disaffected citizens may be brought closer to and involved in the process of local government, permitting voluntary transfer of functions between cities and counties granting authority for intergovernmental contracts and joint service arrangements, encouraging the establishment of metropolitan study commissions,

providing for metropolitan functional authorities that offer services requiring areawide handling, and authorizing regional councils of elected officials.

- Halting the proliferation of special districts and small nonviable units of local government in metropolitan areas. In the case of tiny localities, this means establishing rigorous standards for the incorporation of new municipalities, empowering State or regional boundary commissions to consolidate or dissolve nonviable units, and revising State aid formulas to eliminate or reduce aid allotments to local governments that do not meet statutory standards of economic, geographic, and political viability.
- In the case of special districts, this means making them harder to form and easier to consolidate or eliminate, increasing their "visibility" and political accountability, and requiring them to coordinate their operations with those of counties and municipalities.

The Federal Government, too, has a role to play in tidying up the local government landscape by modifying Federal categorical aid programs that encourage special districts, by providing Federal incentives for local government modernization in the form of requirements for regional or metropolitanwide review of applications from individual local governments for Federal grants, and by offering bonus percentages in Federal matching for projects tailored to regional rather than strictly local needs.

Massive State Financial and Administrative Commitment to Urban Problems

Major themes urged by those concerned with strengthening the federal system have been: An awakening by the States to their inescapable responsibilities for urban affairs, an awakening by the Federal Establishment to the fact that the country simply cannot be run from Washington, and a recognition by both Federal and city officials of the inescapable necessity of increased reliance upon those States ready to move ahead on the urban front.

- *Modernization of State government.* Remaining time in the current wave of interest in modernizing State government may be growing short. If this is the case, the task ahead is doubly urgent. The goals are well known and have been stated by many people on many occasions.
- *Financial underwriting of urban functions.* The States must begin to pay part of the bill for urban redevelopment, housing code enforcement, mass transit, and other major urban

functions just as they have been paying for years a part of the bill for State agricultural experiment stations, county agents and rural roads. This, of course, requires a politically painful realignment of expenditure priorities within the State, but until it is done, "one man-one vote" is an empty phrase, and the chance for a strong State role in the American federal system of the future is diminished.

- *Channeling of Federal urban grants through the States under certain conditions.* The Congress and the Federal Executive Branch must become selective in laying down patterns of intergovernmental relations surrounding Federal grants and must stop treating States like New York, Pennsylvania, and California in an identical fashion with less urbanized and underdeveloped States like Alabama, Mississippi and Wyoming. Under such a selective approach, Federal funds for urban purposes would flow through the State where, and only where, certain conditions are met. If the State chooses not to meet these conditions, a Federal-local relationship should obtain with respect to the particular program. If it chooses affirmatively, then the existing Federal-local relationship would be changed to a Federal-State relationship. Such a selective approach is embodied in the 1969 reorganization of manpower training programs by the Nixon Administration.

* * * * *

If there is an overall theme that continues through most of this chronicle of federalism's highlights during the past decade, it is the theme of imbalance, of a system getting seriously out of kilter. Population growth, massive migrations between and within States, eroding rural areas, and burgeoning metropolitan complexes, these, in any event, would have placed extraordinary demands on our traditional intergovernmental system for more and better services, for more adequate delivery systems.

These demands have hit practically all levels of government. Initially, localities had to bear the brunt of most of them. But the Federal Government has not escaped them as we have seen, and more and more States are now on federalism's firing line. Yet, the gaps between and among these jurisdictions is greater today than ten years ago:

- The disparity between the most affluent suburb and the characteristic central city in most metropolitan areas is wider;
- The disparity between the wealthiest metropolitan area and poorest rural county is greater;

- The difference between the powers and resources of the most energetic urban county and the most sparsely settled rural county is greater;
- The gap between the program, revenue, and administrative efforts of one cluster of urban States as against the standpatism of another cluster of urban States is broader;
- The gap between one grouping of moderately rural, low-effort States and another grouping of rural, high-effort States is wider;
- The range of responsiveness and resourcefulness among all the States obviously is greater; and
- The variation in managerial skill among Federal intergovernmental program people—between and among field offices, between and among programs, and between and among departments—is greater.

These, in short, are serious horizontal and vertical differences and they have produced a serious creaking in federalism's joints. This overriding issue of imbalance has prompted a call for a New Federalism, for a revamping of the system. The increasing visibility of intergovernmental frictions, the growing attention being given to them by both the Congress and the national administration as well as by a great many states, cities, and counties, and the growing concern of the business community, all have combined to bring about a political environment within which the prospects for progress in strengthening the federal system are the best in many years.

Race did not dominate federalism's historical highlights of the past decade to the same extent as the issue of imbalance. But it did condition, create, and compound the difficulties of many intergovernmental developments in the Sixties. The union was born in one kind of compromise over race. The union was split asunder in a major conflict over race. The union was

reunited on the basis of still another compromise over race. And during the last decade, race rose again as a paramount source of tension in our federal system—of conflict in the body politic.

Race has rural as well as urban dimensions, and explains some of the plight of some of rural America since upwards of 40 percent of the Nation's Negro population still resides in the countryside. It complicates the difficulties of urban America, given the drastic examples of interjurisdictional racial as well as simply economic disparities that are found in most metropolitan areas. Race then is an acute problem—certainly by American standards. It has complicated our collective task in the cities, in the small towns and on the farms. But more significantly, it transcends both and goes to the heart of our political tradition, our private and public code of morality, and our system of intergovernmental relations. And all this was drastically underscored by much of federalism's history during the Sixties.

So, at the beginning of 1970, the Nation—its National Government, its States and its localities—is faced with many difficult choices. If the aspirations of youth, the frustrations of minorities, the supplications of the poor and the legitimate public service needs of all the people are to be met, it is obvious that institutions of government will have to be altered to accommodate new demands and new circumstances. No governmental theory or system—be it a federal system, a unitary system or any other system—can be sacrosanct at the expense of serving the needs of the citizenry. In the main, the American federal system has served the Nation well for 190 years. Whether it can continue to do so will depend upon the interest and dedication of the American people and their elected representatives at all levels in making it adequate for the 1970's and the decades to follow.

Chapter 2

COMMISSION MEMBERSHIP AND STAFF DURING THE SIXTIES

TREND OVER THE DECADE

President Eisenhower signed Public Law 86-380 on September 24, 1959; the membership of the Commission was completed soon thereafter and the Commission held its organizational meeting in the Cabinet Room of the White House on December 10, 1959, with Chief Justice Warren swearing in the members.

During the succeeding ten years, a total of 92 individuals have served as members of the Commission; a list of previous members of the Commission is shown in Appendix A.

Throughout practically all of this period, the Commission was led by two Chairmen, the third, Robert E. Merriam, being appointed by President Nixon at the end of October, 1969. Frank Bane was designated by President Eisenhower as the Commission's first Chairman and was reappointed by Presidents Kennedy and Johnson, leaving the post in 1966. Bane brought to the Commission a rich background of intergovernmental experience and a national reputation in the field of political science and public administration. His background included serving as Welfare Commissioner for the State of Virginia; Assistant Manager of Knoxville, Tennessee; Executive Director, American Public Welfare Association; Executive Director, Federal Social Security Board; Executive Director, Council of State Governments. His wide acquaintance with political leaders at all levels of government helped get the Commission off to a sound start.

In early 1967 President Johnson appointed as one of the Executive Branch members of the Commission, Farris Bryant, Director of the Office of Emergency Planning and designated Bryant as Chairman of the Commission. During the early part of his chairmanship, Bryant was engaged in establishing closer relationships between the Federal Government and the States as a large number of newly enacted Federal programs began to impact upon the State capitals. Later in 1967 Bryant left the Federal service and was appointed as a public member of the Commission, continuing to serve as

Chairman. From his experience as former Governor of Florida, a member and leader in the legislature of that State, and a Federal executive, Bryant brought energetic and dedicated leadership to the Commission. During his tenure as Chairman, several of the Commission's long standing proposals to the Congress were adopted through the enactment of the Intergovernmental Cooperation Act of 1968.

Interesting variations occurred in the different categories of Commission membership, in both length of membership and participation in meetings.

Not surprisingly, the least turnover has occurred among the representatives from the U.S. Senate, all three of whom have served on the Commission from the beginning. Next in low turnover have been the Congressmen, two of the present three members being among the original appointees in 1959. The greatest turnover, by contrast, has been among the State legislative counterparts of the Senators and Congressmen. State legislative membership has turned over completely more than five times during the decade. The turnover among representatives of the Federal Executive Branch has been almost as rapid.

During the ten-year period 92 individuals have served on the Commission, representing 39 States. The 11 not represented to date are: Alabama, Alaska, Delaware, Mississippi, Montana, New Hampshire, North Dakota, Oklahoma, Utah, West Virginia, and Wyoming. New York, Missouri, and California have produced the largest numbers of Commission members, but there has otherwise been a fairly even-handed geographical distribution among all sections of the country: Northeastern (New England and Middle Atlantic) 18; North Central 20; South 24; and West (Mountain and Pacific) 18.

Over the ten-year period 51 of the individuals serving as members were Democrats and 41 were Republicans, illustrating the bipartisan nature of the Commission.

Five people have served on the Commission on separate occasions in different capacities: Farris Bryant as a Federal member in 1967 and a public member in

1967-69; Don Hummel as a mayor member in 1959-61 and a public member in 1962-64; Price Daniel as a public member in 1967 and a Federal member from 1967 to early 1969; Abraham Ribicoff as a governor member in 1959-61 and Federal member in 1961-62; and Anthony Celebrezze is a mayor member in 1959-62 and a Federal member from late 1962 to late 1964. One person—Edwin Michaelian—served on the Commission twice in the same capacity: as a county representative in 1959-61 and again in 1969.

Two Commission members—both Californians—died in office: Clair Donnenwirth, one of the original members, county supervisor from Plumas County passed away in July, 1965; Arthur Selland, mayor of Fresno, passed away in December, 1963 shortly after appointment to the Commission. Four others died subsequent to their membership. Former Labor Secretary Mitchell, State Senator Barrett of New York State; Edward Connor, Wayne County Michigan Supervisor and James Pollock, a public member and the first Vice-Chairman of the Commission.

During the decade the Commission has held 34 meetings. Differences in attendance show up clearly from category to category. The local government representatives consistently have appeared to attach great importance to attendance at Commission meetings. Both mayors and county officials have had at least one representative at every meeting, and three-fourths of the time there was 100 percent attendance of the entire membership in those categories. The overall attendance ratio for county officials was 88 percent¹ and for mayors 81 percent.

The ratio for State legislators was 80 percent; on two recent occasions, however, none of the State legislative members was present. This record is almost matched by that of public members, at 77 percent. At least one public member has attended every meeting.

The worst attendance record falls to representatives of the Executive Branch; however, this has varied over the ten-year period. Although in most cases the cabinet head has sent a representative, in 16 out of the 34 meetings no voting representative of the Federal agencies appeared. However, this was concentrated in the period from May, 1960 through October, 1962. Of the 23 meetings held since that date only seven had no Executive Branch voting representative. The overall

¹This figure is a ratio of members present to the total number of meetings possible if all members from that group had attended all meetings. Allowance is made for the occasional periods when the delegation was not at the full strength allowed by the statute, owing to death, resignation, expiration of term of office and so on. Although members are permitted to send representatives to present their views on matters under discussion, these representatives cannot vote.

attendance rate is 25 percent; five of the 16 cabinet members named to the Commission over its ten-year life never attended a single meeting. It must be added, however, that the record here is improving. One factor causing low attendance of cabinet members has been the large proportion of Commission reports addressed strictly to State-local relations and involving no significant Federal question.

Almost as scarce at Commission meetings have been the governors—on six occasions none was present. Their long-term attendance record is 37 percent.

U.S. Senators and Representatives, considered together, show an attendance record of 43 percent. Congressmen are seen much more often than Senators, however, and one Congressman, in fact, has maintained an 82 percent record.

After initial staffing of the Commission was completed, the personnel strength remained relatively fixed over the decade, growing from 29 authorized positions in Fiscal Year 1961 to 32 in Fiscal Year 1970. Turnover among the professional staff was moderate throughout the period, with an average of two professional staff people departing each year to accept other employment.

CHANGES IN COMMISSION MEMBERSHIP AND STAFF - 1969

Several changes in Commission membership occurred during 1969 occasioned by expiration of terms, State and local government representatives not running for re-election and consequently going off the Commission when their State or local terms of office were completed, and the advent of a new National Administration with three new Federal Executive Branch representatives and the appointment of new public members as the terms of previous members expired.

Robert E. Merriam of Chicago, President of University Patents, Inc., who had served as Deputy Assistant to President Eisenhower with responsibilities for inter-governmental relations and who had served in varying capacities in local, county, and State government, was appointed a public member in late October and was designated by President Nixon as Chairman of the Commission, succeeding Farris Bryant of Florida whose term as a public member expired in October. The President designated Richard G. Lugar, mayor of Indianapolis, as Vice Chairman—Mayor Lugar having been appointed to the Commission to succeed Neal Blaisdell of Honolulu, who had retired from his office as mayor at the end of 1968.

Also in late 1969 the President appointed Howard H. (Bo) Callaway of Georgia as a public member succeeding Alexander Heard of Nashville.

Congressional representation on the Commission continued unchanged throughout the year with Senators Ervin (D - N.C.), Muskie (D - Me.), and Mundt (R - S.D.) representing the Senate and Congressman Fountain (D - N.C.), Congresswoman Dwyer (R - N.J.), and Congressman Ullman (D - Ore.) representing the House of Representatives.

In January President Nixon designated HEW Secretary Finch, HUD Secretary Romney and Budget Director Mayo as the three representatives from the Executive Branch of the Federal Government.

From the States, Governor Warren Hearnes of Missouri was appointed to succeed Governor John Dempsey of Connecticut who resigned due to pressure of other business after having served four and one-half years as one of the governor members of the Commission. Governor Raymond P. Shafer of Pennsylvania was appointed to succeed Governor Agnew of Maryland at the time the latter left the office of governor to assume the Vice Presidency.

Robert P. Knowles, President of the Wisconsin State Senate and W. Russell Arrington, President of the Illinois State Senate, were appointed to State legislative seats on the Commission vacated by former House Speaker Ben Barnes of Texas when he became Lt. Governor of that State and Senator C. George DeStefano of Rhode Island who did not run for re-election to the State legislature. In late 1969 B. Mahlon Brown, Majority Leader of the Nevada State Senate was appointed to succeed Assemblyman Jess M. Unruh of California whose term had expired earlier.

From local government in addition to the appointment of Mayor Lugar of Indianapolis mentioned above, Mayor C. Beverly Briley of Nashville, Tennessee, was appointed to succeed Arthur Naftalin who was not a candidate for re-election as mayor of Minneapolis.

From county government, Supervisor Lawrence K. Roos of St. Louis County, Missouri, was appointed to succeed Gladys N. Spellman of Prince George's County, Maryland, upon the expiration of her term on the

Commission, and Edwin G. Michaelian, County Executive, Westchester County, New York, was appointed to succeed Angus McDonald, Commissioner of Yakima County, Washington, whose term on the Commission had expired.²

Wm. G. Colman, Executive Director of the Commission since its establishment, retired from government service at the beginning of 1970. A successor has not been appointed.

The only professional staff member leaving the Commission during the course of the year was Page Ingraham who joined the Appalachian Regional Commission.

During the course of the year several new people joined the professional staff. Mr. Allen D. Manvel, formerly Associate Director of the National Commission on Urban Problems (Douglas Commission) joined the staff as Assistant Director (Special Projects) to supervise a study activated under a grant from the Ford Foundation—measurement of the fiscal capacity and revenue effort of local areas. Also during the year, John J. Callahan joined the Commission as a research analyst, coming from Syracuse University where he had been doing graduate work in public administration.

In mid-year the Commission initiated a program of three one-year internships with one intern being drawn from State, county, and city government respectively. The internships are designed to provide experience and training in the field of intergovernmental relations with the individual returning to State or local government employment at the completion of the year. Coming to the Commission in this capacity are: Miss Marie Furjanic (Pennsylvania State Association of Boroughs), T. A. Minton (State Legislative Council, Oklahoma), and Fred Pettyjohn (Assistant Manager, Forsythe County, North Carolina).

² A list of Commission members as of December 1969 is carried on the inside front cover of this Report.

Chapter 3

STATE LEGISLATIVE AND CONSTITUTIONAL ACTION ON URBAN PROBLEMS IN 1969*

Since its inception, the Advisory Commission has trumpeted loudly a call for aggressive and imaginative State action to help cope with the multi-faceted crises confronting metropolitan America. But why this emphasis on the States? Why not more stress on the role of the Federal Government and its direct relations with urban municipalities. Why not more emphasis on citizen involvement and participation, where the fate of democratic institutions—especially those in the federal system—ultimately rests? The answer, in the opinion of the Commission, lies in the pivotal role of the States in our system, in the belief that they must play this role responsibly and rigorously if the federal system is to survive and is to be equal to the pressing problems of the 70's.

After all, strong special interest pressures both in the private and public sectors are a critical conditioner of urban chaos—whether it be in the area of land use, construction, governmental acquisition of property, program planning, unfunctional authorities, or public finance. An equitable balance must be struck between these forces and those seeking a broader, more representative, more long-range, more responsible vision of the public good in our metropolitan areas. Of those seeking this broader union, the States have a distinct advantage.

In terms of geography, legal and fiscal authority, the States are in a unique balancing position to move in a number of constructive ways to provide assistance and leadership on the urban frontier. As sources of direct fiscal and program initiatives, as expanders of the local revenue base, as umpires of interjurisdictional bickering, as possessors of strong actual or potential power in the land use and urban development areas—in short as legal parents of metropolitan governmental jurisdictions, the

States are confronted with a long and difficult agenda of responsibilities for achieving a more viable pattern of urban growth.

In 1969, regular sessions of State legislatures, including both general and budget sessions, were held in 47 States. Two additional States, Mississippi and Virginia, had a special session. Thirteen States held both regular and special sessions. Only Kentucky failed to convene either a regular or special session. The results of these State legislative activities generally fell under the following headings:

- Strengthening powers of local governments to deal with urban problems;
- Bolstering areawide activities and efforts;
- Assisting in specific program areas;
- State leadership in regional and community affairs;
- State action on the public employee relations front;
- State revenue efforts; and
- Forming constitutional study groups.

STATE DEFAULTS

A review of 1969 State actions indicates a growing responsiveness on the part of many State governments to pressing urban needs. Despite these successes, the negative side of the record cannot be ignored. On the fiscal front:

- with the exception of Utah and Nebraska, no State moved to achieve a major upgrading of the local property tax;
- no State, except Minnesota, sought to alleviate metropolitan fiscal disparities by establishing metropolitan-wide taxing districts;
- no action with respect to a broad based personal income tax was taken by the five “hold-out”, middle-to-high income, urban States—Texas, Ohio, Pennsylvania, Connecticut, and New Jersey.
- a gubernatorial veto killed a Georgia act authorizing a \$100 million loan program for urban

*While strenuous efforts have been made to perfect a system of reporting State legislative and amending activities, the Advisory Commission concedes that this survey is by no means all inclusive. Sources include State, county, and municipal league journals, publications of the Council of State Governments and the National Municipal League, the Metropolitan Area Digest, reports of legislative service agencies, and others.

roads as well as a measure permitting localities to tax the sale of mixed drinks;

- a bill to authorize local income and sales taxes for cities, by referendum, was defeated in Iowa, as well as a “buying-in” measure with respect to water pollution control projects;

- the Kansas Legislature approved a \$27 million State aid to education authorization but failed to appropriate the funds;

- in Minnesota, bills to provide additional non-property tax enabling authority for municipalities died in legislative committee.

- a \$2 million “buying-in” program for water pollution control projects was turned down in North Carolina;

- the mandating of salary increases for local officials, to be paid for from local funds was called for by Louisiana’s legislature.

In the non-fiscal area, other defeats were encountered, among them:

- rejection by the voters of a new constitution in New Mexico;

- the vetoing of resolutions creating a commission to revise the State constitution in both Georgia and Indiana;

- the failure of the New Hampshire legislature to establish a home rule implementation study committee;

- the delay in acting on the recommendations of the constitution revision committee in Kansas;

- the rejection of three major bills geared to strengthening counties by the South Dakota legislature;

- the scrapping of a majority of the proposals recommended by the Wisconsin Task Force on Local Government Finance and Organization (Tarr Committee); and

- the killing of a constitutional amendment permitting counties to build public housing by the New York legislature;

- the passage of a more restrictive law in Arkansas governing municipal annexation and the defeat of proposals to give more liberal annexation powers to cities in Montana.

STRENGTHENING THE POWER OF LOCAL GOVERNMENT

State constitutional and legislative actions in 1969 expanded local governments’ powers in a number of States, including implementing the “residual powers” concept of home rule approved by the voters in two States in 1968 and several specific actions involving

greater authority in the fields of governmental organization, relations with other local units, performance of municipal functions, and taxation and borrowing.

The legislatures of Florida and Iowa enacted implementing legislation to carry out voter-approved constitutional amendments embracing the “residual powers” home rule concept. The Florida legislature granted very broad governmental, corporate, and proprietary powers to municipalities and counties for the conduct of government, and the performance of functions and services. The Iowa legislature established a 12-member committee to make a comprehensive study of existing State statutes as they apply to city government and to recommend appropriate statutory revisions that will implement the 1968 home rule constitutional amendment. The committee is slated to report to the Governor and the legislature within 30 days after the 1970 General Assembly convenes.

In other home rule actions, the North Dakota legislature adopted procedures for the development of home rule charters by cities. The new law stipulates that provisions in a home rule charter may supersede any conflicting State law applicable within the limits of a city. Under the act, the question of drafting a home rule charter can be raised by either the governing body of the city or by petition of 15 percent of the qualified voters of the city. The five-member charter commission is then appointed and given a year to draw a charter. Once the charter is completed, it is published and submitted to the electorate for approval.

To control the formation and reformation of local units of government, Oregon joined Alaska, California, Michigan, Minnesota, and Washington in establishing machinery to deal with this crucial issue. The legislature created local government boundary commissions in the three metropolitan areas of the State, effective July 1969. After this date, such commissions can be established on a local option basis in all other areas of the State. Where boundary commissions are established, all proposals for formation of new cities and several types of special districts, for annexation of territory to existing cities or special districts, and for consolidation or merger of local governments must be submitted to the commission for approval or disapproval. If disapproved, the matter rests there. If approved, proceedings continue in accordance with new procedures spelled out in law or, in some cases, with existing procedures. Boundary commission members are appointed by the Governor, and may not include local government officers or employees. Each commission is required to appoint an advisory committee consisting of local area officials. Cities and other local government agencies are required to cooperate with local boundary commissions and to furnish pertinent information. A biennial appropriation

of \$175,000 was provided to underwrite expenses of the three metropolitan boundary commissions.

In a related action, the Washington legislature broadened its local boundary review law to permit the establishment of such local boards in all counties on an optional basis. Another law barred any municipal incorporations within five miles of any city over 15,000 population in counties lacking a boundary review board.

The California legislature amended existing city consolidation legislation by providing that any city, regardless of population, may serve as the consolidating city after consent has been given by a majority vote of the legislative body of each city involved. The new legislation thus eliminated the requirement that the city having the largest population must be the consolidating municipality. North Carolina permitted Fayetteville to annex territory not contiguous to it. This action possibly presages a trend in that State, since Raleigh was granted similar authority in 1967.

Turning to interlocal cooperation, over four-fifths of the States have now given their local units of government general authority to enter into agreements to perform a service jointly or to enter into contracts to provide services for each other. A new Iowa law provides for cooperation between local governments and between other levels of government for joint projects and permits issuance of revenue bonds to finance such projects. The act does not establish a new level of government but does permit the formation of a board to administer joint projects and represent the participating communities. New Hampshire authorized cities and towns to enter into mutual agreements for administering refuse disposal and ambulance services on a joint basis.

Washington amended its statute to permit school districts to participate in interlocal agreements and scrapped the population requirement for cities entering into joint ventures. The Montana legislature authorized creation of interlocal cooperation commissions to consider and propose means of improving essential local services. Finally, Florida enacted a new interlocal cooperation act authorizing public agencies to enter into agreement with each other, other States, or the United States "on the basis of mutual advantage" to best serve "the needs and development of local communities."

Regarding the structure of local government, the Washington legislature took significant action with respect to the township form of government. New legislation abolished the authority of townships to make a property tax levy and required that an election be held by January 1, 1970 to determine whether townships in a county should be dissolved. New York enacted legislation to authorize local governments to reapportion local governing bodies in accordance with the one man—one vote principle.

Focusing on the issue of expanding local powers, in Iowa and Montana, the legislatures relinquished their right to set the salaries of mayors and council members and gave full authority to the local governing body to establish compensation by ordinance. Moreover, a number of States extended authority to local governments to take action on the planning, urban renewal, and housing front:

- A new California law provides that as an alternative to the appointment of five commissioners to the authority, the governing body of any county or city may declare itself to be the commissioners of the housing authority.

- Missouri extended its urban redevelopment corporation law to all cities having a population of 20,000 or more and to all charter cities.

- The Kansas and Minnesota legislatures extended municipal planning and zoning powers to unincorporated areas where no county zoning is in effect.

- The Montana legislature provided that city-county planning board jurisdiction may be extended by petition from four and one-half to a limit of 12 miles beyond city limits.

- Florida empowered its local governing authorities, individually or jointly, to plan for future development and to adopt and implement by zoning codes and regulation, comprehensive plans for future development; the new general law provides for planning commissions and establishes the legal status of an adopted comprehensive plan with procedures and requirements for its adoption, review, and revision.

- New Montana legislation enables cities to acquire land for open space, to clean up blighted areas, and to carry out neighborhood development plans under its urban renewal laws.

- Iowa removed the referendum requirement for leased public housing for the elderly and authorized municipalities to issue revenue bonds for urban renewal projects where land is to be sold to private developers; tax revenues collected in the project would be used to retire the bonds.

- Kansas and Maine authorized their cities to adopt standard or model building and housing codes by reference.

- Finally, a new Oregon law gives more flexibility in the appointment of members to a city planning commission.

Some States took steps to strengthen local powers in the area of fiscal policy and administration. The Oregon legislature enacted a law providing that the interest on all municipal bonds issued, or bonds refunded after June 30, 1969, is exempt from the State

income tax. The legislature also clarified the authority of the State to assist cities in the collection of local income tax for a two percent collection fee.

In the sales tax area, Colorado extended its local option sales tax legislation to cover the same items now taxable under the State sales tax, including meals, lodging, and certain utilities. The New Mexico legislature hiked its uniform State gross receipts tax from three to four percent. Under the old law, cities could levy an additional one percent but now the State will levy the tax uniformly and remit additional tax revenue to cities where it is collected. Wisconsin and Nevada authorized counties to levy a one-half of one percent sales tax. South Dakota authorized its cities and towns to levy an unlimited sales and use tax, while Nebraska authorized municipalities to levy either a one-half of one percent or one percent sales tax. Similarly in Missouri, cities and towns of 500 or more were allowed to impose either a one-half of one percent or one percent sales tax.

The Iowa legislature changed the formula for allocation of road user taxes to provide needed aid in meeting the cost of constructing and maintaining local urban street systems.

On the debt limit front, the Ohio legislature raised the limitation of new municipal indebtedness—not requiring a vote of the electorate—from two and one-half percent to three percent of total taxable value of all property and from three and one-half to five percent in certain cities. The new law also raised from eight to ten percent of total taxable value municipal debt limits for all debt voted and unvoted. Increases in county debt limits were also passed, with those counties having a tax list in excess of \$100 million being permitted to incur a net indebtedness of up to one percent of that portion over this figure without a referendum.

The interest ranges in two States on municipal bonds were increased, with Ohio raising the ceiling to eight percent and Oregon to seven percent.

Michigan enacted legislation permitting issuance of general municipal obligation bonds by a simple majority vote. Formerly, a two-thirds majority approval was required for water works and facilities bonds and a three-fifths majority was required for other types of municipal bonds.

Turning finally to efforts to unshackle counties, five States took special action on this front in 1969. Florida counties were granted all powers of local self-government, including governmental, corporate, and proprietary powers that will enable them to perform functions, render services, and exercise any such powers for county purposes.

In a series of bills, the North Carolina legislature greatly expanded county government powers. Counties may now determine their own structure, mode of

election of their governing body, and the salaries of their officials. Authority to enact local ordinances was granted and a major new source of local revenue was authorized—the local-option sales tax, which is required to be submitted for voter approval. The North Carolina legislature authorized counties to create county redevelopment commissions or to join with other counties to form regional redevelopment commissions.

The New Mexico legislature amended its municipal code to include “incorporated counties” under the term “municipality.” The Utah legislature passed a county service area act to solve growth problems in unincorporated areas which require provision of special types of service not common to the entire county. The bill established a system of payment for such services and provided that the service area may be administered by an elective board of trustees or by the county commissioners. Oregon expanded the authority of counties to regulate solid waste collection and disposal, adopt housing codes, and establish county service districts for sewerage purposes.

BOLSTERING AREAWIDE ACTIVITIES

Several State legislatures were active in 1969 in matters of regional or metropolitan significance. Some States enacted or strengthened legislation authorizing formation of voluntary councils of local public officials and regional commissions. Areawide service districts and municipal consolidation were other sources of concern.

Turning first to COG's and regional commissions, a new Florida law permits local public officials to establish multi-jurisdictional councils to study areawide governmental problems, such as health, safety, welfare, education, economic conditions, and area development. The councils may promote cooperative arrangements and coordinate action among their members and make recommendations for review and action to member communities and other public agencies. Counties and municipalities may make contributions, in lump sums or otherwise, from public funds to these councils.

The Maine legislature authorized establishment of regional councils which may perform either in an advisory or a decision-making role, depending on the wishes of the participating towns and cities. At least half of the members of the regional councils must be municipal officials.

The Texas legislature amended the existing regional planning act by designating regional planning commissions as political subdivisions of the State. For the first time, use of the term “councils of governments” is made in defining regional organizations. The new law also allows local governments to organize interstate regional bodies and to cooperate with local governments in

Mexico. State grants to eligible regional organizations are authorized in an annual amount of \$10,000 plus five cents per capita for the population exceeding 100,000 served by the regional organization. These grants, however, may not exceed the amount contributed by members of local governments.

The New Hampshire legislature amended its regional planning commission enabling act to allow two or more cities or towns to form regional planning commissions if none exists in any region outlined by the State office of planning and research. Otherwise, a city or town may join a commission that exists in the planning region outlined by the State planning office. The legislature also authorized interstate regional planning compacts, and local units of government may participate in interstate regional planning agencies, provided the State planning agency and the regional planning agency concerned approve. Member towns or cities, however, are not bound by regional plans and are not required to make financial contributions unless voted by the city council or town meeting.

Ohio expanded the powers of regional planning commissions, including authorizing an executive committee to make final decisions, determinations, findings, and so forth. The new legislation broadened the scope of regional planning to include social, economic, and governmental characteristics and authorized regional commissions to provide local planning assistance and to form joint planning councils with other regions.

Regarding areawide servicing problems, a Metropolitan Service District Act was passed by the Oregon legislature. Such districts may be created in standard metropolitan statistical areas by a vote of the residents of the area. Newly-formed districts may draft and adopt their own charters setting forth the membership and term of office of the governing body as well as the functions that the district will perform. The service district may undertake a number of functions, including sewage facilities, solid and liquid waste disposal, control of surface water, and public transportation. It may take over facilities and functions of another public corporation, city, or county located within its boundaries. Financing of district activities may be raised by revenues from ad valorem property taxes, usage fees, service charges, and proceeds from general obligation and revenue bonds.

Areawide transportation problems commanded the attention of several State legislatures. Again in Oregon, the legislature authorized establishment of mass transit districts in the State's standard metropolitan statistical areas. A district may be formed by having the governing body of the most populous city propose, by resolution, the creation of such a district if that city has a local transit system and if the city council finds that the

areawide mass transit needs cannot be met by local transit operation. A seven member board of directors for the district would be appointed by the Governor. The district would have general obligation and revenue bonding authority. If a metropolitan service district exists in the area, however, the new law requires that the transit district transfer all its functions and assets to the service district upon the latter's order.

In a more specific action, the Colorado legislature created a regional transportation district for the City of Denver and six surrounding counties. The district may levy an ad valorem property tax not to exceed two mills annually.

Finally, the Minnesota legislature enacted a number of proposals affecting the Twin Cities Metropolitan Council, created in 1967. Two operating programs—parks and open space and solid waste disposal—were placed within the jurisdiction of the Council. The legislature also took steps to pull existing special district handling of airports and transport more closely under Council supervision. A far-reaching bill that consolidates the several independent sewerage disposal systems into one areawide system also became law.

Municipal consolidation was considered seriously by at least two States in 1969. The Maine legislature created two alternative procedures to encourage consolidation by making it unnecessary to seek legislative approval for consolidation plans. Under the provisions of the new Maine Voluntary Consolidation Act, 10 percent of the voters of the municipality may petition their municipal officers to request that three representatives be elected to serve as a joint consolidation charter commission. The elected joint charter commission then drafts an agreement between the consolidating communities and a public hearing is held on the proposed agreement. Consolidation of two or more municipalities is completed upon agreement of the majority of those voting in each municipality. The second alternative permits local officials of interested municipalities themselves to act as the joint charter commission and to prepare the consolidation agreement. In this procedure, no petition is required nor is a special election to name commission members necessary.

New Virginia legislation provides that a county containing two or more cities of the first class may be divided into two or more areas. These areas would be consolidated with the existing cities. The cities then would be authorized to establish subordinate taxing areas whereby a higher tax rate could be levied to finance additional or more complete services in the more urbanized parts of the consolidated community.

The Indiana legislature passed legislation effecting the consolidation of Indianapolis and surrounding Marion County. This action was unique in that no local

referendum was held. The bill merged the county with the city and virtually eliminated the power of the three elected constitutional county commissioners. The new consolidated city will operate under an elected mayor, a 29 member city-council, six new administrative departments plus special service districts. The 86 page law becomes effective on January 1, 1970 and is the first city-county merger that has taken place within the State.

Constitutional reform efforts also dealt with area-wide issues. The Colorado legislature voted to place a proposal for the reform of local government on the 1970 ballot as an amendment to the State constitution. The proposed amendment contains three major sections that have a significant effect on regional affairs. It authorizes the formation of metropolitan "authorities" in large urban areas so that city-type services may be furnished on an areawide basis, with the status of existing towns, cities, and counties remaining unchanged. It gives counties "structural" home rule so they can streamline their governments, but the legislature would retain control over the powers granted to counties. Finally, the proposed constitutional amendment provides for broader and more flexible cooperation among local governments and between local governments and the State.

ASSISTANCE IN SPECIFIC PROGRAM AREAS

In 1969 States moved as never before in the fields of housing, relocation, open space and recreation, transportation, water supply and sewerage disposal, air pollution, and law enforcement. In some instances, new laws dealt with local government powers in these fields, in others with State technical and financial assistance.

Housing

In what many observers claim to be the most innovative piece of housing legislation enacted this year, the Massachusetts legislature took a bold step to obtain more low and moderate income housing. The new law is designed to eliminate or modify unreasonably stiff requirements in local building codes, zoning ordinances, and other development regulations which tend to make it uneconomical to build housing for low-income families. The law specifies that public agencies, limited dividend corporations, or non-profit organizations proposing to build publicly supported low- or moderate-income housing submit a single application to a municipal board of zoning appeals. The application process is simple, as the applicant is not required to apply to the municipal council, planning board, or any other local body having control over the location or construction of housing within the municipal jurisdiction. The municipal

board of appeals is required to hold a public hearing and to make its decision within 40 days. If the application is approved, the applicant may proceed with the development. If the decision is unfavorable or if it is granted with conditions that make the project uneconomical the applicant may appeal to a five-member State board established within the State's Department of Community Affairs. The State board may override local rulings.

The new law provides that in reviewing applications, one criterion to be considered is whether the community already has a reasonable share of low- or moderate-income housing "in excess of ten percent of the housing units reported in the latest census or on sites composing one and one-half percent or more of the total land areas zoned for residential, commercial, or industrial use."

Other laws affecting housing enacted by the Massachusetts' General Court prohibit discrimination in selling or leasing of homes to veterans or members of the armed forces, invalidate real estate covenants forbidding sale of property to certain racial or ethnic groups, and protect tenants against harsh and unscrupulous practices by landlords.

Other States enacted housing assistance legislation in 1969. A major new program for financing lower income housing was passed in North Carolina. The act created a North Carolina Housing Corporation to engage in a broad program of loans to developers and purchasers of such residences. The Housing Corporation may issue up to \$200 million in bonds, the proceeds of which may be used to make insured mortgage loans and construction loans to persons to whom Federal assistance is not available. An additional \$5 million of notes was authorized to be used for temporary loans. The program is to be administered by a nine-member board consisting of the State treasurer, the director of the department of administration, the director of the department of conservation and development, the director of the department of local affairs, the State health director, and four members appointed by the Governor. The new law appropriated \$500,000 for the operations of the Housing Corporation during the 1969-71 biennium.

The Missouri legislature established a nine-member State Housing Development Agency, headed by the Governor. The new agency will provide services to limited-profit and non-profit developers of low and moderate income housing including, technical assistance, interest free "seed money" loans, loans for organization of non-profit developers, below-market-interest-rate mortgage loans, loans to overcome cost limitations on low and moderate income housing, construction loans to the extent that such loans are not available elsewhere, assistance for acquisition, sale, and lease of housing sites, and financial assistance for purchase of substandard housing and its sale or lease at less than market value.

The agency is authorized to issue negotiable revenue bonds or notes.

In a series of related actions:

- Rhode Island created a self-help housing authority to administer a mortgage fund in order to stimulate home ownership in economically depressed areas.

- Oklahoma established a housing authority to develop programs for the sale of individual or two-family houses on a State-wide basis.

- New Jersey made \$12.5 million available from the Housing Assistance Fund to the Department of Community Affairs to finance construction and rehabilitation of low- and moderate-income housing.

- Maine set up a State Housing Authority that may purchase up to \$20 million in home mortgages.

- Maryland authorized State housing authorities to construct or assist in the construction of low and moderate cost housing.

- The Michigan legislature authorized placing a \$100 million bond issue before the electorate at the 1970 general election; the proceeds will be used to assist local governments in the construction of low income housing.

At least six States enacted legislation dealing with housing discrimination. The New York legislature passed a bill extending the State's anti-discrimination law to cover rental of all housing units and, in another act, banned blockbusting. Ohio's new fair housing law will be administered by the State civil rights commission and applies to sale or rental of personal residences. The Washington legislature outlawed discrimination in transactions relating to all real property and specified unfair housing practices within its law. The Nebraska legislature directed the State Real Estate Commission to suspend the license of a broker or salesman discriminating against prospective buyers. Missouri strengthened its State landlord-tenant law by permitting tenants to pay rent into an escrow account where building owners are slow in making repairs. Texas made void restrictive clauses in all property sales.

Two States took steps to make local building code regulations more uniform. The Ohio legislature enacted a State building standards law and established an administrative board to approve building materials and methods of construction. The law establishes procedures for State approval of prefabricated or "industrialized" units. The board is required to certify local building departments as to their competence to administer and enforce building regulations. The Connecticut legislature also adopted a statewide building code and established a system for the certification of building inspectors. In both States, local building requirements may not conflict with the standards and regulations of the State code.

On the housing code front, the Missouri legislature provided local code agencies with additional enforcement powers while Michigan enacted legislation providing a procedure for local governments to repair or demolish unsafe buildings with costs chargeable to the owner.

Local housing authority laws were expanded in a number of States, New Hampshire, Ohio, and New York enacted legislation exempting from taxation certain non-profit corporations engaged in providing low income housing. New York amended its public housing law and the private housing finance law to allow housing authorities to lease dwelling units. In New Hampshire, cities over 60,000 population are now permitted to establish housing authorities, and the debt incurred by these authorities shall be outside the statutory debt limit of the municipality. Ohio authorized creation of local neighborhood housing committees and "housing rehabilitation councils" for each metropolitan area. The councils, composed of nine members, will hear complaints of persons aggrieved by actions of a municipal housing officer or housing committee. Finally, Oregon authorized any city, county, or other State public body to cooperate with non-profit or limited-dividend corporations in the planning, construction, and operation of low- and moderate-income housing projects.

Relocation

At least eight States took legislative action to deal with the problem of relocation of persons and businesses displaced by governmental construction programs, prompted in part by the relocation provision of the 1968 Highway Act. Colorado, Maine, Montana, and Texas enacted legislation requiring State highway agencies to provide financial assistance and advice to those displaced by State highway acquisition programs. The Ohio legislature increased relocation payments and established a relocation assistance program to persons and businesses forced to move as a result of any State or Federal aid project. The bill provided for actual moving expenses up to 50 miles or a moving expense allowance up to \$200, plus a \$100 dislocation allowance. For businesses or farms displaced by such programs, actual expenses would be paid up to 50 miles or expenses in the amount equal to the average net annual earnings or a fixed payment of up to \$5000, whichever is the lesser. The Rhode Island legislature enacted a similar bill. Finally, the Oregon and Washington legislatures took steps to establish a greater consistency and equity in relocation practices of State and local public agencies. The legislation in these two States applies to those forced to move because of public acquisition of property by any public agency.

Open Space and Recreation

Following up on the \$100 million State open space bond issue voted last year, the Michigan legislature provided that \$30 million will be made available as grants to local government. Of the remaining \$70 million set aside for State projects, \$25 million must be spent in or near urban areas for multiple-use recreation centers and outdoor recreation activities. The local recreation grants will be established on a matching basis with the State providing 80 percent of the cost and the local applicant the remainder. Two States, Hawaii and Montana, took additional actions on the acquisition and preservation of open space. Hawaii initiated a statewide program, while a new Montana act authorizes the State, counties, and municipalities to undertake programs for parks, recreation, and historic and scenic areas. Finally, the Ohio legislature increased the permissible tax levy for local park districts from three-tenths of a mill to five-tenths of a mill. Such levies, however, must be submitted to the voters at a primary or general election.

Transportation

Four State legislatures enacted legislation to give their States a more positive leadership role in transportation problems. The Alaska legislature revamped the membership of its transportation commission with a view toward giving consideration to all transportation needs within the State. In another bill, the legislature upgraded the State Public Transportation Act, in effect since territorial days, to provide the basis for developing a sound public bus system. The Ohio legislature established a State Research Transportation Center to engage in research and developmental studies. In Texas, the legislature created a Mass Transportation Commission, while the Minnesota legislature established within the State planning agency an interdepartmental task force to plan and coordinate statewide transportation development.

Several States took action to improve their local government's fiscal capability to provide improved public transportation. A Washington statute authorizes metropolitan municipal corporations to issue bonds and to levy a motor vehicle excise tax to support mass transportation facilities. Larger cities in the State also were given authority to levy the excise tax. The Illinois legislature permitted local governments to create urban transportation districts with eminent domain powers within their boundaries, subject to voter approval. These districts may plan, construct, and operate transportation facilities, issue bonds, and levy a general tax, the aggregate amount of which may not exceed one-tenth of a percent of the value of taxable property within the

district. Last but certainly not least, the New York legislature earmarked for regional transportation authorities funds raised by the increase in the tax on recording mortgages.

Environmental Quality

Several States took significant action dealing with water and air pollution abatement and waste disposal. Missouri created a new water resources board with authority to develop rules for the conservation, use, and regulation of water resources within the State. The Arkansas legislature authorized the development of a State water plan to be undertaken by the State soil and water conservation commission.

The Maine legislature enacted several bills relating to pollution problems. The powers of the State Water and Air Environmental Improvement Commission were broadened to include administration of planning grants to local governments for pollution abatement construction programs, and legislative criteria were adopted to deal with applications for waste discharge permits. In another action, the Maine legislature established a board to certify operators of public water treatment plants and water distribution systems. In still another act, the legislature established a minimum lot size of 20,000 square feet for single family residential purposes in all areas not served by public sewer or water supply. Lots of less than 20,000 square feet may be used for a single family residential purposes only if approved by the State Department of Health and Welfare. In November, Maine voters approved a \$50 million bond issue to control water pollution.

To tighten air pollution controls, the Arizona legislature authorized the State Health Department to set minimum statewide air pollution standards and to enforce them in counties that fail to establish and maintain effective programs of their own.

The Texas legislature enacted a complete rewrite of its Water Quality Act of 1967. It made numerous substantive changes throughout the act which will give the State more effective control of water quality. A new section of the State penal code was enacted that defines water pollution offenses and provides for criminal prosecution of violators.

Other Texas legislation dealt with the operation and financing of the 1968 State Water Plan. The keystone of this program was the proposed amendment to the constitution to authorize the Texas Water Development Board to sell up to \$3.5 billion in bonds upon approval of two-thirds of the members of the legislature. The amendment, however, was turned down by voters at the special election on August 5, 1969. Proceeds from these bonds were to be used primarily to finance the State's

share in constructing facilities or in implementing the water plan.

A number of changes were made in Texas' financial aid program to local political subdivisions for water projects. A new act eliminated the termination date for such assistance and scrapped certain application requirements. Another new act authorized the Development Board to purchase bonds of political subdivisions receiving assistance, provided the bonds have a maximum maturity up to 50 years. The previous limitation was a maximum maturity of 40 years. The limitation on the amount of local bonds and other securities which may be purchased by the Board was doubled—from \$15 million to \$30 million. Finally, the legislature expanded the general authority of the Water Development Board to allow it to cooperate with other governmental entities, borrow funds, sell facilities, execute contracts, and receive grants.

The Oregon legislature approved an appropriation of \$1.5 million for the Department of Environmental Quality to make 30 percent grants to cities or other local governments for construction of approved sewerage facilities. The local agency is required to pay the balance of 70 percent, but if 50 percent Federal funds become available for approved projects in Oregon, the bill provides that the local matching drops to .25 percent. Two new programs will be submitted for voter approval in May 1970. A proposed new article to Oregon's Constitution authorizes issuance of bonds in an amount not to exceed one percent of the true cash value of taxable property in the State to finance water and air pollution abatement facilities and solid waste disposal facilities. The proposal also stipulates that proceeds may be spent by State agencies or used to make grants or loans to local governments. Facilities financed by the bond issue, however, must be 70 percent self-supporting from Federal grants, user charges or other revenues. The second program authorized by the legislature for voter approval permits the Department of Environmental Quality to issue State bonds of up to \$50 million to implement a new program of State grants and loans for water pollution control facilities.

In Michigan, implementing legislation was enacted by the legislature in response to voter approval of a \$335 million bond issue for water pollution abatement approved by the voters in 1968. The legislature authorized the State to assume a partnership role with the Federal and local governments in financing the cost of construction of sewage treatment plants and intercepting sewers, with \$285 million earmarked for this purpose. The remaining \$50 million in the bond authorization is slated to assist in the construction of local collecting sewer systems on a 50-50 matching basis, but only

financially hard-pressed communities will be able to participate in this program.

Finally, New Jersey voters authorized spending \$242 million to acquire seven water reservoir sites.

Law Enforcement

Legislative action in the law enforcement field in 1969 did not appear to be as great as in the previous year. Nevertheless, much of the legislation enacted this year focused on civil disorder, especially control of riots and the use of weapons. The North Carolina legislature clarified the powers of local governments to impose curfews and to take riot-control measures, and spelled out the "stop and frisk" powers for law officers during violent disorders. The legislature also codified a number of riot-connected common law crimes. It dealt specifically with college disorders by enacting laws prohibiting outsiders on campus during university-declared curfews and revoking State scholarships of students on State-supported campuses who are convicted of serious crimes in connection with campus disorders.

Oregon established a Law Enforcement Council to replace the Crime Control Coordinating Council and gave the governor the responsibility for appointing Council members as well as a law enforcement coordinator. The Council is charged with developing a State crime and delinquency control and prevention program which embraces all facets of law enforcement.

The Oklahoma legislature enacted a new statute providing that police officers of one city or town may, under emergency conditions, perform police functions for other cities and towns. It also made the purchase of firearms by State residents subject to the provisions of the Federal Gun Control Act of 1968. Florida authorized a mutual-aid program for local law enforcement agencies.

The Ohio legislature authorized the State Highway Patrol, when ordered by the governor and when the governor approves a specific request from a local official, to enforce all criminal laws in the designated threatened area during a riot or other disorder. The new legislation requires the sheriff to request use of the patrol except in cities in which he is not under contract to provide exclusive police services. In the latter case, the mayor or other chief executive must make the request. The legislation prohibits use of the patrol in connection with any labor dispute.

Finally, in a rather unusual action, Massachusetts authorized establishment of regional police districts. Any contiguous towns may, by a vote of their respective registered voters, establish a district superimposed over, and replacing the existing town police department. The district will be governed by a commission, and each

participating jurisdiction appoints two members of the commission for staggered, two-year terms.

State Leadership in Regional and Community Affairs

Turning to the controversial topic of direct State initiative, State legislatures continued in 1969 to deal with the problem of making their administrative structures more responsive to community and urban needs. In five States, new departments or agencies were established by law with specific responsibility for local affairs. This action was taken by executive order in five other States.

Under a Government Reorganization Act, the Florida legislature created a Department of Community Affairs to serve as a focal point around which State-local programs can be coordinated. A nine-member council assists the secretary who is appointed by the governor. Within the department there also is created an Inter-Departmental Coordinating Council on Community Services consisting of the secretary of Community Affairs as chairman and key officials from the following functional agencies: division of family service; health and rehabilitative services; labor and employment opportunities; air and water pollution control; recreation and parks; vocational and technical programs and activities; transportation; State budgeting; State planning; and the adjutant general and the chancellor of the board of regents. The department is responsible for coordinating the programs administered by representatives on the Inter-Departmental Coordinating Council as they affect local governments.

The North Carolina legislature created a Department of Local Affairs by consolidating the Division of Community Planning of the Department of Conservation and Development, the Recreation Commission, and the Governor's committee on law and order into one agency with no change of functional program in any of the three. Additional activities assigned to the department make it the primary State agency concerned with all local governmental affairs not directly connected with one of the State "line" departments. Specifically, the department is authorized to (1) study and sponsor research in local government and intergovernmental relations; (2) collect, analyze, and disseminate information useful to local governments; (3) act as a clearinghouse of information and a referral agency with respect to State, Federal, and private services and programs available to local government; (4) render technical assistance to local governments in obtaining Federal grants; and (5) inform and advise the Governor on local governmental affairs.

Illinois established a Department of Local Government Affairs. The new agency is assisted by an advisory council consisting of 14 officials representing Illinois local governments and has been assigned a wide range of functions, including program responsibilities for housing, urban renewal, and the local and regional 701 planning assistance programs.

The new Iowa Office for Planning and Programming, which is part of the Office of the Governor, is responsible for coordinating efforts of State agencies and local governments. The Division of Municipal Affairs, established within this new agency is responsible for technical assistance to local governments.

Nebraska, the fifth State to move legislatively, created a Division of Community Affairs in the Department of Economic Development. The new law supplements administrative action taken two years ago by the director of Economic Development to establish an agency responsible for local affairs. The legislation extends the responsibilities of the new agency to include urban renewal and redevelopment as well as regional planning.

In five additional States, local affairs agencies were established by executive action. In California, Governor Reagan designated the lieutenant governor as the State's chief executive officer for intergovernmental relations and a new Office of Intergovernmental Management was created within the lieutenant governor's office with responsibility for coordinating Federal, State, and local activities. Existing State agencies expected to be brought under the wing of the new agency include the Council on Intergovernmental Relations, State Office of Planning, and certain other agencies concerned with problems of coordination and cooperation. In Oregon, Governor McCall, via July 1, 1969 executive order, redesignated the States' Intergovernmental Coordination Division as the Local Government Relations Division. The new agency is located in the executive department and its functions were greatly expanded to provide a wide variety of services to local governments.

In early fall, New York's Governor Rockefeller announced the consolidation of the Office for Urban Innovation, the Office for Economic Opportunity, and the Model Cities Unit of the Office of Planning Coordination into a single Office for Community Affairs located in the executive department. The new office, created by executive order, will be the State's liaison with the Federal model cities and economic opportunity programs and will serve as a center for the development of programs to aid in meeting the special problems of urban areas and of the disadvantaged in both urban and rural areas.

Finally, late in the year the Governors of Utah and Indiana moved to create offices of local affairs by

executive order. In the case of Utah, the new office is slated to take over responsibility for the State Office of Economic Opportunity, community development, State programs under 701 and Title VIII, and model cities coordination. In Indiana, the new agency will be headed by the Governor's assistant for urban affairs and will encompass the State's Office of Economic Opportunity, day care services, Model Cities, and the Cooperative Area Manpower Program. The Governor plans to recommend legislation to establish this agency as a line department.

These various actions in the eight States involved brought the number of State offices of local affairs to 26.

Paralleling to some degree the effort of President Nixon to give focus and coordinated direction to urban problems and programs, three States established urban affairs councils by executive order in 1969. In New Jersey, an Urban Affairs Council was formed by Governor Hughes to facilitate the model cities program and to coordinate other Federal-State programs for cities. Eleven cabinet officers serve on the council. Minnesota's Governor LeVander established a cabinet level Urban Affairs Council and an Urban Action Center within the State Planning Agency to develop urban policy and to coordinate the resources of the State in meeting inner city needs. Two States have taken significant action with respect to State programs to ensure adequate planning and land use controls on a statewide basis. Finally, in Pennsylvania, Governor Shafer issued an executive order creating an 11-member cabinet-level urban affairs council. The governor will be the chairman of the new policy-making group and other members include the executive director of the State planning board, attorney general, and secretaries of agriculture, administration and budget, commerce, community affairs, education, highways, labor and industry, legislation and public affairs, and public welfare.

The Kansas legislature established the Kansas Advisory Council on Intergovernmental Relations. The enabling legislation is similar to that establishing the National Advisory Commission on Intergovernmental Relations. The membership of the new Kansas agency, drawn from the executive branches of both State and local government and from the public-at-large, is charged with making studies on intergovernmental problems and recommending action for their solution.

In somewhat related actions, three State legislatures established study committees to examine State-local relations. The New Hampshire legislature set up a 15-member citizens' task force and appropriated \$190,000 to carry out its mission. The task group is to report by November 1, 1970. In Montana, the legislature appropriated funds for a study of fiscal problems affecting local government and the State. The Oregon

legislature established several legislative interim committees to look into State-local problems. The Legislative Tax Study Committee will continue to function by studying State and local tax problems. Other committees will study the urban arterial system, impact of State institutions on the need for local government services and revenues in communities where they are located, and State-local relationships in providing services in urban areas.

A number of States took action to give direct support to State or regional planning. Coupled with the act establishing the new Department of Local Affairs in North Carolina was a provision for beefed-up division of State and regional planning replacing the State Planning Task Force Division. In addition to improving the quality of State planning, the legislation calls for the division to take the lead in developing "a system of multi-county, regional planning districts to cover the entire State, and . . . assist in preparing for those districts comprehensive development plans coordinated with the comprehensive development plan for the State."

In a somewhat similar vein, uniform State administrative districts were formed in Wisconsin by executive order of the governor. The boundaries of these districts closely follow those of established regional planning commissions. This action consolidated into eight districts the more than 50 overlapping areas established over the years by various State agencies. The governor vetoed a bill that would have required legislative approval of districting after statewide hearings were conducted. A new system is expected to allow for better intergovernmental coordination, facilitate participation in federally funded programs, and improve the delivery of State services. Finally, the Minnesota legislature authorized the organization of regional development commissions in regions designated by the governor.

Turning to land use regulations, Oregon and Maine joined Hawaii in establishing State zoning controls, although both do not go as far as the 50th State. The Oregon legislature empowered the governor to prepare comprehensive land use plans and zoning regulation as of December 31, 1971. It should be noted that this could include territory inside of the cities. The new law provides general standards for zoning and authorizes the governor to institute civil action to enforce any zoning regulations prescribed. The Maine legislature created a Land Use Regulation Commission consisting of three permanent members, the Director of Parks and Recreation, the Forest Commissioner, and the State Planning Officer. Four additional members are to be appointed by the governor with the advice and consent of the Commission. The new agency is authorized to adopt land use regulations for all land within 500 feet of the traveled edge of any public road and within 500 feet of

the normal shoreline of any lake or pond, except remote lakes and ponds. The zoned areas may include the surface waters of any lake or pond of less than 640 acres unless the pond or lake lies further than one mile of a public road and has fewer than five single family residential dwellings within 500 feet of its normal shoreline. The new law applies only to "unorganized and deorganized townships and mainland plantations and does not apply to Indian reservations." The Commission is also authorized to adopt subdivision control regulations to regulate the planting of land.

State Action on the Public Labor-Management Relations Front

During 1969 six States enacted comprehensive public labor-management relations statutes, bringing the total number of States which have acted along these lines to 21. In two additional States, significant amendments were made to existing laws concerning this subject.

Three of the new laws—Maine, Nebraska, and Nevada—covered only local public employees, two—New Hampshire and Vermont—dealt only with State personnel, and one—South Dakota—pertained to both State and local workers. In each statute, the right of organizational membership was coupled with a prohibition of any strikes by public employees.

The Maine, Nevada, New Hampshire, and Vermont laws required public employers to negotiate collectively and to enter into binding written agreements with employee representatives, while Nebraska's legislation permitted collective negotiations. These statutes established fairly elaborate procedures for determining the employee organization which would be given exclusive recognition as representing a majority of the employees in an appropriate bargaining unit and for settling employer-employee disputes through mediation, fact-finding, and arbitration. Following New York's and New Jersey's example, Nevada, New Hampshire, and Vermont set up a new independent agency to administer its act, while the other collective negotiations States relied on existing departments of labor and industry.

South Dakota's legislature took a more conservative approach to public sector labor-management relations. Although employers were required to "meet and confer" with employee organizations and were authorized to enter into non-binding memoranda of understanding, the bulk of the act was devoted to prohibiting strikes and to prescribing severe penalties for violations of this ban.

Turning to amendatory action, New York's "Taylor Law" was revised to include unfair practices for management as well as for labor and to provide tougher penalties for unions and individuals engaging in work

stoppages. Oregon's statute was "beefed up" through creating an independent Public Employee Relations Board to handle disputes and to assist in resolving representation issues, and authorizing the governor to instruct the State labor conciliator to investigate any imminent labor controversy or dispute in the public service.

To sum up, 1969 witnessed signs of State legislative awakening to the need for statutory attention to public labor-management relations, but the fact remains that 29 States are still "sleeping giants" in this field.

STATE REVENUE EFFORTS

Quite clearly, the capacity of States to mount a meaningful attack on urban problems is heavily conditioned by the revenue system they rely on. State efforts in 1969 to strengthen the fiscal powers and position of urban jurisdictions have been covered. But what of State attempts to invigorate their own financial capability? What of State steps to acquire the means to assist financially in various urban development programs and to beef up the functional responsibilities for their offices of local affairs and other State units involved with community problems?

At least 36 States raised the rates of one tax or took steps to submit revenue raising proposals to the voters in 1969. Legislation in 22 States was passed producing either new or additional sales or income taxes, or both. In 22 States, moreover, two or more of the five principal taxes—income, general sales, motor fuel, tobacco, and alcoholic beverage—were raised. Of the 11 States adjourning without raising any of the principal taxes, all but one—Alaska—had enacted revenue raising legislation either in 1967 or 1968.

Illinois and Maine joined 35 other States by enacting broad-based individual income tax measures in 1969. The Illinois act features a State "revenue-sharing" plan that rebates with no strings attached one-twelfth of the new revenues to local government on a per capita basis. The Washington legislature approved submission of a constitutional amendment to the voters authorizing an income tax at the 1970 general election and adopted legislation to implement the amendment if approved. Connecticut passed legislation imposing new taxes on capital gains and Rhode Island imposed a new tax on individuals' investment income. The rates of income taxes on individuals were increased in five States—Missouri, Montana, New Mexico, North Dakota, and Oregon—and Alabama upped its rates contingent on voter approval in November 1970.

New adoptions of corporation income taxes took place in Illinois and Maine. In Washington, if the voters

authorize the income tax, the implementing legislation would authorize 3.5 percent tax on corporate income. Ten States increased their corporation income taxes and one, Alabama, raised its rate subject to voter approval.

Fourteen States raised motor fuel taxes in 1969, a larger number than any year since 1955. North Carolina became the 50th State to impose cigarette taxes and 18 States increased their cigarette tax rates. Finally, 16 States increased their alcoholic beverage taxes.

CONSTITUTIONAL STUDY GROUPS AND AMENDMENTS

Practically all students of the urban crisis agree that State constitutional reform is inextricably linked to realistic efforts to arrive at real resolutions to the problem. Constitutional revision questions continued to take up a good deal of the business of State legislatures in 1969.

A 16 member Constitutional Study Commission was created by the Montana legislature to begin study on its 80 year old constitution. The study group is to submit a report by September 1, 1970 and a referendum will be scheduled later in that year on the question of whether a constitutional convention should be called. The act also provided for referendums to be held in 1972, 1974, and 1976 on amendments concerning the reorganization of the executive branch of State government. The Commission was created to study the reorganization issues in preparation for these referenda.

The Nebraska legislature established a 12 member commission to study and recommend changes in the State constitution. Six members are appointed by the legislature, of whom only three may be legislators, three members are designated by the governor, and three are named by the State Supreme Court.

The Ohio legislature established a 32 member commission to make recommendations to the General Assembly, the first of which is due January 1, 1971. The bill calls for the work of the constitutional revision commission to be completed by July 1, 1979. Twelve members of the Commission will be from the General Assembly, with the remaining 20 members to be chosen by the 12 legislators from without the General Assembly.

A referendum to be held in November 1970 was approved by the Texas legislature to provide for statutory "consolidation of offices and functions of government" and performance of local functions by interlocal contract.

Oklahoma's Legislative Council created a special committee on constitutional revision and received \$25,000 from the legislature to initiate a study on the

need for amendment or revision of the State constitution.

North Carolina legislators considered 29 separate proposals for amendments to the State constitution. Most of these proposals were submitted by the State Constitution Study Commission. The seven proposed amendments approved by the Assembly for consideration by voters in November 1970 include several changes that are particularly important to local governments, including: (1) repeal of the 20 cent limitation for counties on the property tax levy for the general fund; (2) repeal of the poll tax; (3) authorization for creation of subordinate service districts; (4) clarification of the definition of the word "debt" to make it clear that voter approval is required for borrowing money secured by a pledge of the taxing power; (5) eliminating the requirement of voter approval of all local tax levies and all local borrowing except for "necessary expenses" and substituting the requirement that voters must approve all local tax levies and borrowing except "for purposes authorized by general laws uniformly applicable throughout the State"; and (6) clarification of residence requirements of appointed officials.

In New Mexico delegates to the constitutional convention wrapped up a 60-day session on October 6th and reconvened a week and a half later to vote favorably on a final 15,000 word document geared to modernizing the State's 57 year old basic charter. The voters, however, rejected by a narrow margin the new constitution on December 9th and with it four year terms for Governor and Lieutenant Governor, a short ballot, the consolidation of 300 administrative boards and units into a 20 agency cabinet, an increase in the length of legislative sessions, and a municipal home rule charter provision.

Finally, in Illinois, delegates to the constitutional convention were elected in November and were called together in December to look closely at the judiciary, the revenue article, the structure of the legislature, and local government.

CONCLUSION

— States are continuing to make major strides in providing permissive authority for a wide range of interlocal activities; but, as in the case of previous years, far less energy was expended on efforts to unshackle local governmental structure and powers.

— At the same time and unlike earlier years, a few are making significant progress in permitting counties to adopt modern organizational structures and perform urban and areawide functions and services.

– Half of the States have now established agencies for local affairs to deal primarily with urban and rural problems, with increasing emphasis on financial, program and coordination responsibilities as well as technical assistance, advisory and research functions.

– Significantly, States finally appear to have gathered some momentum in the field of housing and urban development with a number of jurisdictions establishing State agencies to administer funds appropriated for housing assistance programs; expanding local planning, zoning, and urban renewal powers; and, in a few cases, assuming a positive rather than a passive role in establishing statewide land use controls, building codes, and housing codes.

– States continued to move on the water pollution control front with 24 now having authorized buying into the federal-local program; of these, 17 States have funded the program and 15 have assumed one-half of the local share of the costs.

– Transportation and sewer and water problems were also high in the list of State program concerns; most of the legislation concerned with the former dealt with organizational tools, and the latter with financial assistance.

– Legislative efforts to update State constitutions continued unabated with approval of a relatively large number of amendments to be submitted to voters in 1970.

– In the area of local fiscal powers and administration, State legislators took action on a wide front including raising local bond interest and debt limitations and broadening local governments' tax base; little action, however, appeared to have been taken toward property tax reform.

– Finally, notable efforts were made by several States to develop a revenue system of their own that will enable them to face the urban challenge with more than reams of rhetoric; 45 States now have a general sales tax, 37 have an income tax, and 33 have both. This is a dramatic change from the State fiscal picture of a decade ago.

Chapter 4

IMPLEMENTATION OF COMMISSION RECOMMENDATIONS

The Commission recognizes that its contribution to the strengthening of the Federal System will be measured in terms of actual results achieved in improving basic relationships between and among Federal, State and local governments. Usually such improvements are dependent in the first instance upon legislative enactments and, not infrequently at the State level, upon constitutional amendment. The Commission, therefore, considers the implementation of its recommendations to be at least as important as its research and study function. It devotes a significant share of its energies to encouraging the translation of its recommendations into legislative and administrative action by National, State and local governments.

During the ten year period since its establishment the Commission has held a total of 34 meetings and has adopted 35 policy reports. A summary of actions taken at each Commission meeting is set forth in Appendix B.

These policy reports contained a total of 281 recommendations, 131 of which were directed to the Federal Government, i.e., Congress, the President, or to agencies of the Executive Branch. The balance of the recommendations were directed to State and local governments.

NATIONAL GOVERNMENT

As shown in the tabulation, 44 of the 131 recommendations addressed to the Federal Government have been enacted into law or implemented by Presidential memorandum or by other administrative action in the Executive Branch.

Eleven recommendations have been rejected—nine by the Congress and two by the Executive Branch. Thirty-one recommendations are awaiting action by Congress; they are included in various bills introduced in the current session. No implementing action has yet been taken on twenty-nine recommendations.

The status of the Commission's recommendations at the National level of government may be summarized as follows:

	For Admin- istration Action	For Congres- sional Action	Total
Recommendations enacted or otherwise carried out	10	34	44
Recommendations partially but not completely implemented	9	3	12
Recommendations included in bills or amendments introduced or executive orders prepared	1	31	32
No implementing action as yet	18	11	29
Recommendations in other stages of implementation	3	0	3
Recommendations rejected	2	9	11
Total	43	88	131

Status of Specific ACIR Recommendations¹

I. Public Assistance

1. Amendment of Social Security Act to provide for judicial review of decisions of HEW Secretary concerning conformity of State plans. Implemented by PL 89-97.
2. To give HEW Secretary discretionary authority to declare parts rather than whole of State plans out of conformity. Amendment submitted to Ways and Means Committee in 1965; not adopted.
3. To establish a permanent Public Assistance Advisory Council. Objectives of recommendation achieved by issuance of Presidential Memorandum of November 11, 1966, regarding agency consultation with State and local officials upon contemplated changes in grant-in-aid regulations.

¹In all cases the legislative or administrative action taken was subsequent to the submission of the recommendation. However, this summary is not intended to imply that in all cases the ACIR recommendation was the sole motivating force for the later action.

4. Removal of prohibition in Social Security Act against OAA payments to patients in mental and tubercular institutions. Implemented by PL 89-97.
5. Liberalize single State agency requirement of Social Security Act. Implemented by the Intergovernmental Cooperation Act of 1968, PL 90-577.

II. Metropolitan Area Coordination

1. Federal financial support on a continuing—in contrast to a project—basis to metropolitan planning agencies. Implemented by administrative action of the Commissioner, Urban Renewal Administration, August 1963.
2. Expanded Federal technical assistance to State and metropolitan planning agencies. Implemented by the Housing Act of 1961, PL 87-60, and the Demonstration Cities and Metropolitan Development Act of 1966, PL 89-754.
3. Congressional consent in advance to interstate compacts created by planning agencies in those metropolitan areas crossing State lines. Implemented by the Housing Act of 1961, PL 87-60.
4. Review by a metropolitan planning agency of applications for Federal grants-in-aid within the area with respect to airport, highway, waste treatment, hospital construction and certain other urban development projects. Implemented by Demonstration Cities and Metropolitan Development Act of 1966, PL 89-754.

III. Mass Transportation

Provision of Federal financial assistance in the form of loans and demonstration and planning grants to metropolitan areas for mass transportation facilities and services. Implemented by the Housing Act of 1961, PL 87-60.

IV. Metropolitan Water Supply and Sewage Treatment

1. Recommends against Federal grant assistance for local water works comparable to Federal grants for sewage treatment construction. Rejected by Congress; water system grants available from four separate agencies, in fact.
2. Amendment of Water Pollution Control Act of 1956 to provide matching incentives for regional facilities and an increased dollar ceiling for projects in larger cities. Implemented by Water Quality Act of 1965, PL 89-234.

3. Amendment of Housing statute to permit communities of 50,000 or more to qualify for water and sewer loans. Implemented by the Housing Act of 1965, PL 89-117.
4. Amendment of Housing statute to permit joining together of communities with an aggregate population of over 50,000 for purposes of sewer and water loan assistance. Implemented by the Housing Act of 1964, PL 88-560.
5. Amendment of Housing Act to tighten FHA and VA mortgage insurance requirements regarding well and septic tank installations. Implemented by the Housing Act of 1965, PL 89-117.
6. Amendment of Housing Act to include water and sewer utilities as insurable site preparation and development costs. Implemented by Housing Act of 1965, PL 89-117.
7. Evaluation by Federal Executive Branch of Federal enforcement powers and financial incentives relative to industrial pollution. Implemented by Act of Surgeon General in chartering study of "Industrial Incentives for Water Pollution Abatement." Report rendered in February, 1965.
8. Consideration of urban needs in future Federal water resources planning equivalent to consideration given navigation, power, and agriculture. Implemented by the Water Resources Planning Act of 1965 and Senate Document No. 97, 87th Congress, 2nd Session.

V. Federal Grants for Urban Development

1. Favoring of general purpose units of governments as Federal aid recipients, other factors being equal. Implemented by Intergovernmental Cooperation Act of 1968, PL 90-577.
2. Congressional action to require special purpose units of government to coordinate their Federal aid activities with general purpose units of government. Implemented by Demonstration Cities and Metropolitan Development Act of 1966, PL 89-754.
3. Authorization and encouragement by Congress and executive agencies for joint participation by local governmental units having common program objectives affecting development of urban areas overlapping existing political boundaries. Implemented by the Intergovernmental Cooperation Act of 1968, PL 90-577.
4. Congressional requirement that Federal aid for urban development purposes be consistent with and promote effective planning at local level—

Implemented by the Intergovernmental Cooperation Act of 1968, PL 90-577.

5. Broadening of section 701 assistance to include municipalities and counties over 50,000 population. Implemented in part (for counties) by Housing Act of 1964, PL 88-560.
6. Enactment of legislation to establish principle of Federal interagency coordination and declaration of a unified urban development policy. Implemented by the Intergovernmental Cooperation Act of 1968, PL 90-577.

VI. Metropolitan Social and Economic Disparities

1. Authorization of economic and social planning assistance by Federal Government on same basis as physical planning. Policy has been generally accepted, but not yet enunciated on a government-wide basis.
2. Amendment of Federal housing legislation to facilitate use of Federal private housing, authorize rent subsidies and permit financial assistance to private nonprofit housing organizations. Implemented by the Housing Act of 1965, PL 89-117.
3. Federal and State agencies adopt cooperative agreements for enforcement of Federal and State laws and regulations forbidding discrimination in housing. No action taken as yet to follow up on this recommendation.
4. Removal by the Congress of existing limitations on nonresidential renewal from the Federal urban renewal programs. Amendment proposed to the Congress in 1966. Rejected.
5. Provision for interstate agreements between Secretary of Labor and governors to provide public employment services on an areawide basis in metropolitan areas regardless of State lines. Implemented by Administrative Order of the Secretary of Labor, February 1967.
6. Development by Federal Government of standards of measurement of costs and benefits for areawide services being supported by grant and loan programs in metropolitan areas. No significant implementation action as yet.

VII. Relocation of Persons and Businesses Displaced by Federal and Federally Aided Programs

1. Establishment by Congress of a uniform relocation policy. Contained in Uniform Relocation Assistance and Land Acquisition Policies Act of 1969. (S. 1 Muskie, et. al passed by the Senate and now pending in the House. Companion bills

have been introduced in the House (H.R. 4578, Fulton, H.R. 6053, Teague of Texas, and H.R. 12902, Thompson, New Jersey.)

2. Congressional requirement to assure supply of housing prior to displacement in federally aided programs. Contained in Uniform Relocation Assistance and Land Acquisition Policies Act of 1969 (S.1) passed by the Senate and now pending in the House.
3. Provision of uniform and equitable Federal payment of relocation expenses for families and businesses under Federal and federally aided programs. Contained in Uniform Relocation Assistance and Land Acquisition Policies Act of 1969 (S.1) passed by the Senate and now pending in the House.
4. Broadening of Small Business Act to authorize disaster loans to small business concerns adversely affected (whether or not displaced) by Federal or federally aided Federal works programs. Implemented in part by PL 90-495.
5. Amendment of Manpower Development and Training Act to permit widow and widower owners of displaced firms to be eligible for manpower retaining allowances. Implemented by PL 89-15.
6. Provision for centralized relocation services and programs in a single agency at the metropolitan or urban level—Contained in Uniform Relocation Assistance and Land Acquisition Policies Act of 1969 (S.1) passed by the Senate and now pending in the House.
7. Requirement for advance notice by Federal agencies to local units of government of construction program which will displace persons and businesses—Contained in Uniform Relocation Assistance and Land Acquisition Policies Act of 1969 (S.1) passed by the Senate and now pending in the House.

VIII. Building Codes

1. Authorization and financing by the Congress of a public-private program to develop national performance criteria for building construction. No implementation action as yet.
2. Establishment of a continuing national program of building research. Implemented by section 1010 of Demonstration Cities and Metropolitan Development Act of 1966, PL 89-754.
3. Designation by President of a drafting group representing all levels of government to develop a national voluntary model building code. No implementation action as yet.

4. Development and use of a common set of standards by all Federal departments and agencies with responsibility for building construction. Study conducted under aegis of Bureau of Budget but no government-wide action taken as yet.

IX. Administration of Poverty Program

1. Preference by OEO to units of general government rather than private groups in establishment of CAAs. Implemented by P.L. 90-222.
2. Continuation of maximum feasible participation of poor in the community action program. 1966 amendments strengthened provision by specifying criteria as to percentage of representation, residence, selection and approval.
3. Requirement that CAAs initiate comprehensive plans as a basis for local antipoverty programs. 1967 amendments proposed by OEO give more emphasis to community action agencies' planning function, but still do not make planning a requirement—P.L. 90-222.
4. Increased encouragement by OEO of cooperation among separate CAAs in metropolitan areas. Concept is not working well in a number of metropolitan areas, and recommendation should be considered as having been rejected through experience.
5. Use by federal agencies of geographic bases for multi-county planning as established by State law or regulation. Implemented by Presidential Memorandum, September 1966.
6. Acceleration of efforts by OEO Director to implement Section 612 "preference provision." Recommendation now moot; preference provision itself dropped by the Congress.
7. Establishment of machinery by Economic Opportunity Council to insure integrated planning for job creation and job training programs. No specific recommendation as yet.
8. Acceleration by OEO of collection of data on incidence of poverty and application of anti-poverty resources. General agreement in OEO; implemented in effect through OEO publication of catalog of assistance programs by county in human resources field.
9. Retention of gubernatorial veto regarding certain OEO programs. Rejected; OEO director given power by Congress to override Governor's veto.
10. Establishment of uniform procedures for informing governors of status of applications in connection with exercise of veto. No specific implementation progress as yet.

11. Acceleration of efforts by OEO to interest States in acting as contractors for Job Corps facilities. Recommendation now moot; Job Corps discontinued.
12. Continuation of 10 percent non-Federal matching provision for community action, Neighborhood Youth Corps and adult basic education programs. This recommendation rejected by the Congress. Legislation in 1966 increased non-federal share to 20 percent for the community action program and Neighborhood Youth Corps, and to 50 percent for adult basic education, all effective July 1, 1967.

X. Estate and Gift Taxes

Amendment of Internal Revenue Code to increase the credit against the Federal estate tax for inheritance and estate taxes paid to the States. Contained in the Intergovernmental Revenue Act of 1969 (S.2483, H.R. 13353) now pending in Congress.

XI. Investment of Idle Cash Balance

Cooperative action by the U.S. Treasury Department and State and local finance officers designed to provide full and current information regarding investment opportunities in short-term Treasury obligations. Implemented by action of the U.S. Treasury Department in issuing brochure entitled "Interest Bearing U.S. Government Securities Available for Investment of Short-Term Cash Balances of Local and State Government," September 1963.

XII. Public Health Grants

1. Provision of transferability of the funds among public health categorical grants. Implemented by P.S. 89-749.
2. Standardization of matching ratios among public health categorical grants. Implemented by P.L. 89-749.

XIII. Congressional Review of Federal Grants-in-Aid

1. Provision by the Congress of Periodic review of future grants-in-aid. Implemented by Intergovernmental Cooperation Act of 1968, P.L. 90-577.
2. Periodic review by Congressional committees and executive agencies of the status of federal grants-in-aid now in existence. Implemented by Intergovernmental Cooperation Act of 1968, P.L. 90-577.

XIV. Taxation of Private Property on Federal Areas

1. Federal legislation to grant Congressional consent to the imposition of taxes on privately owned real and personal property in federal areas, provided certain conditions regarding rights and privileges to federal employees are granted by the State or local government. Contained in Intergovernmental Revenue Act of 1969 (S.2483, H.R. 13353).
2. The Commission recommended that the President and Governors support implementation of the legislation. Action cannot be taken on this recommendation pending the outcome of efforts in the Congress.

XV. Cooperative Tax Administration

1. Joint action by the Treasury Department and States to identify State and local records and types of information that are potentially useful for the administration of Federal income and other taxes. Largely completed by administrative action at Federal and State levels.
2. Authorization to Internal Revenue Service to admit State and local tax personnel to IRS training programs on a reimbursable basis. Implemented by P.L. 87-70.
3. Authorization to Internal Revenue Service to perform statistical and related services for State tax agencies on a reimbursable basis. Implemented by P.L. 87-870.

XVI. Industrial Development Bonds

Amendment of the Internal Revenue Code to deny rental reduction to businesses renting publicly constructed industrial plants where the corporation itself has bought up the issue of tax-exempt securities involved. Implemented by the Revenue and Expenditure Control Act of 1968, P.L. 90-364.

XVII. Role of Equalization in Federal Grants

1. Enunciation of national policy. This has been discussed with Bureau of the Budget and other Federal officials; no specific progress as yet.
2. Limitation of equalization to functions and services specifically related to national objectives. This recommendation has been discussed; no Executive Order or Budget circular drafted as yet.
3. Removal of equalization factors from certain categories of Federal grants (e.g., planning and

demonstration). No specific implementation as yet.

4. Provision for uniformity in the mechanism of equalization provision in Federal grants. No specific implementation as yet.
5. Requirement by the President that Federal agencies review adequacy of need indexes and appropriateness of equalization provisions in their grant programs. No specific implementation steps as yet.
6. Presidential requirement for the development of plans and procedures to improve measures of State fiscal capacity and tax effort for use in grant administration. No specific implementation as yet.

XVIII. Cigarette Taxes

Joint exploration by the Treasury Department and States for placing of cigarette taxes at the manufacturers' level rather than retail level—Proposal submitted to the Governors' Conference and the Internal Revenue Service. No specific implementation results as yet.

XIX. Documentary Stamp Taxes

Repeal of Federal stamp taxes on conveyances, such repeal to be effective 3 years after enactment. Implemented by P.L. 89-44.

XX. Income Tax Credit

1. Amendment of Internal Revenue Code to provide a Federal tax credit against State and local income taxes paid. Contained in the Intergovernmental Revenue Act of 1969 (S. 2483, H.R. 13353) now pending in Congress.
2. Authorization to the Internal Revenue Service to enter into agreements with States for Federal collection of State income taxes. Contained in the Intergovernmental Revenue Act of 1969 (S. 2483, H.R. 13353) now pending in Congress.

XXI. National Time Conformity

Enactment by the Congress of a uniform time bill. Implemented by P.L. 89-387.

XXII. State Taxation of Interstate Commerce

1. Enactment of legislation by the Congress to clarify jurisdictional areas regarding sales and use taxes. Contained in Interstate Taxation Act of 1969 (S. 2804) now pending in Congress.

2. Enactment of legislation by the Congress to govern apportionment of income of multi-State businesses for purposes of State corporate income taxes. Contained in Interstate Taxation Act of 1969 (S. 2804) now pending in Congress.

XXIII. Urban and Rural America: Policies for Future Growth

1. Development of a national policy to guide decisions at the national level which affect the patterns of urban growth. Contained in Balanced Urbanization Policy and Planning Act (H.R. 13217 and S. 3228) now pending in Congress.
2. Reassessment of the policies and structure of multi-State economic planning and development agencies and that such agencies take national policies into account in the formulation of their regional programs, and develop regional components for national policies dealing with urban growth. No action feasible on this recommendation until national urbanization policy adopted.
3. Congressional authorization of incentives for business and industrial location pursuant to national urbanization policy. Contained in draft bill ready for Congressional introduction.
4. Federal legislation providing a preference, in the award of public contracts, to labor-surplus and certain other areas, pursuant to national urbanization policy. Contained in draft bill ready for Congressional introduction.
5. Promulgation, by the President, of criteria for location of Federal buildings and facilities so as to accord with national urbanization policy. No specific implementation as yet.
6. Establishment of Federal-State matching program involving resettlement allowances for low-income persons migrating from labor-surplus areas. Contained in draft bill ready for Congressional introduction.
7. Provision of additional Federal funds for on-the-job training allowances for employers in labor-surplus areas. Contained in draft bill ready for Congressional introduction.
8. Expansion of the Federal-State employment service program. Partially implemented through reorganization of manpower training programs.
9. Establishment of a nationwide computerized job information center. Partial implementation under way in Department of Labor.
10. Federal legislation that eliminates or reduces the migrational influence of interstate variations in public assistance standards and benefits. Con-

tained in Administration's welfare reform legislation pending in the Congress.

11. Expansion and adequate funding of voluntary programs of family planning for low-income persons. Contained in draft legislation ready for Congressional introduction.
12. Additional Federal assistance for new large-scale urban development through low interest loans and capital grants for land acquisitions. Contained in draft legislation ready for Congressional introduction.
13. Federal aid for new community development, under certain conditions, through Federal low-interest loans and tax incentives. Contained in draft legislation ready for Congressional introduction.
14. Federal legislation providing for experimental new community building on federally-owned lands. Contained in draft legislation ready for Congressional introduction.

XXIV. Intergovernmental Problems in Medicaid

1. The Federal Government adhere to the 1975 legislative goal of comprehensive care for the needy and medically needy; but that it study the feasibility of broadening the financial base of Medicaid through more involvement of the private sector. Rejected by Congress in 1969 by postponing the 1975 goal by two years.
2. Congress amend Medicaid to extend from 1970 to 1972 the States' adoption of a Medicaid program provided that they submit a proposed State plan by 1971. Rejected by Congress.
3. Congress freeze the income limit for the medically needy at 150 percent of the AFDC level rather than letting it fall to 133-1/3 percent as scheduled. Rejected by Congress.
4. Congress continue to appropriate to Medicaid on an "open-end" basis; that is, without limits on the amount that may go to any single State. This policy is still being followed.
5. The Federal Government study the present allocation of fiscal responsibility for Medicaid among the levels of government, with special reference to the more limited resources of States and localities. Recommendation moot because of later Commission recommendation for Federal assumption of total financial responsibility for welfare and Medicaid.
6. The Federal Government provide matching funds for the noncategorically related needy and medically needy. No implementing action taken as yet.

7. Congress amend Medicaid legislation to give States greater latitude in setting lien and recovery provisions. No implementing action as yet.
8. Congress amend Medicaid legislation to establish criteria for evaluating those parts of State plans governing limits on financial resources that medically needy recipients may retain. No implementing action as yet.
9. Congress amend Medicaid legislation to give States full discretion in determining whether and how the non-Federal cost shall be borne by localities. No implementing action as yet.
10. The Secretary of HEW rescind regulations requiring hospital reimbursements under Medicaid to be the same as under Medicare. No implementing action as yet.
11. Congress modify Medicaid legislation to allow States to depart from the "comparability of services" requirement, subject to approval of the Secretary of HEW. No implementing action as yet.
12. The President direct the Secretaries of Interior and HEW to clarify the relationship between Medicaid and medical services provided Indians and Eskimos by HEW. No implementing action as yet.
13. States be allowed to experiment with simplified methods for establishing financial eligibility, but Federal government should not mandate specific methods. Rejected by HEW regulation requiring States to adopt a simple declaration of eligibility.

XXV. Industrial Location and State and Local Taxes

The President direct the appropriate Federal agencies to give early and favorable consideration to assembling on a continuing basis more timely and detailed geographical information on industrial location trends, including a breakdown among central city, suburban, and rural portions of Standard Metropolitan Statistical Areas. Census Bureau has agreed to publish this type of information in the Census of Manufactures.

XXVI. Basic Structure of Fiscal Federalism

1. Congress and the Administration adopt a flexible combination of Federal financial assistance to States and localities. The Federal support payments, adjusted for variations in tax effort, could be made to either State or major local units of government; they should not conflict with any existing comprehensive State plan. Contained in

- the Intergovernmental Revenue Act of 1969 (S. 2483, H.R. 13353) now pending in Congress.
2. Congress authorize the President to submit grant consolidation plans subject to veto by either House within a period of 90 days. Contained in Intergovernmental Cooperation Act of 1969 (H.R. 7366, S.2479) now pending in Congress.
3. Congress and the President reduce the number of separate authorizations for Federal grants—as a general goal a reduction by at least half the number, starting with consolidation in the fields of vocational education and water and sewer facilities. A draft bill has been prepared and is ready for Congressional introduction.
4. Congress enact legislation, proposed by the Administration, to authorize a single grant application by State and local governments for interrelated projects. Contained in Intergovernmental Cooperation Act of 1969.
5. Joint funding of projects containing components deriving funds from several Federal sources. Contained in Intergovernmental Cooperation Act of 1969.
6. The Bureau of the Budget simplify and systematize the varied matching and apportionment formulas governing existing grant programs. No specific implementation action as yet.

XXVII. Metropolitan Fiscal Disparities

1. Congress expand, to include all communities regardless of population, the current program of financial assistance for State establishment of urban information and technical assistance to small communities. Rejected repeatedly by the Congress.
2. Federal, State and local financing of neighborhood information centers and referral services be authorized to orient immigrants and others to the demands of urban society. Partially implemented by intergovernmental funding of such centers under the poverty and model cities programs.
3. Elementary and Secondary Education Act be amended to authorize use of available grant funds in support of amended State school aid formulas which reflect higher per pupil costs for disadvantaged children, especially in densely populated areas. No implementation action as yet.
4. Federal Government encourage and provide financial assistance for multidistrict educational arrangements. No implementation action as yet.

5. A national system of social accounts be established, with special emphasis on the development of such data for individual cities, counties and Standard Metropolitan Statistical Areas, as well as State and national aggregates. Implementation begun through Task Force on Social Accounts set up in 1968 in HEW. Report under consideration by Executive Office of the President.
6. Internal Revenue Service expand its statistical reports on income to provide data on individual units of local government within Standard Metropolitan Statistical Areas. Implemented by administrative action of the Internal Revenue Service, by tabulating adjusted gross income of individuals by postal zip code.

XXVIII. Administration of Federal Categorical Aids

1. Coordination of Federal grant programs being administered by a variety of Federal departments and agencies be strengthened through the Executive Office of the President. Partially implemented by various presidential directives and by Budget Bureau Circular A-95.
2. The authority to review and approve plans developed as a condition of Federal formula-type grants to State and local governments be decentralized to Federal regional offices and the wide variations in boundaries of Federal administrative regions be reduced. Partially implemented by directive of President Nixon, March 27, 1969.
3. Federal Executive Boards be brought under Bureau of the Budget supervision and at least one full-time staff member be provided for each major Board. Partially implemented by Presidential Memorandum, August 13, 1969.
4. The President establish a computerized information system for grant administration, formulation of intergovernmental fiscal policy and for other management purposes. Steps being taken by Budget Bureau to implement partially this recommendation.
5. Establishment by Congress of a computerized information system for review of grant programs and for other legislative purposes. Contained in draft legislation now pending in the House Rules Committee.
6. Tapes and other data produced by Federal computerized information systems be made available to State and local governments. Implemented by Budget Bureau Circular A-97.
7. Congress authorize the Comptroller General of the U.S. to certify State auditing systems and

those systems of local governments receiving sizable grants directly from Federal agencies, in lieu of fiscal audits by Federal agency personnel. Contained in Intergovernmental Cooperation Act of 1969 (H.R. 7366, S. 2479) now pending in Congress.

8. Congress enact legislation, to modify the single State agency requirement associated with Federal grants-in-aid to State governments. Implemented by the Intergovernmental Cooperation Act of 1968, P.L. 90-577.
9. Congress enact general legislation, consolidating insofar as possible into a single enactment those planning requirements to be applicable to existing and future grant programs. Contained in Balanced Urbanization Policy and Planning Act of 1969 (H.R. 13217) now pending in Congress.
10. Congress revise Section 701 of the Housing Act of 1954, to strengthen comprehensive planning at State, regional, metropolitan and local levels, and to require review and comment by State planning agencies of project proposals impinging upon State or local comprehensive plans. The Commission took no position on assignment of responsibility within the Federal Government for financial assistance to State and local planning activities. Contained in Balanced Urbanization Policy and Planning Act of 1969.

XXIX. State Aid to Local Governments

1. The Federal Government assume complete financial responsibility for all public assistance programs, including Medicaid, with State and local governments continuing to administer programs. Contained in bill to nationalize the welfare system (S.1806).
2. The Federal-Aid Highway Act be revised to provide a financial incentive to encourage greater State development of a coordinated urban and rural highway system, with special recognition of the needs for mass transportation facilities in urban areas. No specific implementation action as yet.

XXX. Eligibility of State Legislative Agencies for Federal Research Grants

Recommends the issuance of an appropriate communication from the President to departments and agencies setting forth criteria under which State legislative committees and agencies should and should not be admitted as eligible competitors for Federal research

grants. (Implemented by Bureau of the Budget Memorandum of December 22, 1969.)

Pending Federal Legislation

The thirty-one Advisory Commission recommendations now pending before Congress are contained in the following bills:

The Uniform Relocation Assistance and Land Acquisition Policies Act of 1969 (S.1, Muskie et al.; and H.R. 4578, Fulton; H.R. 6053, Teague of Texas; and H.R. 12902, Thompson, New Jersey). This measure would provide for uniform and equitable treatment of persons displaced from their homes, businesses, or farms by Federal or Federally-assisted programs and establish uniform and equitable Federal land acquisition policies. These provisions would carry out the major recommendations for a uniform relocation policy for all Federal programs in *Relocation: Unequal Treatment of People and Businesses Displaced by Government*, January 1965. (Passed by the Senate; hearings held by House Committee on Public Works.)

The Intergovernmental Cooperation Act of 1969 (S.2479, Muskie) has been reported favorably by the Senate Subcommittee on Intergovernmental Relations. Hearings have been completed on a companion bill in the House (H.R. 7366, Fountain, et. al.). These measures are designed to build on the Intergovernmental Cooperation Act of 1968 by providing for joint funding; simplification of accounting, auditing and reporting procedures; consolidation of Federal aid programs; and strengthened Congressional oversight of Federal aid. The Senate Subcommittee deleted the grant consolidation title in S.2479, and approved the Administration's grant consolidation measure (S.2035) which closely parallels the ACIR proposal. The bill authorizes the President to propose consolidation of Federal grant programs which would go into effect unless vetoed by Congress. These measures implement several of the Commission's recommendations in *Fiscal Balance in the American Federal System*, October 1967, and one basic proposal advanced in the earlier ACIR report on *Periodic Congressional Reassessment of Federal Grants-in-Aid to State and Local Governments* (June 1961).

The Intergovernmental Revenue Act of 1969 (S.2483, Muskie and Goodell and H.R. 13353, Roth). This measure is designed to permit State and local governments greater fiscal flexibility and to enhance fiscal cooperation between the Federal government and States and localities. Senate hearings on this bill have been completed. The bill would give States access to a prime revenue source—the Federal income tax—and encourage States to make more intensive use of State personal income taxes. A specified amount of Federal

revenue would be diverted annually into a trust fund for subsequent redistribution to State and local governments on a per capita basis adjusted for tax effort. Also, the bill provides that taxpayers would be allowed a partial credit against their Federal income tax liability for any State and local income taxes they have paid in order to offset the deterrent effect of heavy federal income taxes upon State and local use of this tax. Other provisions would (1) authorize the U.S. Treasury to collect State personal income taxes under mutually agreeable terms; (2) enlarge and restructure the Federal tax credit for State death tax payments, provided a State adopts an "estate-type" tax—thereby simplifying taxpayer compliance—and increases its death tax rates so as to capture an amount equivalent to the enlarged Federal tax credit; and (3) permit States and their localities to tax the personal property of private individuals located in enclaves under exclusive Federal jurisdictions, provided a designated Federal agency certified that all persons residing in such Federal enclaves enjoy the same rights and privileges accorded other residents of the State.

Title I of this bill would implement a major recommendation made by the Commission in *Fiscal Balance in the American Federal System*, October 1967. Title II incorporates the partial tax credit proposal advanced in *Federal-State Coordination of Personal Income Taxes*, October 1965. Title III, authorizes Treasury collection of State income taxes, implements another recommendation advanced in the same report. The restructuring of Federal credits for State death tax payments, proposed in Title IV, would carry out a recommendation made in the Commission's report, *Coordination of State and Federal Inheritance, Estate, and Gift Taxes*, January 1961. The proposed amendment to the Buck Act, found in Title V, seeks to implement a policy objective advanced in *State and Local Taxation of Privately Owned Property Located on Federal Areas*, June 1961, and reaffirmed in 1965 by the Commission.

The Balanced Urbanization Policy and Planning Act of 1969 (H.R. 13217, Dwyer and Fountain). This measure incorporates certain recommendations contained in *Urban and Rural America: Policies for Future Growth*, April 1968, and *Fiscal Balance in the American Federal System*, October 1967. The four-title bill would (1) provide for the development of a national policy on urban growth; (2) establish a system for Federal financial support of comprehensive planning, replacing section 701 of the Housing Act of 1954, as amended; and (3) apply a uniform definition of comprehensive planning and a coordinated approach to functional planning conforming requirements for grant programs. The proposed legislation cleans up and

consolidates into a single bill all of the comprehensive planning requirements now attached to many of the Federal aid programs as well as several functional planning provisions. Responsibility for developing a national urbanization policy would be assigned to the Executive Office of the President and an annual urbanization report to the Congress and the country would be required. A counterpart bill was introduced in the Senate (S.3228, Muskie).

The Interstate Taxation Act (S. 2804, Magnuson et al.) deals with State business taxes as they apply to interstate firms. This bill grants Congressional consent to the "Multistate Tax Compact" which is designed to facilitate consistency in State tax treatment of such firms. Eighteen States have already enacted the compact. Interstate firms doing business in these States now have the option of using the three-factor formula proposed by the National Commission on Uniform State Laws (property, payroll and sales) for apportioning multistate corporate income for State tax purposes. Under the terms of the bill, all States would be required to offer the same option beginning July 1, 1971, whether or not the State has joined the compact. This bill is a counter-proposal to the House-passed bill (H.R. 7906) that would define State taxing jurisdictions with respect to interstate firms and set an upper limit on the amount of income attributable to business done in the States on the basis of a two-factor (property and payroll) formula. In many other major respects S.2804 and H.R. 7906 are similar. S.2804 seeks to carry out proposals adopted by the Advisory Commission in 1966 to reconcile two competing national objectives—the need to minimize State impediments to the free flow of interstate commerce while maximizing State discretion in tax policy matters.

Amendments to the *Elementary and Secondary Education Act* (H.R. 514, Perkins; and S.2451, Pell). The legislation contemplates consolidation of several separate Federal categorical aids for education. The consolidations would implement a recommendation in *Fiscal Balance in the American Federal System*, October 1967, which noted that the rapid expansion in a number of grants has contributed to functional fragmentation of State and local governments. The pooling of separate grants for the administration of two or more educational programs into a consolidated grant, as proposed in S.2451, represents a constructive extension of the consolidation idea into the field of grant program administration. By allowing the States greater flexibility and simplicity in administering education grants, the bill would permit State educational agencies to attune their efforts more fully to the pursuit of educational objectives.

The Urban and Rural Development Act—in draft form ready for Congressional introduction. This measure would provide assistance and incentives for urban growth and economic development in conformance with national urbanization policy through:

- Incentives for business or industrial location;
- Assistance for low-income persons in labor-surplus areas seeking to find employment in designated urban growth areas;
- Additional loan and grant assistance to public agencies and loan and tax assistance to private developers to facilitate the assembly and improvement of land for large-scale urban and new community development; and
- A Federal urban land acquisition and improvement program to encourage the building of new communities.

The recommendations embodied in this bill come largely from *Urban and Rural America: Policies for Future Growth* (April 1968).

Water and Sewer Facilities Grant and Loan Consolidation Act—in draft form ready for Congressional introduction. This measure would provide for concentrating all direct grant and loan programs for water and sewer facilities and treatment works in two agencies—HUD and Interior (Federal Water Pollution Control Administration). The approach taken is to assign HUD the responsibility for administering grants and loans for basic public water and sewer facilities. FWPCA would be given responsibility for all waste treatment works (including intercepting and outfall sewers). Authorizations for the Department of Agriculture and Economic Development Administration would be repealed or amended to ensure that they will have no grant and loan authority in these areas.

STATE AND LOCAL GOVERNMENT

Over the decade since its creation the Advisory Commission has directed 151 specific recommendations to State government. Recommendations for State action are translated into draft bill language. These draft bills constitute ACIR's "State Legislative Program." It is brought to the attention of key legislative and executive officials of all the States, as well as local government officials and other interested groups and influential individuals.

A precise assessment of State action on ACIR recommendations is difficult to compile. Information on State legislative action is likely to be somewhat incomplete. Each biennium the fifty State legislatures consider an estimated 150,000 separate pieces of legislation in their regular and special sessions. Usually about one-third of the bills introduced are enacted into law. A

detailed analysis of these enactments by ACIR is not feasible. Rather, the Commission must rely heavily on secondary sources of information such as legislative service agencies, State municipal leagues, the Council of State Governments and other groups that prepare summaries of State legislative action.

Moreover, the Commission recognizes that its recommendations should not be construed as the sole motivating force behind all enactments of State legislation that do in fact implement ACIR recommendations. The criterion used in the following tabulations was: Is the language or substance of the enactment close enough to the language or substance of the ACIR proposal so that it is reasonable to assume that the Commission's recommendation served as a model?

Finally, it should be noted that ACIR draft bills often are preceded by earlier enactments by one or more States, and sometimes the draft bill is based on a combination of some earlier versions. The tabulations which follow do not, of course, reflect these earlier enactments.

The following tables report a total of 434 "State implementing actions" on recommendations of the Advisory Commission during the period 1963 through 1969. The "banner year" was 1967 with a total of 171 enactments.

The State-by-State tabulation reflects implementing actions, over the seven-year period, by 49 of the 50 States. Michigan leads the list with 18 enactments, and 24 States are credited with 10 or more enactments implementing ACIR recommendations.

The tabulation by subject matter indicates enactments implementing 61 of the 151 ACIR recommendations for State action. The most popular recommendation—adoption of a State real estate transfer tax following Federal withdrawal from the field at ACIR's urging—has been enacted by many States bringing to 35 the number with such a tax. Six ACIR recommendations have been enacted by 20 or more States, and 16 ACIR recommendations have been adopted by legislative action in 10 or more States.

STATE ACTION ON ACIR RECOMMENDATIONS, BY STATE

Number of Enactments, By Year

	'63	'64	'65	'66	'67	'68	'69	Totals		'63	'64	'65	'66	'67	'68	'69	Totals
United States																	
Alabama	1	0	1	0	0	1	0	3	Montana	2	0	0	0	4	0	2	8
Alaska	0	0	0	0	1	3	0	4	Nebraska	3	0	1	0	7	0	2	13
Arizona	0	0	0	0	5	3	2	10	Nevada	1	0	1	0	2	0	0	4
Arkansas	0	0	0	0	4	0	1	5	New Hampshire	1	0	0	0	2	0	0	3
California	1	0	3	1	4	1	0	10	New Jersey	0	0	1	2	4	3	0	10
Colorado	1	1	0	1	6	0	3	12	New Mexico	3	0	2	0	3	1	1	10
Connecticut	1	0	1	0	6	0	4	12	New York	1	0	2	0	2	2	3	10
Delaware	0	0	1	2	0	2	1	6	North Carolina	1	0	0	0	6	2	1	10
Dist. of Columbia									North Dakota	2	0	0	0	2	0	2	6
Florida	1	0	0	0	1	5	5	12	Ohio	1	0	0	0	7	2	1	11
Georgia	1	1	0	3	2	0	0	7	Oklahoma	2	0	1	0	2	2	0	7
Hawaii	2	1	0	1	4	0	0	8	Oregon	3	0	2	0	3	0	6	14
Idaho	3	0	0	0	1	1	0	5	Pennsylvania	0	0	4	0	4	3	0	11
Illinois	1	0	0	1	5	1	2	10	Rhode Island	1	0	1	1	2	0	2	7
Indiana	0	0	0	0	4	1	1	6	South Carolina	0	0	0	0	4	1	2	7
Iowa	3	0	2	0	3	1	1	10	South Dakota	0	1	0	1	1	1	2	6
Kansas	2	0	0	0	6	2	2	12	Tennessee	3	0	1	0	5	1	1	11
Kentucky	0	2	0	3	0	3	0	8	Texas	2	0	0	0	3	1	1	7
Louisiana	0	0	0	0	0	0	0	0	Utah	1	0	1	0	6	1	2	11
Maine	1	0	2	0	2	1	4	10	Vermont	1	1	0	1	3	1	3	10
Maryland	1	1	3	1	6	0	2	14	Virginia	0	2	0	2	0	3	0	7
Massachusetts	1	0	1	1	4	1	0	8	Washington	2	0	0	0	9	1	5	17
Michigan	1	1	1	1	8	4	2	18	West Virginia	1	0	2	0	2	3	1	9
Minnesota	0	0	1	0	10	0	4	15	Wisconsin	1	0	0	1	2	1	2	7
Mississippi	0	0	0	0	4	0	4	4	Wyoming	0	0	1	0	1	0	1	3
Missouri	0	0	0	2	3	1	0	6	TOTALS	53	11	36	25	171	64	74	434

STATE ACTION ON ACIR RECOMMENDATIONS, BY SUBJECT MATTER

(Entries generally begin with the year following the publication of
draft legislation on the particular subject)

TAXATION AND FINANCE

	Number of Enactments by Year							Totals
	'63	'64	'65	'66	'67	'68	'69	
I. Use of Personal Income Tax								
1. Adoption					2	0	2	4
2. More intensive use					6	2	3	11
3. Bringing provisions into harmony with Federal Code				2	5	2	1	10
4. State collection of local income taxes					2	1	0	3
5. Uniform apportionment formula for corporate income tax purposes					6	0	3	9
II. Use of Broad-Based Sales Tax								
1. Adoption					2	0	2	4
2. More intensive use					10	5	11	26
3. Elimination of out-of-state sales tax audit					1	0	0	1
4. State collection of local sales taxes			4	1	4	3	0	12
5. Use tax credits for sales tax paid in other States					4	0	0	4
III. State Regulation of the Issuance of Local Industrial Development Bonds		1	1	0	4	0	0	6
IV. Property Tax Reform and Specified Changes								
1. Specified changes				1	4	0	0	5
2. Property tax relief for low-income families					3	0	1	4
3. Exempted business inventories from property tax					4	2	2	8
4. Created State property tax appeal board					1	1	0	2
5. Required evidence of payment of personal property tax on automobile as a condition for registration				1	1	1	0	3
6. Provided for certification of real property appraisers							2	2
7. Adoption of real estate transfer tax			3	4	20	6	2	35
8. Centralized assessment administration at county level							1	1
9. Requirement property tax statements to show amounts due to each local taxing authority and to the State							1	1
10. Authorization of exchange of tax records					1	0	0	1
V. Authorization for Local Governments to Invest and Receive Interest on Idle Funds	3	2	2	1	3	1	2	14
VI. State Technical Assistance to Local Government Debt Management				1	1	0	0	2
VII. State Collection of Local Non Property Taxes							1	1

STRUCTURAL AND FUNCTIONAL RELATIONSHIPS

	Number of Enactments by Year							Totals
	'63	'64	'65	'66	'67	'68	'69	
I. Authorization for Interlocal Cooperation								
1. Councils of governments or officials			1	0	5	1	1	8
2. Joint exercise of powers or transfer of functions	11	2	4	0	8		3	28
3. Areawide management of transportation facilities					6	1	3	10
4. Areawide vocational education					2	0	0	2
II. State Agency for Local Affairs or Community Development or Office of Economic Opportunity	2	0	3	5	8	3	5	26

STRUCTURAL AND FUNCTIONAL RELATIONSHIPS

(Continued)

	Number of Enactments by Year							Totals
	'63	'64	'65	'66	'67	'68	'69	
III. Local Boundary Adjustments and Incorporations								
1. State review of local boundary adjustments						2	0	2
2. Stricter standards for incorporation of new municipalities	8	1	0	0	1	0	1	11
3. County-wide boundary agency					1	0	0	1
4. Liberalized procedures for municipal annexation of territory			1	1	3	0	0	5
5. Regulation of special-district formation			2	0	0	0	0	2
IV. Constitutional Provisions for Local Governments' Exercise of "Residual" Home Rule Powers	1	0	1	1	0	2	1	6
V. Authorization of County Subordinate Service Areas					1	1	1	3
VI. Broadened Availability and Reciprocity of Public Employee Retirement Systems	5	0	1	0	6	0	3	15
VII. State Financial Assistance								
1. State aid to and increased control of sewage disposal, water supply, wells and septic tanks		1	5	4	7	3	1	21
2. General relief (welfare)					1	1	0	2
3. Low-income housing					4	6	4	14
4. Urban renewal					3	1	0	4
5. Financial and technical assistance to local governments			1	0	0	0	0	1
6. Urban transportation facilities			1	0	1	1	1	4
7. Uniform relocation assistance					2	0	2	4
8. State financial assistance to equalize education opportunity for disadvantaged children					4	0	0	4
VIII. Permits Municipalities to Authorize planned Unit Development or Exercise Planning, Zoning, and Subdivision Control in Urban Fringe Areas	8	1	0	1	0	0	1	11
IX. Strengthening State Legislative and Executive Branches								
1. Constitutional amendments authorizing annual legislative sessions					0	5	1	6
2. Removal of constitutional restrictions on legislative compensation						5	0	5
3. Constitutional amendment providing for executive budget						1	0	1
4. Constitutional amendment permitting Governor to succeed himself						2	0	2
5. Provision for State comprehensive planning						1	2	3
6. Strengthening and coordinating State programs for water resources planning and pollution control	4	2	0	0	11	2	0	19
X. Authorization for State and Local Governments to Acquire and Preserve "Open Space" and Grant Tax Credits for Scenic Easements			2	0	3	0	0	5
XI. Areawide Performance of Urban Functions								
1. Establishment of metropolitan form of government							2	2
2. Authorization for metropolitan charter and study commissions	1	0	0	0	0	1	1	3
3. Authorization for municipalities to exercise extraterritorial planning							2	2
4. Establishment of regional or areawide planning agencies	10	1	3	2	6	0	1	23
XII. Building Codes								
1. Authorization for municipalities to adopt code by reference			1	0	4	1	1	4
2. Adoption of State building code							2	2
3. Provision for State licensing of building inspectors							1	1
TOTALS	53	11	36	25	171	64	74	434

Chapter 5

NEW ADVISORY COMMISSION REPORTS AND RECOMMENDATIONS

During 1969 the Commission approved two major policy reports, containing recommendations for action by Federal, State, and local governments. These were (a) **State Aid to Local Government**, and (2) **Labor-Management Policies for State and Local Government**.

State Aid to Local Government

In this study the Commission examined the central problem of State-local relations—namely local governments' rapidly rising revenue requirements and limited tax resources. The classical response to this problem, that of placing ever increasing pressure on the local property tax, is becoming more and more suspect. When viewed in sales tax terms, residential property taxes now represent the equivalent of a 25 percent levy on housing expenditures on a nationwide basis—considerably heavier in many communities located in the Northeast, Midwest, and the Pacific Coast.

In the report, the Commission examined the various current practices regarding intergovernmental transfers of funds and assessed alternatives for the realignment of financial responsibilities for particular governmental functions. The two major recommendations called for (a) an assumption by the National Government of full financial responsibility for welfare and Medicaid¹, and (b) assumption by State governments of substantially all financial responsibility for elementary and secondary education.²

In its analysis of welfare problems the Commission found that State and local governments in many areas of

¹The following Commission members dissented wholly or in part from this recommendation: Congressman Fountain, Congressman Ullman, Senator Knowles and Commissioner McDonald. Senator Mundt, Secretary Finch, Secretary Romney and Budget Director Mayo abstained from voting on the recommendation.

²The following Commission members dissented wholly or in part from this recommendation: Mr. Daniel, Commissioner McDonald, Congressman Ullman and Congressman Fountain. Senator Mundt abstained.

the Nation lack the fiscal capacity to provide an adequate level of public assistance, and that differences among States in program benefits and eligibility requirements work in a perverse direction. States that are unable or unwilling to provide a minimum level of public assistance find their case loads diminishing while States meeting this obligation are faced with rapidly expanding case loads and costs.

Moreover, because of their limited jurisdictional reach and competition to attract and hold industry, States and local governments feel that they cannot afford to get too far out of line with their neighbors in welfare benefits and related tax levels. To do so, they fear, would cause locational pull—as recipients or potential recipients seek higher benefits—or locational push, as individuals and businesses seek to leave high tax areas.

Shifting the financial responsibility for public assistance programs to the Federal Government, the Commission felt, would reduce or eliminate restraints that presently hamper State and local government efforts to provide public assistance.

Lack of job opportunities force many of the employable poor on to the welfare rolls. Unemployment and underemployment result ultimately from national forces with which State and local governments cannot cope—another reason, according to the Commission, that national responsibility for financing public assistance programs is justified.

The proposed Federal takeover of welfare costs, the Commission found, would particularly benefit central cities that are faced with diminishing resources and a disproportionate share of the poor.

In 1968, the total public assistance expenditures of State and local governments amounted to \$4.6 billion and Federal expenditures amounted to \$5.2 billion. Based on the 1968 proportions, national assumption would almost double the Federal expenditure for public assistance, assuming Federal standards at near the present national average.

With regard to elementary and secondary education, the Commission found that local schools constantly are

increasing their share of the local property tax take. The share of property tax revenues going to education has increased from one-third in 1942 to more than 50 percent today. In 1968-69, it is estimated, local school districts will furnish approximately 56 percent of total State and local revenue for elementary and secondary schools. State and local revenue for elementary and secondary schools nationwide amounted to 3.1 percent of State personal income in 1957-58. In 1967-68 it was 4.6 percent, an increase of 48.4 percent, ranging from an increase of 12.2 percent in South Dakota to 104.5 percent in Connecticut.

Where States do not assume substantially full responsibility for financing education, the Commission recommended a school equalization program for additional assistance to those school districts unable to raise sufficient property tax revenue due to extraordinary demands on the local tax base by city and county governments. This "municipal overburden" stems from the fact that local units of general government—central cities especially—are faced with strong demands for other municipal services reflected in extremely heavy outlays for police, fire protection, sanitation and public health services. Municipal overburden and the generally lower income of central city residents, the Commission found, place powerful constraints on the ability of central city school boards to levy sufficient revenue and make it virtually impossible for them to maintain the same tax pace of their suburban neighbors.

In dealing with other areas of State-local fiscal relations and State aid to local government, the Commission recommended that States enact legislation that would:

- Distribute aid for public health and hospitals on the basis of fiscal capacity, need, and tax effort.
- Authorize provision of technical and financial assistance to metropolitan areas for planning, acquiring, improving and operating mass transit facilities.
- Allocate highway-user taxes among local governments through formulas which reflect need, population, commuter patterns, and fiscal capacity.
- Provide administrative machinery for the review and evaluation, periodically, of all State aid programs in terms of their effectiveness.
- Include as a part of State grant-in-aid programs provision for performance standards such as minimum service levels, client eligibilities, and guidelines for citizen participation.

Labor-Management Policies for State and Local Government

The growing importance of public employee labor relations in recent years is one of the most significant developments in public administration and intergovernmental relations. Government, which has required collective bargaining for the private sector, is now having trouble in its own house. Public employees in various parts of the country have organized and employed the weapons of industrial labor-management disputes—the strike, the picket line, and the slow-down—as well as government-related strategies—the petition and the demonstration—to push their claims.

In this report the Commission reviewed the background of the new militance among public employee organizations, the special problems of employee-employer relations in the public sector, and State laws dealing with the organizing of public employees and with prohibitions against strikes. It also attempted to evaluate the continuing debate on public employee strikes as well as current collective negotiation efforts in State and local government. It explored the advantages and disadvantages of possible courses of action to deal with the problem of public employer-employee collective negotiations. The study also dealt with the troublesome political question of State legislative mandating of salaries and wages, hours of work, working conditions and fringe benefits, and qualifications for selected groups of local government employees. Finally, the Commission explored the question of Federal mandating of wages, hours, and employer-employee relations for State and local employees.

Specifically, the Commission recommended that:

- States require public employers to recognize the right of their employees to join or not to join an employee organization.
- Strikes by public employees be prohibited, but that States establish machinery to help settle employer-employee disputes.³
- States enact "little Landrum-Griffin" laws to ensure democratic procedure and fiscal accountability in public employee organizations.
- State labor relations laws generally provide that State and local public employees be treated alike.
- States establish appropriate machinery to handle recognition and representation disputes and other controversies.

³Partial dissent from State Senator Arrington, Congressman Fountain, State Senator Knowles, County Executive Michaelian and Supervisor Roos (all feeling recommendation not strong enough).

- “Employee rights” not be extended to supervisory, managerial and confidential personnel or to top appointive and elected officials.⁴
- In the enactment of public labor relations legislation, States follow the “meet and confer in good faith” approach—in contrast to “collective bargaining”—the Commission feeling this approach to be most appropriate in the majority of situations.⁵
- State labor relations laws contain detailed specifications of management rights provisions.
- Public employers extend formal recognition to employee organizations receiving majority support.
- Mediation of employer-employee disputes be provided at the request of either party, and that employers be authorized to adopt such additional dispute settlement procedures as they may find necessary, including binding arbitration.
- Voluntary check-off of organizational dues be permitted.
- States and localities facilitate the gathering of public personnel data for use by employing agencies and employee organizations.
- Employer-employee discussion be initiated on a regional basis.
- State-imposed requirements affecting the terms and conditions of local public employment be discouraged.⁶
- Congress refrain from imposing additional requirements affecting the working conditions of State and local employment and the authority of State and local employers to deal with their employees.⁷

Fiscal Capacity of Metropolitan Areas to Provide Mass Transit

In May the Commission entered into a contractual arrangement with the Department of Transportation

⁴ Mayor Lugar dissented from this recommendation.

⁵ The following Commission members dissented wholly or in part from this recommendation: Senator Muskie, Governor Rockefeller, Governor Shafer, State Senator Knowles, County Executive Michaelian. Additional views expressed by Budget Director Mayo.

⁶ Mayor Walsh dissented from this recommendation.

⁷ Reservation by State Senator Arrington.

whereunder the Commission conducted a study into the relative fiscal capacity of metropolitan areas to finance mass transit services for their residents and to make appropriate recommendations to the Department as to how this variance in fiscal capacity might be measured, along with any other relevant recommendations as to intergovernmental relationships in the administration of Federal financial assistance to State and local governments for the provision of mass transportation. Work on this study progressed through the latter part of calendar year 1969, being substantially completed by the end of the year.

In a report transmitted in December 1969 to the Department, it was suggested that mass transportation grants be adjusted on two bases: (a) the Federal percentage would be larger as the financial “reach” of the applicant became extended (i.e., municipality, or an areawide body, or the State), and (b) the Federal grant would be more or less generous depending on the fiscal effort of the government recipient.⁸ To implement the latter recommendation the Commission staff developed detailed measures of fiscal capacity and fiscal effort for States and similar preliminary measures for over 200 metropolitan areas and certain large cities.

Staff findings clearly underscored the fact that a jurisdiction that might be most deserving of equalization assistance under the fiscal capacity measure can become far less deserving if a revenue effort test is applied. For example, because of its low income compared with other States, South Carolina would rank third most deserving on a fiscal capacity basis; yet because of its below average revenue performance it drops to 27th position on a revenue effort test. The reverse situation applies in the case of New York State. Because of its above-average wealth New York State stands well down the line (35th) if equalization assistance is granted solely on the basis of a jurisdiction’s capacity to generate revenue. However, because of its extraordinary revenue performance, New York rises to third place if the fiscal effort test is employed to determine whether a State deserves additional equalization assistance.

⁸ Although the Commission voted formally to enter into the contractual arrangement with the Department of Transportation and viewed a preliminary draft of the report to the Department, the policy alternatives set forth above represented findings and proposals of the Commission staff only and did not constitute formal policy recommendations of the full Commission.

Chapter 6

THE CURRENT RESEARCH WORK PROGRAM

Three major research studies now are underway. One is a study of alternative approaches to Federal financial assistance in State and local capital financing; the second is a study of federalism and the criminal justice system; the third is an endeavor to develop some reliable measures of the relative fiscal capacity and revenue effort of local units of government.

Federal Aid to State and Local Capital Financing

This study embraces a broad sweep of issues as to ways in which the National Government can and should assist State and local governments in meeting public facility needs. It does not deal with the substantive merits of Federal aid in the various functional fields such as mass transportation, water supply and sewage disposal, and health and hospitals. These issues have been examined in other Commission reports. Rather, the study underway deals with fiscal methods of providing such assistance for facilities in these and other fields.

The basic issue of "aid certainty" vs. "expenditure flexibility" is examined from both the Federal and the State-local points of view. Included are alternatives such as the use of trust funds vs. annual appropriations; Federal reimbursement for previous State expenditures—the so-called "pre-financing" approach; the extent to which Federal assistance for State and local capital financing can or should be used as a countercyclical influence in the expectation of national economic stabilization policies; and the desirability and feasibility of long-range vs. short-range Federal financial commitments for capital projects.

The study is concerned also with what kinds of additional Federal Government actions if any should be taken to strengthen the market for State and local securities. In a tax exempt market for example, municipal securities have limited appeal to governmental retirement funds. There is also the question of the use of the unemployment trust fund as an additional buyer of State and local obligations and the establishment of completely new institutional arrangements such as "Urbank" through which State and local governments

would either voluntarily or mandatorily market their securities.

The Commission began consideration of a draft report evolving from this study in late 1969 and completion of action and publication of the report is anticipated in the spring of 1970.

Federalism and the Criminal Justice System

As the Nation faces continued crime and increasing crimes of violence, as demonstrations and riots grow in intensity and frequency, as the illegal use of drugs accelerates, attention is sharply focused on law enforcement at the local level where primary responsibility resides. Yet the role of the States in providing leadership, assistance, and enabling legislation also becomes particularly important. Recent studies—notably the Report of the President's Commission on Law Enforcement and Administration of Justice—have provided valuable knowledge on many of the problems, deficiencies, and failures in the present system and have proposed significant approaches to solutions. Nevertheless, the relationships of States to local governments and their respective roles in law enforcement have not been explored fully and merit intensive study.

Under our division of powers it is the local governments, and particularly cities with their responsibility for police administration, which bear the major burden of law enforcement. However, the nature of local government involvement in law enforcement is conditioned primarily by State constitutions, laws, and institutions. Yet, State responsibility has not been clearly institutionalized. In some States, the office of attorney general shares responsibility with a State police force or Department of Public Safety. Departments of Local Affairs have some involvement in a number of States. In most States, however, there is no clear focal point. Furthermore, State support in the form of financial and technical assistance is frequently extremely limited. The role of the States in training and recruitment, employee relations, criminal investigations, communications and laboratories is diffused and vague. The

relation of State attorneys general to local law enforcement and particularly local prosecutors, with their dual role of enforcing State and local laws, needs clarification. These issues are sharpened by current controversies on national grant programs for law enforcement. The need to clarify the various roles of State support for law enforcement is a top priority question in contemporary intergovernmental relations.

The study underway gives primary attention to the preceding issues of State-local relations in law enforcement. Additionally, the study examines limited aspects of the Federal role, with primary emphasis upon the administration of the Safe Streets Act of 1968, and the issue of how Federal law enforcement assistance funds should be channeled—through the State or directly to units of local government. The study is also concerned with public access to and public involvement in the law enforcement system and the whole problem of community participation in law enforcement and governmental arrangements for its provision.

Measurement of Local Government Fiscal Capacity and Revenue Effort

The Federal Government is presently transferring about \$2 billion a year directly to local governments through several scores of project-type grant programs, and probably at least another \$6 billion in Federal aid reaches local governments annually through the States. Congress has not provided Federal grant administrators with a yardstick for measuring variations in local fiscal capacity or tax effort. As a result, there can be no assurance that those local jurisdictions in greatest fiscal need of Federal aid actually receive it.

At the same time, there are growing demands for broader forms of Federal grants to local governments, sometimes including proposals for a “block grant” approach for particular functions. Such grants could hardly be provided equitably without some specific concern for local fiscal capacity and effort. As it becomes ever more apparent that many central cities are in the throes of a deepening fiscal crisis, there is increasing demand for both direct Federal aid to cities and acceptable measures of local capacity and effort.

There is also an intergovernmental dimension to this issue. Virtually all of the Federal grant programs designed to aid local governments are on a “project-type” basis and therefore are relatively free of statutory

allocation strings—a situation that maximizes both the discretion of Federal administrators and the uncertainty of local applicants for aid. Thus, a decision on the part of the Congress to require Federal administrators to take local fiscal capacity or tax effort into consideration would considerably alter this situation.

Study after study has shown that the project grant system, administered largely on a first-come first-served basis, is favoring those jurisdictions which are both large and affluent: large enough and rich enough to afford a staff of “grantsmen” adept both at proposal writing and the expediting of projects through governmental channels. Yet, if the present chaotic and unfair system is to be changed, data and systems to permit a more objective and equitable approach will have to be created.

The Commission’s study is directed toward the development of a workable concept and a set of formulae and indices that would enable the Congress and Federal executive agencies to take relative wealth and fiscal effort into account in framing and administering Federal-local grants-in-aid. The work is also being conducted in such a manner as to permit, with appropriate modifications, the use of the results by State governments in revising and improving their systems of financial aid to local units of government.

The term “fiscal capacity” describes the potential access of governments to resources for public use. Correspondingly, “fiscal effort” relates to the extent to which such resources are tapped by governments. Many studies have approached problems of this sort mainly from the standpoint of comparative **burdens** upon people or businesses in particular places. However, that is **not** the primary focus of the study now underway, which addresses itself to the “reach” of governmental jurisdictions in particular areas. Because of the diverse degree to which the burden of various taxes or charges can be shifted from the original payer to other elements of the economy, the two problems are not identical. Given its primary concern for the fiscal capacity of governmental jurisdictions—i.e., their access to particular types of flows or assets that may be acquired for public use—the study does **not** deal specifically with the very complex problems of tax incidence.

The study is being conducted with major financial assistance from the Ford Foundation. It is anticipated that the staff work will be completed and a draft report ready for Commission consideration by autumn, 1970.

Chapter 7

OTHER COMMISSION ACTIVITIES

During 1969 as in earlier years, the Commission carried on a variety of supplementary activities designed to discharge its statutory responsibilities. Staff members reviewed some 57 bills having significant implications for intergovernmental relations and submitted comments thereon to the Bureau of the Budget and to Congressional committees. Commission members and staff also testified before or filed statements with committees of Congress and State legislatures on Commission findings and recommendations as applied to the subjects before those bodies. To familiarize governmental officials and interested citizens with the Commission's activities, functions and programs, Commission members and staff made 168 appearances before conventions, and special meetings of national, regional, and State organizations of public officials and business, professional, and other interested organizations.

During the year the Commission held one public hearing—associated with the Commission meeting in June that considered the subject of labor-management relations in State and local employment. Nine witnesses testified at this hearing.

The Commission continued its Information Bulletin service issuing 26 Bulletins during the course of the year, and issued a major informational report on "Urban America and the Federal System."

ACIR Information Bulletins

In April 1968 the Commission inaugurated an "ACIR Information Bulletin Service." Its purpose was to make available to governmental officials information on intergovernmental matters that otherwise might not be called to their attention. The Bulletins are issued from time to time as circumstances warrant and are sent only to officials and organizations and not to individuals. By the end of the year the demand for receipt of these Bulletins had increased to the point that issuances were being made at least every other week with 1,882 officials and organizations receiving them.

Following are the titles of Information Bulletins issued in 1969:

New ACIR Information Report: Sources of Increased State Tax Collections: Economic Growth vs. Political Choice

Federal Revenue and Expenditure Estimates for States and Regions, Fiscal Years 1965-1967

BOB Report on "Section 204 - The First Year"

Establishment of Office of Intergovernmental Relations Under the Vice President

Federal Legislation Being Recommended by ACIR to the 91st Congress

Examples of Business Involvement in Urban Affairs Intergovernmental Cooperation Act of 1969

(1) Review of ACIR Report on Urban-Rural America and (2) Presidential Directives on Domestic Issues

ACIR Study of "State Aid to Local Government" State Legislative Organizational and Procedural Changes in 1968

Proposed Consolidation of Federal Grant Programs ACIR Report on "State Legislative and Constitutional Actions on Urban Problems in 1968"

Survey of College-Level Courses in State and Local Government and Intergovernmental Relations

Revised Budget Estimates for Federal Aid to States and Local Governments, and to Urban Areas

The Role of the States in the Urban Crisis "Intergovernmental Revenue Act"

New ACIR State Legislative Proposals

Rent Supplements and Rent Certificates: After Four Years

Revitalization of State Legislatures

Press Comment on the Role of the States in Urban Affairs

The Balanced Urbanization Policy and Planning Act Partial Implementation of the Intergovernmental Cooperation Act of 1968—BOB Circulars A-95 and A-96

Services Available to State and Local Governments from Federal Agencies on a Reimbursable Basis State Taxation of Multistate Firms S-2804 - The Interstate Taxation Act

State and Local Finances, Significant Features, 1967-1970

This annual information report provides a body of current information about the rapidly changing State and local fiscal situation. It provides information on tax rates and other significant features of major State and local nonproperty taxes including the changes made by State legislatures in their 1969 sessions as well as basic data relating to the property tax. This document has become a major reference work for State and local tax administrators and fiscal committees of the State legislatures as well as policy advisers to governors and mayors. In addition to factual data presented in tables and accompanied by comparative analyses the document contains "model" tax legislation to implement major recommendations of the Advisory Commission as to State and local tax systems.

This edition of **Significant Features** contains comparative information on measures of 1968 State-local revenues and tax effort as well as tax burden indices. This data is presented at the State level and, for the first time in this report, among 216 metropolitan areas of the country.

To measure tax effort for each State and the Nation as a whole, all taxes and charges and all taxes alone are expressed as a percent of personal income; tax burdens are presented using indices of levies paid directly by individuals—that is, excluding business levies—as well as by the three major direct taxes, income, sales and nonbusiness property. In addition, the estimated direct personal taxes for a family of four with \$10,000 gross income are also published. For each of these measures—of tax effort and tax burden—there is considerable variation among the States. (See Appendix D; figure 2, and Table 1.)

At the metropolitan level, measures of 1966-67 total revenue effort (relative to income and on all SMSA average) are available for each of the 216 SMSA's. This total consists of local government general revenues from own sources as well as State taxes; both of these series are related to personal income and presented individually. Rankings of the 216 metro areas as well as the 65 largest SMSA's revenue effort are also included. Considerable diversity is again revealed by these data. (See Appendix E; figure 3, and Table 1.) Similar rankings of the largest cities in each State are shown in Appendix F.

Urban America and the Federal System

Since its establishment in 1959, the Commission has made over 300 recommendations for Federal and State legislative action. A considerable number of the recommendations have been directed toward the mitigation of

intergovernmental problems besetting the Nation's large urban areas.

These recommendations cover a large variety of subject matter; in order that these proposals can be viewed within the context of the Commission's overall policy views with respect to urban affairs, it is necessary to view them together rather than within the context of many separate reports. The first such compilation of urban recommendations was published in 1966 in an information report entitled **Metropolitan America: Challenge to Federalism** which was prepared for the Commission under contractual arrangements with Bernard J. Frieden of the Massachusetts Institute of Technology.

During the past three years the Commission has augmented greatly both its concern with and specific treatment of urban issues. Therefore, at the close of 1969 a new volume entitled **Urban America and the Federal System** was issued, encompassing all Commission recommendations dealing with urban affairs from its inception through April 1968. The only Commission recommendations to date not dealt with in the book are those concerning labor-management relations, action upon which was not completed until after the book had gone to print. The major themes identified in **Urban America and the Federal System** appear in Chapter 1 of this Annual Report.

Preparation of the volume was made possible by a grant from the Ford Foundation and was carried on by Allen D. Manvel of the Commission's staff.

Background Papers on Emerging Intergovernmental Issues

At the end of 1969 the Commission was considering the feasibility and desirability of inaugurating a new type of publication: brief papers containing factual background and policy analyses—but no policy recommendations—on selected problems as noted by the Commission and its staff from time to time. The first such paper in this category was approved for publication at its December 1969 meeting and deals with the subject of commuter taxes.

The Commuter and the Municipal Income Tax. Thirty years ago there was no such thing as a commuter tax; indeed, there was no such thing as a municipal income tax. Today, however, more than 3500 local jurisdictions impose a tax on income and the vast majority of these taxes—where permitted—are extended to nonresidents.

Three basic reasons help explain the rapid spread of local income taxes. As might be anticipated, the need for added local revenues has been a major cause—this was true when the city of Philadelphia enacted its 1939 levy, the first of the "modern" local income taxes, and

there can be little doubt that this is a prime motivating force today, particularly in the big cities. A second spur has been the heavy and increasing property tax load which has led municipalities and smaller local jurisdictions to search for fiscal devices that would diversify their revenue structures. Lastly, municipalities have taken the very practical view—and the courts have upheld their position—that since they provide the source of employment as well as additional services required by commuters—some tax contribution by nonresidents is appropriate. Thus, high and rising property tax rates coupled with the need for further municipal revenues and the desire to reach the commuting population have together spurred the municipal income tax movement.

Virtually all taxes on commuters, like the municipal income levies of which they constitute a part, are relatively simple fiscal instruments. Subject to exceptions in each particular—mainly the recent levies—the general practice is to limit the nonresident levy to wages and salaries or other compensations earned within the city confines and to apply the same rate—a flat rate, not graduated by income level—to both commuters and residents.

Since the commuter is in fact a dual citizen, in his locality of residence and his area of employment, the

commuter tax bristles with intergovernmental fiscal tensions. Apportionment of the commuter's tax liabilities among the two jurisdictions stands out as one of the most troublesome problems. The use of devices that can ease taxpayer compliance and reduce administrative costs while avoiding possible double taxation of commuter's income are also discussed. Finally, the effect of commuter taxes on interlocal tax differentials are evaluated. While such taxes can be a swing item in the decision of individuals and/or business location decisions, it is nonetheless true that the actual response to such situations is not known. There are many additional considerations besides taxes that influence the location decision and it must be emphasized that any additional local tax can have adverse migratory effects—not just the commuter or municipal income levy.

While not necessarily the instrument of choice, the municipal income tax has certain desirable features. It extends the jurisdictional reach of localities when applied to commuters, while being both more responsive to economic growth and less regressive in impact than the property tax. As such, the local income tax movement seems far more likely to spread than to wither away—particularly in view of the pressing fiscal problems of the central cities.

Chapter 8

FINANCIAL SUPPORT OF THE COMMISSION'S ACTIVITIES

1969 saw a major shift in the basis of financing the activities of the Commission. For the first time a significant portion of the Commission's total budget was coming from non-Federal sources, making the Commission intergovernmental in its support as well as its membership.

Congressional Appropriations and Their Utilization

Congressional appropriations to the Commission have increased very substantially since the start-up phase was completed in 1961 but the size of the Commission's staff during this period has kept on a stable level, as illustrated by the following table:

CONGRESSIONAL APPROPRIATIONS AND
PERMANENT STAFF
Advisory Commission on Intergovernmental
Relations
Fiscal Years 1962 — 1971

Fiscal Year	Appropriation	Number of Permanent Staff
1962	\$ 375,000	25
1963	\$ 384,000	25
1964	\$ 377,000	24
1965	\$ 410,000	23
1966	\$ 414,000	23
1967	\$ 433,000	26
1968	\$ 501,000	29
1969	\$ 551,000	28
1970 ¹	\$ 622,000	32
1971 ¹	\$ 610,000	32

¹ Estimated. Does not include cost of salary increases pending in the Congress.

The major reason for the dollar increase in appropriations from \$375,000 at the beginning of the ten year period to \$610,000 was an increase in Federal salaries; secondly, printing costs have risen continually over the period as the demand for Commission publications has increased. For a considerable part of the period the number of publications outstanding increased continually as well, until a sufficient time period had elapsed

to enable the initiation of a publications retirement program which has been proceeding since. The number of Commission staff actually employed grew somewhat over the period but it should be noted that in the FY 1962 appropriation, Congress authorized a total of 29 positions, only 25 of which were filled. It was not until FY 1968 that employment reached the figure authorized in FY 1962.

Throughout the period shown in the above table, Congressional appropriations committees made no changes in appropriation requests for the Commission contained in the President's Budget. This suggests general satisfaction on the part of the committees with the manner in which the Commission was fulfilling its responsibilities. In five of the ten years the Bureau of the Budget reduced initial requests of the Commission, but in none of these cases were the deductions significant.

Growth in Non-Federal Financial Support

Following the review of Commission operations by the House and Senate Subcommittees in 1965, Congress enacted Public Law 89-733, which, among other things, amended the Act establishing ACIR to authorize the Commission to accept contributions from State and local governments. This action was in line with recommendations of the Commission and views expressed by members of Congress and others that a modest measure of joint financing would strengthen the Commission's independence and emphasize its unique status as an intergovernmental agency whose major responsibilities are to identify sources of intergovernmental tension and to recommend ways of improving intergovernmental relations. Accordingly, early in 1968 the Commission Chairman wrote to the governors of all States calling their attention to the new statutory provision and suggesting that each State consider making voluntary annual token contributions to the Commission. During the 1968 calendar year, contributions totaling \$21,000 were received from 14 States. During the 1969 calendar year contributions totaling (\$39,000) were received from 32 States. Governors of some of the other States have indicated that they will recommend specific authoriza-

tion for such contributions to their 1970 legislative sessions.

Toward the close of 1969, Commission Chairman Merriam initiated correspondence with mayors of 20 larger cities suggesting consideration of token contributions to the Commission in the neighborhood of \$500 each per year. A few cities already had responded with contributions by the end of the year.

Public Law 89-733 also authorized the Commission to accept contributions from nonprofit organizations. Pursuant to this authorization the Commission sought and received a grant of \$25,000 from the Ford Foundation to cover part of the cost of preparing and publishing a one volume review of the findings and recommendations relating to urban problems that the Commission had enunciated in its reports. The resulting volume, **Urban America and the Federal System**, was released at the end of 1969 and is described elsewhere in this Report.

In 1969 the Commission sought and received a grant of \$65,600 from the Ford Foundation to cover part of

the cost of the study of measures of local government fiscal capacity and tax effort described earlier. An application for augmenting this grant to \$112,000 was pending at the Ford Foundation at the end of the year.

Also at year's end there was pending with the Carnegie Corporation a joint grant application by the Council of State Governments and the Commission in the amount of \$66,500 for the purpose of conducting conferences in each of six States of legislative leaders, university representatives, and others concerning State legislative proposals of the Council and the Commission.

In addition, during 1969 the Commission received approximately \$3,200 from a number of other nonprofit organizations—most of it in the form of contributions in lieu of honoraria and expenses for participation by ACIR staff members in conferences and meetings conducted by those organizations.

A consolidated statement of obligations of the Commission for Fiscal Years 1969 and 1970 is carried in Appendix G.

APPENDIX A
MEMBERS OF THE
ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS¹
1959-1969

Period Served

Private Citizens (three)

Frank Bane (Chairman; Virginia; Democrat)	12/8/59-4/29/66
*Farris Bryant (Chairman; Florida; Democrat)	10/10/67-10/29/69
Robert E. Merriam (Chairman; Illinois; Republican)	10/30/69-present
John E. Burton (New York; Republican)	12/8/59-12/7/61
**James K. Pollack (Michigan; Republican)	12/8/59-12/7/61
Howard R. Bowen (Iowa; Democrat)	2/22/62-2/21/64
*Don Hummel (Arizona; Democrat)	2/22/62-2/21/64
Thomas H. Eliot (Missouri; Democrat)	4/30/64-3/17/67
Adelaide Walters, Mrs. (North Carolina; Democrat)	4/30/64-4/29/66
Dorothy I. Cline (New Mexico; Democrat)	3/18/67-present
*Price Daniel (Texas; Democrat)	3/18/67-10/9/67
Alexander Heard (Tennessee; Democrat)	3/18/67-10/29/69
Howard H. (Bo) Callaway (Georgia; Republican)	10/30/69-present

United States Senators (three)

Sam J. Ervin, Jr. (North Carolina; Democrat)	12/8/59-present
Karl E. Mundt (South Dakota; Republican)	12/8/59-present
Edmund S. Muskie (Maine; Democrat)	12/8/59-present

United States Representatives (three)

Florence P. Dwyer, Mrs. (New Jersey; Republican)	12/8/59-present
L. H. Fountain (North Carolina; Democrat)	12/8/59-present
Wilbur D. Mills (Arkansas; Democrat)	12/8/59-1/9/61
Frank Ikard (Texas; Democrat)	3/10/61-12/15/61
Eugene J. Keogh (New York; Democrat)	2/5/62-12/31/66
Al Ullman (Oregon; Democrat)	1/30/67-present

Members of the Federal Executive Branch (three)

Robert B. Anderson (Secretary of the Treasury; Republican)	12/8/59-1/20/61
Arthur S. Flemming (Secretary of Health, Education, and Welfare; Republican)	12/8/59-1/20/61
**James P. Mitchell (Secretary of Labor; Republican)	12/8/59-1/20/61
C. Douglas Dillon (Secretary of the Treasury; Republican)	3/15/61-3/26/65
*Abraham A. Ribicoff (Secretary of Health, Education, and Welfare; Democrat)	3/15/61-7/12/62
Arthur J. Goldberg (Secretary of Labor; Democrat)	3/15/61-9/20/62
*Anthony J. Celebrezze (Secretary of Health, Education, and Welfare; Democrat)	10/2/62-10/1/64
Robert C. Weaver (Secretary of Housing and Urban Development; Democrat)	10/10/62-3/17/67
Orville L. Freeman (Secretary of Agriculture; Democrat)	2/4/65-2/3/67

¹The Act establishing the Commission provides that members appointed from private life shall be appointed without regard to political party; of the members representing the Congress, two shall be from the majority party of the respective houses; of each class of members representing State and local governments, not more than two shall be from any one political party. (P. L. 86-380, September 24, 1959.) Party affiliations and State of origin (except for Cabinet members) for all present and previous members are shown for the information of those interested in historical, geographical or other comparison.

*Served on the Commission in two capacities at different times.

**Deceased.

Period Served

Henry H. Fowler (Secretary of the Treasury; Democrat)	5/11/65-12/20/68
Farris Bryant (Director of the Office of Emergency Planning; Democrat)	2/20/67-10/9/67
Ramsey Clark (Attorney General; Democrat)	3/18/67-1/20/69
*Price Daniel (Director of the Office of Emergency Preparedness; Democrat)	10/10/67-1/20/69
Robert H. Finch (Secretary of Health, Education, and Welfare; Republican)	3/26/69-present
Robert P. Mayo (Director of the Bureau of the Budget; Republican)	3/26/69-present
George H. Romney (Secretary of Housing and Urban Development; Republican)	3/26/69-present

Governors (four)

Ernest F. Hollings (South Carolina; Democrat)	12/8/59-1/14/63
*Abraham A. Ribicoff (Connecticut; Democrat)	12/8/59-1/20/61
Robert E. Smylie (Idaho; Republican)	12/8/59-4/29/66
William G. Stratton (Illinois; Republican)	12/8/59-1/14/61
John Anderson, Jr. (Kansas; Republican)	1/19/61-1/13/65
Michael V. DiSalle (Ohio; Democrat)	3/15/61-1/14/63
Carl E. Sanders (Georgia; Democrat)	3/13/63-1/10/67
Terry Sanford (North Carolina; Democrat)	3/13/63-11/12/63
John N. Dempsey (Connecticut; Democrat)	4/30/64-11/26/68
Nelson A. Rockefeller (New York; Republican)	11/10/65-present
Buford Ellington (Tennessee; Democrat)	3/18/67-present
James A. Rhodes (Ohio; Republican)	5/23/67-4/30/68
Spiro T. Agnew (Maryland; Republican)	7/5/68-1/7/69
Raymond P. Shafer (Pennsylvania; Republican)	3/26/69-present
Warren E. Hearnes (Missouri; Democrat)	6/17/69-present

State Legislators (three)

**Elisha Barrett (New York; Senate; Republican)	12/8/59-3/2/60
Leslie Cutler, Mrs. (Massachusetts; Senate; Republican)	12/8/59-12/7/61
John W. Noble (Missouri; Senate; Democrat)	12/8/59-1/2/61
Hal Bridenbaugh (Nebraska; Senate; Republican)	3/31/60-3/30/62
Robert A. Ainsworth, Jr. (Louisiana; Senate; Democrat)	5/16/61-10/31/61
Robert B. Duncan (Oregon; House; Democrat)	2/22/62-1/14/63
John E. Powers (Massachusetts; Senate; Democrat)	2/22/62-2/21/64
Graham S. Newell (Vermont; Senate; Republican)	8/1/62-7/31/64
Harry King Lowman (Kentucky; House; Democrat)	3/13/63-12/31/63
Marion H. Crank (Arkansas; House; Democrat)	4/30/64-3/17/67
Charles R. Weiner (Pennsylvania; Senate; Democrat)	4/30/64-4/29/66
C. George DeStefano (Rhode Island; Senate; Republican)	2/4/65-1/7/69
Ben Barnes (Texas; House; Democrat)	3/18/67-1/14/69
Jess M. Unruh (California; House; Democrat)	3/18/67-10/29/69
W. Russell Arrington (Illinois; Senate; Republican)	3/26/69-present
Robert P. Knowles (Wisconsin; Senate; Republican)	3/26/69-present
B. Mahlon Brown (Nevada; Senate; Democrat)	10/30/69-present

Mayors (four)

*Anthony J. Celebrezze (Cleveland, Ohio; Democrat)	12/8/59-7/27/62
Gordon S. Clinton (Seattle, Washington; Republican)	12/8/59-3/2/62
*Don Hummel (Tucson, Arizona; Democrat)	12/8/59-12/4/61
Norris Poulson (Los Angeles, California; Republican)	12/8/59-6/30/61
Richard Y. Batterton (Denver, Colorado; Republican)	2/22/62-6/30/63

*Served on the Commission in two capacities at different times.

**Deceased.

Period Served

Leo T. Murphy (Santa Fe, New Mexico; Democrat)	2/22/62-4/30/62
Neal S. Blaisdell (Honolulu, Hawaii; Republican)	8/1/62-1/2/69
Arthur Naftalin (Minneapolis, Minnesota; Democrat)	8/1/62-6/17/69
Raymond R. Tucker (St. Louis, Missouri; Democrat)	10/10/62-3/9/65
**Arthur L. Selland (Fresno, California; Republican)	8/27/63-12/5/63
Herman W. Goldner (St. Petersburg, Florida; Republican)	4/30/64-4/29/66
Richard C. Lee (New Haven, Connecticut; Democrat)	5/11/65-5/10/67
Theodore R. McKeldin (Baltimore, Maryland; Republican)	3/18/67-12/4/67
Jack D. Maltester (San Leandro, California; Democrat)	5/23/67-present
William F. Walsh (Syracuse, New York; Republican)	12/29/67-12/28/69
Richard G. Lugar (Indianapolis, Indiana; Republican)	3/36/69-present
C. Beverly Briley (Nashville, Tennessee; Democrat)	6/17/69-present

County Officials (three)

**Edward Connor (Wayne County, Michigan; Democrat)	12/8/59-4/29/66
**Clair Donnenwirth (Plumas County, California; Democrat)	12/8/59-7/22/65
Edwin G. Michaelian (Westchester County, New York; Republican)	12/8/59-12/7/61; 6/17/69-present
Barbara A. Wilcox, Mrs. (Washington County, Oregon; Republican)	10/10/62-4/5/66
William O. Beach (Montgomery County, Tennessee; Democrat)	1/22/66-1/23/68
Angus McDonald (Yakima County, Washington; Republican)	4/28/67-6/16/69
Gladys N. Spellman (Prince George's County, Maryland; Democrat)	4/28/67-6/16/69
John F. Dever (Middlesex County, Massachusetts; Democrat)	1/24/68-present
Lawrence K. Roos (St. Louis County, Missouri; Republican)	6/17/69-present

**Deceased.

APPENDIX B

SUMMARY OF ACTIONS TAKEN BY THE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

(All meetings in Washington, D.C. unless otherwise indicated)

First Meeting December 14, 1959

1. Received greetings from the Assistant to the President
2. Discussed the general responsibilities charged to the Commission in its enabling statute

Second Meeting February 10, 1960

1. Appointed an Executive Director
2. Decided that the real property tax should be studied

Third Meeting May 25, 1960

1. Adopted voting procedures whereunder members could send representatives to sessions they were unable to attend, such representatives having the right to participate in discussion but not the right to vote
2. Decided to complete a study of the estate tax, initiated earlier by the Federal-State Joint Action Committee
3. Adopted a work program comprising following items in addition to estate and property taxes: (a) measures of fiscal capacity and tax effort; (b) cooperative tax administration; (c) investment of idle cash balances; (d) periodic Congressional review of grants-in-aid; (e) modification of Federal public health grants; (f) State restrictions on local government; (g) intergovernmental responsibilities for education beyond the high school; and (h) intergovernmental responsibilities for mass transportation
4. Requested informational papers on (a) centrally collected, locally shared revenues; (b) equalization features of Federal grants-in-aid; and (c) nonproperty tax sources of local government revenue
5. Agreed to explore question of improved statistical data for metropolitan areas as requested by the Committee for Economic Development
6. Agreed upon a budget request of \$250,000 for FY 1962

Fourth Meeting January 18-19, 1961

1. Adopted a Commission Report on "Coordination of State and Federal Inheritance, Estate and Gift Taxes"
2. Adopted a Commission Report on "Investment of Idle Cash Balances by State and Local Governments"
3. Adopted a Commission Report on "Modification of Federal Grants-in-Aid for Public Health Services"
4. Gave preliminary consideration to a report on periodic Congressional review of Federal grants-in-aid
5. Added the following items to the work program: (a) centrally collected locally shared revenues; (b) State and local taxation of private property on Federal areas; and (c) facilitation of metropolitan area planning and development by State and National governments
6. Deleted from the work program "education beyond the high school" and substituted Federal standards involved in public assistance grants
7. Approved Second Annual Report
8. Approved revised FY 1962 budget request of \$420,000

Fifth Meeting April 27-28, 1961

1. Adopted Commission Report on "Governmental Structure, Organization, and Planning in Metropolitan Areas"
2. Adopted Commission Report on "Intergovernmental Responsibilities for Mass Transportation Facilities and Services in Metropolitan Areas"
3. Gave preliminary consideration to a report on taxation of private property on Federal areas
4. Approved a procedure for responding to requests of Congressional committees for comments on bills
5. Appointed a Subcommittee to explore the issue of a Department of Urban Affairs

Sixth Meeting June 15-16, 1961

1. Adopted Commission Report on "Periodic Congressional Reassessment of Federal Grants-in-Aid to State and Local Governments"

2. Adopted Commission Report on "State and Local Taxation of Privately Owned Property Located on Federal Areas"
3. Adopted Commission Report on "Intergovernmental Cooperation in Tax Administration: Some Principles and Possibilities"
4. Approved a statement of the position of the Commission on a proposed Department of Urban Affairs
5. Added the following items to the work program: (a) approaches to governmental reorganization in metropolitan areas; (b) land use in metropolitan areas; (c) water supply and sewage disposal in metropolitan areas
6. Received an informational report on "Tax Overlapping in the United States, 1961"

Seventh Meeting September 14-15, 1961

1. Adopted Commission Report on "State Constitutional and Statutory Restrictions on Local Government Debt"
2. Adopted Commission Report on "Local Nonproperty Taxes and the Coordinating Role of the State"

Eighth Meeting November 30-December 1, 1961

1. Directed that work continue on intergovernmental problems in the field of public welfare
2. Reviewed the work and accomplishments of the Commission over its first two years and did not suggest any marked change in the balance or direction of the Commission's reports
3. Added the following items to the work program: (a) effect of tax, expenditure and debt practices on location of industry and economic development; (b) role of equalization in Federal grant and other aid; (c) factors affecting voter approval of reorganization in metropolitan areas; (d) identification of regional vs. local functions in metropolitan areas; and (e) disposal of surplus Federal land holdings
4. Deleted "land use in metropolitan areas" from the work program
5. Approved the Third Annual Report

Ninth Meeting May 4-5, 1962

1. Expressed support for pending legislation regarding the use of public lands for urban development and deleted "disposition of Federal public land holdings" from the work program
2. Approved the publication of a Staff Report "Measures of State and Local Fiscal Capacity and Tax Effort"
3. Approved an Information Report on "Factors Affecting Voter Reactions to Governmental Reorganization in Metropolitan Areas"
4. Adopted a position on pending legislation to authorize a mid-decade census
5. Considered a partial report on "Some Intergovernmental Problems in the Field of Public Welfare" and deferred the project until the impact of 1962 welfare amendments by the Congress could be assessed
6. Added the following items to the work program: (a) intergovernmental aspects of racial and economic disparities between central cities and suburbs; (b) jurisdictional disparities between costs and benefits of local government programs in metropolitan areas; (c) transferability of retirement rights among levels of government; and (d) State legislative apportionment

Tenth Meeting June 28-29, 1962

1. Adopted a Commission Report on "Alternative Approaches to Governmental Reorganization in Metropolitan Areas"
2. Approved an Information Report "Directory of Federal Statistics for Metropolitan Areas"
3. Gave preliminary consideration to a report on State restrictions on the structure and function of local government

Eleventh Meeting October 10-11, 1962, Seattle, Washington

1. Adopted a Commission Report on "State Constitutional and Statutory Restrictions Upon the Structural, Functional, and Personnel Powers of Local Government"
2. Adopted a Commission Report on "Intergovernmental Responsibilities for Water Supply and Sewage Disposal in Metropolitan Areas"
3. Adopted a Commission Report on "State Constitutional and Statutory Restrictions on Local Taxing Powers," thereby completing action on the general item in the original work program dealing with State restrictions on local government
4. Gave preliminary consideration to a report on the apportionment of State Legislatures

Twelfth Meeting December 13-14, 1962

1. Adopted a Commission Report on "Apportionment of State Legislatures"
2. Gave preliminary consideration to a report on the role of the States in strengthening the real property tax
3. Approved the Fourth Annual Report
4. Reviewed the work of the Commission over its first three years

Thirteenth Meeting March 21-22, 1963

1. Gave preliminary consideration to a report on industrial development bond financing
2. Gave further consideration to a report on the role of the States in strengthening the property tax, completing action on a portion of the recommendations contained therein
3. Adopted a Commission Report on "Transferability of Public Employee Retirement Credits Among Units of Government"
4. Gave preliminary consideration to question of Commission position on S. 1111—"Water Resources Planning Act of 1963"

Fourteenth Meeting June 27-28, 1963

1. Adopted a Commission Report on "Industrial Development Bond Financing"
2. Adopted a Commission Report on "The Role of the States in Strengthening the Property Tax"
3. Adopted a position in opposition to three "States' Rights" amendments to the U.S. Constitution proposed in 1962 by the General Assembly of the States
4. Adopted a position supporting, with some modifications, the provisions of S. 111—"Water Resources Planning Act of 1963"
5. Added the following items to the work program: (a) intergovernmental problems in relocation of displaced persons and businesses in urban areas; and (b) State laws and criteria for formation of special purpose districts and authorities

Fifteenth Meeting September 26-27, 1963

1. Gave preliminary consideration to a report on the role of equalization in grants-in-aid
2. Approved an Information Report "Performance of Urban Functions: Local and Areawide"
3. Reviewed the work of the Commission in the implementation of its recommendations at the National and State levels

Sixteenth Meeting January 23-24, 1964

1. Adopted a Commission Report on "The Role of Equalization in Federal Grants-in-Aid"
2. Adopted a Commission Report on "Impact of Federal Urban Development Programs on Local Government Organization and Planning"
3. Adopted a position recommending action by the Congress to provide for National Time Uniformly

Seventeenth Meeting May 21-22, 1964

1. Adopted a Commission Report on "Statutory and Administrative Controls Associated with Federal Grants for Public Assistance"
2. Adopted a Commission Report on "The Problem of Special Districts in American Government"
3. Added the following items to the work program: (a) coordination of Federal, State, and local personal income taxes; and (b) intergovernmental responsibilities for law enforcement

Eighteenth Meeting September 17-18, 1964

1. Adopted a Commission Report on "The Intergovernmental Aspects of Documentary Taxes"
2. Adopted a Commission Report on "State-Federal Overlapping in Cigarette Taxes"
3. Gave consideration to and partially completed action on a report dealing with economic and social disparities between central cities and suburbs in metropolitan areas

Nineteenth Meeting January 18-19, 1965

1. Completed action on and adopted a Commission Report on "Metropolitan Social and Economic Disparities: Implications for Intergovernmental Relations in Central Cities and Suburbs"

2. Adopted a Commission Report on "Relocation: Unequal Treatment of People and Businesses Displaced by Governments"
3. Reviewed and approved a draft bill dealing with procedures for handling Federal grants-in-aid to State governments which had been developed jointly by the staff of the Budget Bureau and the Commission
4. Passed without objection an Information Report on "State Technical Assistance to Local Debt Management"
5. Decided that Commission members and staff, when queried by State and local officials as to desirable organizational arrangements for the consideration of intergovernmental relations at the State level would provide information as to the several methods now employed in a number of States
6. Added the following item to the work program: "Role of Local, State and Federal Governments with Respect to Building Code Modernization and Uniformity"

Twentieth Meeting May 14, 1965

1. Gave preliminary consideration to a draft Commission report on "Coordination of Federal and State Personal Income Taxes" including specification as to the approximate scope of the final report
2. Considered the question of the Commission's position on the taxation of private property on Federal areas by State and local governments and decided to reaffirm the Commission's position but to reconsider it in a year
3. Considered and approved some changes to be sought in the Commission's statute, the most substantial of which was to allow the Commission to receive funds from State and local governments or organizations thereof
4. Added the following item to the work program: "Intergovernmental Relations in the Poverty Program"

Twenty-first Meeting October 14-15, 1965

1. Completed action on and adopted a commission Report on "Federal-State Coordination of Personal Income Taxes"
2. Considered and made a few revisions in a project outline of the Commission's study of "Intergovernmental Relations in the Poverty Program"

Twenty-second Meeting January 13-14, 1966

1. Adopted a Commission Report on Building Codes: A Program for Intergovernmental Reform"
2. Considered the question of State taxation of interstate commerce as dealt with in H.R. 11798 but did not complete action thereon
3. Considered the question of the Commission's position on the taxation of private property on Federal areas by State and local governments and decided to recommend a new approach—namely, amending the Buck Act to permit such taxation, conditioned upon the provision of full civil rights and privileges by the States and localities to the persons living and working in such areas

Twenty-third Meeting April 21-22, 1966

1. Completed action on the question of State taxation of interstate commerce
2. Considered a draft bill prepared by Senator Muskie entitled "Intergovernmental Personnel Act" and endorsed the objectives of the bill
3. Adopted a Commission Report on "Intergovernmental Relations in the Poverty Program"
4. Added the following items to the Commission's work program: (a) the fiscal imbalance in the federal system: State and local revenue needs; and (b) intergovernmental relations in new towns (subsequently retitled "Urban and Rural America: Policies for Future Growth")
5. Adopted a resolution of appreciation for the services of the retiring Chairman, Mr. Frank Bane, who had served as the Chairman of the Commission since its establishment in late 1959

Twenty-fourth Meeting April 14, 1967

1. Adopted a Commission Report on "State-Local Taxation and Industrial Location"
2. Voted to carry out certain recommendations of the House and Senate Committees on Government Operations following a 1966 review of the record of the Commission over its first five years
3. Considered the question of the eligibility of State legislative Committees and agencies for Federal research grants and adopted a position opposing such use of research grants and recommended that the President issue an appropriate directive to Federal departments and agencies to that effect. (Submission of the recommendation to the President was deferred pending reconsideration of the question)

4. Considered new titles contained in the proposed Intergovernmental Cooperation Act of 1967 (S. 698) and voted to endorse the entire bill
5. Decided to sponsor a national meeting of State legislative leaders to be concerned with intergovernmental relations
6. Adopted a resolution in appreciation of the services of Dr. L. Laszlo Ecker-Racz who had retired as Assistant Director of the Commission in December 1966

Twenty-fifth Meeting July 21, 1967

1. Adopted a statement defining the role of Commission members in their votes on particular issues in relation to subsequent votes or other actions which they might wish to take in their individual capacities as Congressmen, Governors, etc.
2. Considered draft report on "Fiscal Balance in the American Federal System" and tentatively adopted the first part of the report, carrying certain items over to the next meeting
3. Considered policy on distribution of Commission publications and approved the existing practice

Twenty-sixth Meeting October 6-7, 1967

1. Completed action on, and adopted a Commission Report: "Fiscal Balance in the American Federal System"
2. Voted to consider holding the next Commission meeting outside of Washington subject to a poll of the members

Twenty-seventh Meeting February 2, 1968, Chicago, Illinois

1. Reconsidered the question of eligibility of State legislative committees and agencies for Federal research grants and voted in favor of eligibility under certain conditions; recommended that the President issue an appropriate directive to Federal departments and agencies to that effect
2. Adopted, subject to review by a committee of the Commission and possible further Commission review prior to publication, Commission Report on "Urban and Rural America: Policies for Future Growth"
3. Added the following items to the Commission's work program: (a) State aid to local government, and (b) intergovernmental responsibilities in Medicaid

Twenty-eighth Meeting June 21, 1968

1. Considered the question of size and composition of Commission membership and voted to seek no changes in the enabling statute in this respect
2. In executive session considered the adequacy of staff performance and at the conclusion thereof expressed satisfaction with the Commission's staff in all major respects
3. Considered the methods governing Commission research, reports and recommendations and (a) voted to sponsor a National Forum on Federalism, and (b) voted to expand its scope of policy coverage in the future by expressing views on major intergovernmental recommendations contained in reports of other bodies
4. Considered the question of assuming operational responsibility for an intergovernmental information systems exchange and voted against this step, with view that Commission should not get involved in sizeable operational or service functions
5. Gave approval to acceptance of a foundation grant for the updating of a previous Commission publication *Metropolitan America: Challenge to Federalism*

Twenty-ninth Meeting September 20, 1968, San Francisco, California

1. Completed action on, and adopted a Commission Report: "Intergovernmental Problems in Medicaid"
2. Added the following item to the Commission's work program: State-local responsibility for labor management relations in public employment
3. Considered but did not reach a final conclusion on the question of Commission sponsorship of a National Forum on Federalism
4. Approved for submission to the Bureau of the Budget a proposed budget for the Commission for the fiscal year ending June 30, 1970
5. Voiced no objection to the issuance of an Information Report on "Sources of Increased State Tax Collections: Economic Growth vs. Political Choice"

Thirtieth Meeting January 17-18, 1969

1. Voted to explore the possibility of a White House Conference on Federalism
2. Began consideration of a draft report on "State Aid to Local Government"

Thirty-first Meeting April 11, 1969

1. Completed action on, and adopted a Commission Report: "State Aid to Local Government"
2. Voted to undertake a study to be financed by the Department of Transportation on the fiscal ability of metropolitan areas to operate mass transit systems, such study to be undertaken in conjunction with a Ford Foundation supported project on the measurement of local fiscal capacity and tax effort

Thirty-second Meeting June 13, 1969

1. Added the following items to the Commission's work program: Federal-State-local relationships in law enforcement and alternative Federal approaches for assisting State and local governments in financing capital needs
2. Gave consideration to but did not complete action upon draft report on "Labor-Management Relations in the State and Local Public Service"
3. Discussed Commission participation in a possible White House Conference on Federalism

Thirty-third Meeting September 19, 1969

1. Completed action on and adopted a Commission report: "Labor-Management Relations in the State and Local Public Service"
2. Approved for submission to the Bureau of the Budget a proposed budget for the Commission for the fiscal year ending June 30, 1971
3. Adopted a resolution of appreciation for the leadership of its returning Chairman, Farris Bryant, who had served as Chairman since March, 1967.

Thirty-fourth Meeting December 19, 1969

1. Approved a draft of the Commission's Eleventh Annual Report
2. Voted to initiate a new series of Commission publications—brief "Background Papers" describing and analyzing particular intergovernmental problems but containing no policy recommendations—and approved for publication the first of such papers, entitled "The Commuter and the Municipal Income Tax"
3. Gave consideration to but did not complete action upon a draft report on "Alternative Federal Aid Approaches to State and Local Capital Financing"
4. Adopted a resolution in appreciation of the services of William G. Colman, retiring in January 1970 as the Commission's Executive Director since its establishment.

APPENDIX C

SUMMARY OF INFORMATION ON EXISTING STATE OFFICES OF LOCAL AFFAIRS, OCTOBER 1969*

	Alaska	California	Colorado	Connecticut
Name of agency	Local Affairs Agency	Intergovernmental Council on Urban Growth ²	Division of Local Government	Department of Community Affairs
Year established	1959	1963	1966	1967
Location	Office of Governor	Office of Governor	Executive Department	Independent Department
Functions				
Advisory, coordinating & technical assistance				
Fiscal advice	X		X	
Municipal management	X			X
Engineering & public works	X			X
Legislative aspects of intrastate government relations	X		X	
Research, statistics & information collection	X	X	X	X
Personnel training	X		X	
Assist Gov. in coordg. State activities affecting localities	X	X	X	X
Recmd. programs & legislation	X	X	X	X
Interlocal cooperation	X	X	X	
Boundary and fringe problems	X			
Financial assistance				X ³
Supervise local finances				X
Planning functions				
Statewide planning				X
Local planning assistance	X			X
Coord. with regional planning	X	X		X
Coord. with Statewide plng.		X		X
Program responsibility				
Urban renewal & redevelopment				X
Poverty				X
Housing				X
Area redevelopment	X ¹			
Statutory citations	A.S. 44.19 180 et. seq.	Ch. 1809, 1963 Stats.; 823, 1965	S.B. 23, 1966	P.A. 522, 1967

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SUMMARY OF INFORMATION ON EXISTING STATE OFFICES OF LOCAL AFFAIRS, OCTOBER 1969 (Continued)

	Florida	Iowa	Illinois	Massachusetts	Minnesota	Missouri
Name of agency	Department of Community Affairs	Division of Municipal Affairs	Office of Local Government	Department of Community Affairs	Office of Local and Urban Affairs	Department of Community Affairs ⁴
Year established	1969	1969	1966	1968	1967	1967
Location	Independent department	Office of Governor	Office of Governor	Independent department	In State planning Agency	Independent department
Functions						
Advisory, coordinating & technical assistance						
Fiscal advice	X	X				X
Municipal management	X	X			X	X
Engineering & public	X	X				X
Legislative aspects of intrastate government relations	X	X				X
Research, statistics & information collection	X	X	X	X	X	X
Personnel training	X	X		X		X
Assist Gov. in coordg. State activities affecting localities	X	X	X	X	X	X
Recmd. programs & legislation	X	X	X	X	X	X
Interlocal cooperation	X	X		X	X	X
Boundary and fringe problems						X
Financial assistance	X	X		X		
Supervise local finances	X					
Planning functions						
Statewide planning		X				X
Local planning assistance	X	X		X		X
Coord. with regional planning	X	X		X	X	X
Coord. with Statewide plng.	X	X				X
Program responsibility						
Urban renewal & redevelopment				X		X
Poverty				X		
Housing	X	X		X		
Area redevelopment		X				X
Statutory citations	Section 18, Const.	Senate File 649, 63rd G.A.-1st Session	H.B. 2194, 1965 (Approp. Act)	Ch. 761, Acts of 1968	Minn. Statutes Secs. 4.11, 4.12, 4.13, 4.16	H.B. 129, 1967

SUMMARY OF INFORMATION ON EXISTING STATE OFFICES OF LOCAL AFFAIRS, OCTOBER 1969 (Continued)

	Montana	Nebraska	New Jersey	New York	North Carolina
Name of Agency	Department of Planning and Economic Development	Division of State and Urban Affairs	Department of Community Affairs	Office of Local Government	Department of Local Affairs
Year established	1967	1967	1966	1959	1969
Location	Independent department	Department of Economic Development	Independent department	Within the executive department	Independent department
Functions					
Advisory, coordinating & technical assistance					
Fiscal advice		X		X	X
Municipal management		X	X	X	X
Engineering & public works			X	X	
Legislative aspects of intrastate government relations			X	X	X
Research, statistics & information collection	X	X	X	X	X
Personnel training			X	X	X
Assist Gov. in coordg. State activities affecting localities	X	X	X	X	X
Recmd. programs & legislation		X	X	X	X
Interlocal cooperation	X	X	X	X	X
Boundary and fringe problems					X
Financial assistance			X		
Supervise local finances			X	X ⁵	
Planning functions					
Statewide planning			X		
Local planning assistance	X	X	X		X
Coord. with regional planning	X	X	X	X	X
Coord. with Statewide plng.	X		X		X
Program responsibility					
Urban renewal & redevelopment			X		X
Poverty		X	X		X
Housing			X		X
Area redevelopment		X	X		X
Statutory citations	S.B. 19, 1967	L.B. 34, 1967	1966 Laws, Ch. 293	N.Y. Con- solidated Laws, Ch. 335	G.S. 143-319 through G.S. 143-327

SUMMARY OF INFORMATION ON EXISTING STATE OFFICES OF LOCAL AFFAIRS, OCTOBER 1969 (Continued)

	Ohio	Oregon	Pennsylvania	Rhode Island	Tennessee	
Name of agency	Department of Urban Affairs	Social Government Relations Division	Department of Community Affairs	Department of Community Affairs	Office for Local Government	Office of Urban Affairs
Year established	1967	1969	1966	1968	1963	1967
Location	Independent department	Executive department	Independent department	Within the executive branch	Office of Comptroller of Treasury	Office of Governor
Functions						
Advisory, coordinating & technical assistance						
Fiscal advice	X	X	X	X		
Municipal management	X	X	X	X		
Engineering & public works				X		
Legislative aspects of intrastate government relations		X				
Research, statistics & information collection	X	X	X	X	X	X
Personnel training		X	X	X		
Assist Gov. in coordg. State activities affecting localities	X	X	X	X	X	X
Recmd. programs & legislation	X	X	X	X		
Interlocal cooperation	X	X	X	X	X	
Boundary and fringe problems		X				
Financial assistance		X	X	X		
Supervise local finances		X	X	X		
Planning functions						
Statewide planning		X		X		
Local planning assistance	X ⁶	X	X	X		
Coord. with regional planning	X	X	X	X		
Coord. with Statewide plng.		X	X	X		
Program responsibility						
Urban renewal & redevelopment			X	X		
Poverty	X		X	X		X
Housing			X	X		
Area redevelopment	X ⁶		X			X ⁷
Statutory citations	Substitute H.B. 495, 1967	Ch. 80, Laws of 1969	Reorg. Plan 2, Act 582, 1965 Regular Session (Ap. 2/1/66)	S.B. 300, 1968	Laws, 1963 Ch. 205	Executive Authority, 1967

SUMMARY OF INFORMATION ON EXISTING STATE OFFICES OF LOCAL AFFAIRS, OCTOBER 1969 (Concluded)

	Vermont	Virginia	Washington	Wisconsin
Name of agency	Office of Local Affairs ⁸	Division of State Planning and Community Affairs	Planning and Community Affairs Agency	Department of Local Affairs and Development
Year established	1967	1968	1967	1967
Location	Office of Governor	Office of Governor	Office of Governor	Independent department
Functions				
Advisory, coordinating & technical assistance				
Fiscal advice	X			X
Municipal management	X			X
Engineering & public works	X		X	
Legislative aspects of intrastate government relations				X
Research, statistics & information collection	X	X	X	X
Personnel training				
Assist Gov. in coordg. State activities affecting localities	X		X	X
Recmd. programs & legislation	X		X	X
Interlocal cooperation			X	X
Boundary and fringe problems			X	X
Financial assistance			X ³	
Supervise local finances				
Planning functions				
Statewide planning	X	X	X	
Local planning assistance	X		X	X
Coord. with regional planning	X	X	X	X
Coord. with Statewide plng.	X	X	X	X
Program responsibility				
Urban renewal & redevelopment			X ⁹	
Poverty			X ⁹	X
Housing	X		X ⁹	
Area redevelopment			X ⁹	
Statutory citations	Executive authority; 1967 Approp. Act.	H.B. 545, 1968	Laws 1967, Ch. 74	Laws 1967, Ch. 75

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APPENDIX C FOOTNOTES

*Late in 1969 Utah established an Office of Local Affairs by Executive Order, to take over responsibility for the State Office of Economic Opportunity, community development, Model Cities coordination and state programs under Section 701 and Title VII. A 19-member advisory council was composed of elected local officials, augmented by State and federal officials. Legislation was to be proposed in 1971 to establish the office by statute. Also in late 1969 the Governor's Office of Community Affairs was established in Indiana by executive order, to be headed by the Governor's Assistant for Urban Affairs. It is to encompass the State's Office of Economic Opportunity, day care services, Model Cities program, and the Cooperative Area Manpower Program; and the Governor's office planned to recommend legislation to establish the agency as a line department.

¹ Refers to administration of the Rural Redevelopment Fund.

² Department and Commission of Housing and Community Development administers other programs, notably those of direct administration (poverty program, housing, etc.) rather than those of supervision and assistance. It renders advice on fiscal problems related to its progress, collects statistics and recommends legislation.

³ All State financial aid to localities for urban renewal, poverty programs, mass transit, etc., is channelled at the discretion of the Director (or Commissioner) of the Agency (or Department).

⁴ Effective October 15, 1967.

⁵ In New York, the State Comptroller, an elective officer, supervises certain aspects of local fiscal affairs, audits and examines them on a continuing basis, maintains a State data bank on local governments, and advises and gives technical assistance on matters of law and finance. (N.Y. Consolidated Laws, Ch. 24.)

⁶ Refers solely to the functions of the Ohio Office of Appalachia within the Department of Urban Affairs.

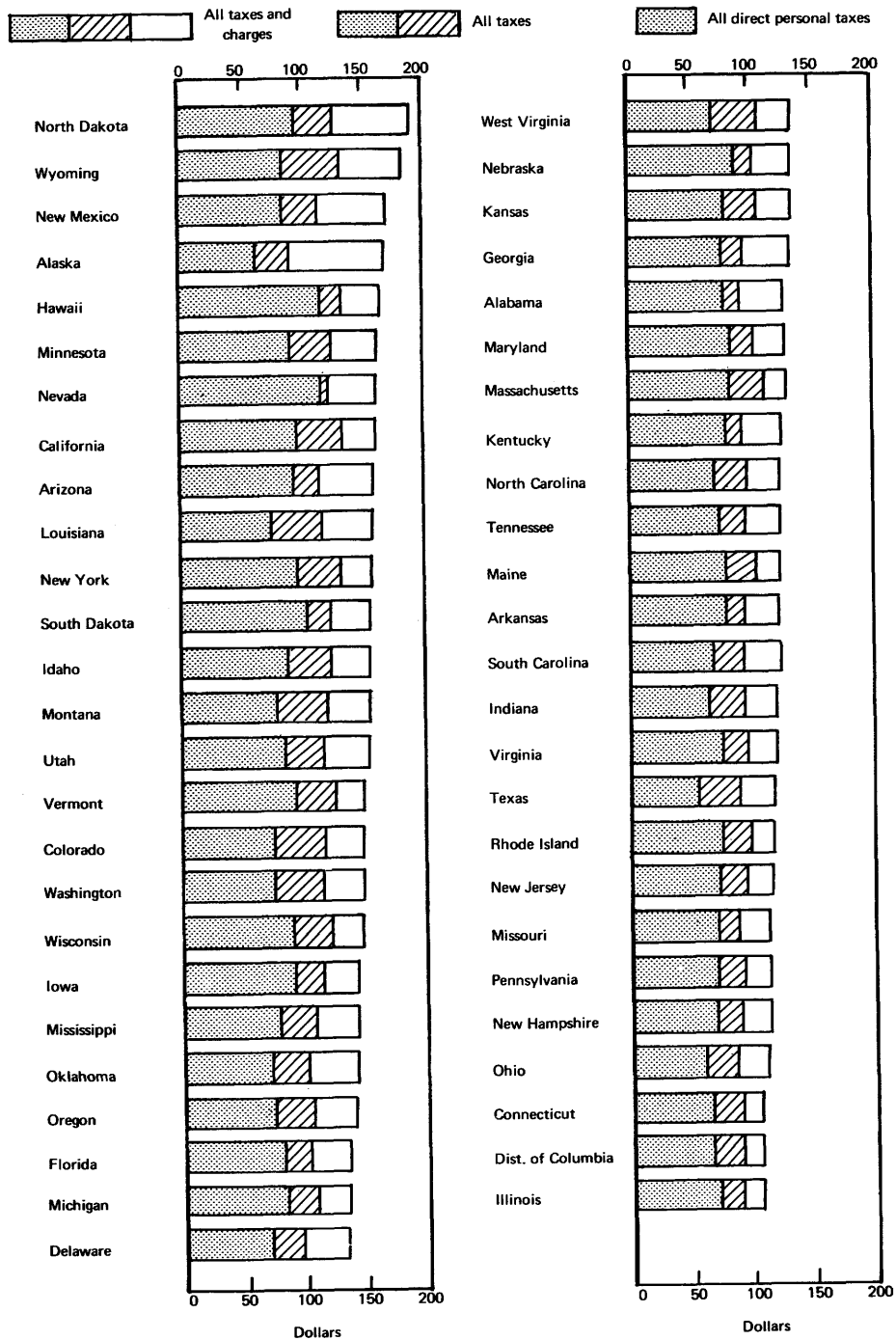
⁷ Includes administration of the Appalachian Re-Development and the Public Works and Economic Development Programs.

⁸ The Vermont Office was set up by executive authority only, and is awaiting statutory authority to undertake the functions proposed.

⁹ The Washington State Agency is given responsibility for "Administration or coordination of state programs and projects relating to community affairs for the planning and carrying out of the acquisition, preservation, use and development of land and provision of public facilities and services for fully carrying out the state's role in related federal grant or loan programs."

APPENDIX D

FIGURE 2 - STATE AND LOCAL TAXES AND CHARGES PER \$1,000
OF PERSONAL INCOME, BY STATE, 1968
(Ranked from high to low—all taxes and charges)



Source: Table 1

TABLE 1—MEASURES OF STATE-LOCAL REVENUE EFFORT AND TAXPAYER BURDENS
[SELECTED STATE AND LOCAL REVENUE ITEMS RELATED TO TOTAL STATE PERSONAL INCOME, BY STATE 1968]

State	Revenue and tax effort measures				Tax burden measures			
	All taxes and charges ¹		All taxes		All direct personal taxes ²		"Big three" direct personal taxes ³	
	As a percent of personal income	State % related to U.S. average	As a percent of personal income	State % related to U.S. average	As a percent of personal income	State % related to U.S. average	As a percent of personal income	State % related to U.S. average
UNITED STATES	13.5	100	10.8	100	8.0	100	5.7	100
Alabama	13.1	97	9.5	88	7.9	99	4.6	81
Alaska	17.0	126	9.1	84	6.4	80	4.0	70
Arizona	15.9	118	12.5	116	9.3	116	6.9	121
Arkansas	12.3	91	9.7	90	8.0	100	4.7	82
California	16.1	119	13.4	124	9.8	122	7.5	132
Colorado	15.0	111	11.7	108	8.7	109	6.6	116
Connecticut	10.7	79	9.1	84	6.4	80	4.6	81
Delaware	13.6	101	9.8	91	7.0	88	4.4	77
Dist. of Columbia	10.5	78	9.1	84	6.4	80	5.4	95
Florida	13.8	102	10.4	96	8.3	104	4.8	84
Georgia	13.3	99	9.8	91	7.7	96	5.1	89
Hawaii	16.6	123	13.6	126	11.5	144	9.5	167
Idaho	15.7	116	12.4	115	8.8	110	6.0	105
Illinois	10.5	78	8.9	82	7.0	88	4.9	86
Indiana	12.2	90	9.7	90	6.6	82	5.7	100
Iowa	14.4	107	11.4	106	9.4	118	6.8	119
Kansas	13.4	99	10.7	99	8.1	101	6.1	107
Kentucky	12.6	93	9.5	88	7.9	99	5.5	96
Louisiana	15.8	117	11.6	107	6.1	76	3.3	58
Maine	12.4	92	10.5	97	7.9	99	5.2	91
Maryland	13.0	96	10.7	99	8.5	106	6.2	109
Massachusetts	12.9	96	11.2	104	8.4	105	6.5	114
Michigan	13.8	102	11.0	102	8.3	104	6.2	109
Minnesota	16.3	121	12.8	119	9.3	116	6.8	119
Mississippi	14.4	107	10.8	100	8.0	100	4.9	86
Missouri	11.3	84	9.1	84	7.3	91	5.3	93
Montana	15.6	116	12.1	112	8.0	100	5.2	91
Nebraska	13.5	100	10.5	97	9.0	112	6.6	116

See footnotes at end of table.

TABLE 1—MEASURES OF STATE-LOCAL REVENUE EFFORT AND TAXPAYER BURDENS
[SELECTED STATE AND LOCAL REVENUE ITEMS RELATED TO TOTAL STATE PERSONAL INCOME, BY STATE 1968] Cont'd

State	Revenue and tax effort measures				Tax burden measures			
	All taxes and charges ¹		All taxes		All direct personal taxes ²		"Big three" direct personal taxes ³	
	As a percent of personal income	State % related to U.S. average	As a percent of personal income	State % related to U.S. average	As a percent of personal income	State % related to U.S. average	As a percent of personal income	State % related to U.S. average
Nevada	16.2	120	12.2	113	9.4	118	4.7	82
New Hampshire	11.2	83	9.1	84	6.9	86	3.8	67
New Jersey	11.4	84	9.6	89	7.3	91	4.9	86
New Mexico	17.1	127	11.5	106	8.4	105	5.1	89
New York	15.8	117	13.2	122	9.7	121	7.7	135
North Carolina	12.5	93	9.9	92	7.2	90	5.2	91
North Dakota	19.1	141	12.4	115	9.9	124	7.2	126
Ohio	11.2	83	8.7	81	6.1	76	4.2	74
Oklahoma	14.2	105	10.2	94	7.1	89	3.7	65
Oregon	14.1	104	10.5	97	7.6	95	5.3	93
Pennsylvania	11.3	84	9.4	87	7.2	90	4.9	86
Rhode Island	11.8	87	10.1	94	7.5	94	5.2	91
South Carolina	12.3	91	9.4	87	7.0	88	4.2	74
South Dakota	15.8	117	12.3	114	10.3	129	7.1	125
Tennessee	12.4	92	9.7	90	7.4	92	4.3	75
Texas	11.9	88	8.9	82	5.5	69	2.9	51
Utah	15.4	114	11.7	108	8.5	106	6.4	112
Vermont	15.1	112	12.5	116	9.7	121	5.6	98
Virginia	12.1	90	9.7	90	7.8	98	4.9	86
Washington	14.9	110	11.5	106	8.7	109	6.6	116
West Virginia	13.6	101	10.7	99	7.1	89	5.5	96
Wisconsin	14.9	110	12.3	114	9.2	115	7.0	123
Wyoming	18.6	138	13.5	125	8.7	109	4.9	86

Note: These burden "estimates" present only the tax side of the fiscal equation — the variations in the quality of public services while not directly measurable are at least partially responsible for the range in tax burdens. It should also be noted that while certain communities make a heavier use of fees and charges others place greater emphasis on taxes to finance local public services.

¹Total State and local tax collections plus all charges and miscellaneous general revenue, which conforms to the U.S. Bureau of the Census definition of "General Revenue From Own Sources."

²Includes all property, income, and transaction type taxes paid directly by individuals. Excluded are the following non-direct levies — est. business property taxes, corporate net income, severance, state insurance and public utility selective sales taxes, the Indiana, Washington, and West Virginia general gross receipts taxes on business firms, stock transfer taxes, and selected State business license taxes.

³Personal income, general retail sales, and estimated non-business property taxes.

Source: U.S. Bureau of the Census, *Governmental Finances in 1967-68* and State Tax Collections in 1968; and ACIR staff.

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APPENDIX E

TABLE 2 – REVENUE EFFORT OF INDIVIDUAL SMSA'S IN RELATION TO PERSONAL INCOME, 1966-67

Area	Population 1966	Per Capita Personal Income, 1966	Amount per \$1,000 Personal Income of		Total Revenue Effort Rel. to Income ((c) & (d))	Relative Revenue Effort (e) as % of all SMSA Average)	Area Rank		Area Rank in Relative Revenue Effort Among 65 Largest SMSA's (i)
			Loc. Gov. Gen. Rev. from own Sources (c)	State Taxes (d)			Per Cap. Personal Income (per (b)) (g)	Relative Revenue Effort (per (f)) (h)	
Abilene, Texas	123,100	\$2,514	\$47.06	\$48.90	\$95.96	79.9	173	193	—
Akron, Ohio	652,400	3,111	67.66	36.56	104.22	86.8	70	155	51
Albany, Georgia	89,100	2,409	55.71	63.13	118.84	99.0	190	93	—
Albany-Schenectady-Troy, N.Y.	702,200	3,068	57.40	63.71	121.11	100.8	78	80	28
Albuquerque, New Mexico	288,700	2,820	50.67	86.09	136.76	113.9	129	28	—
Allentn.—Beth.—Easton, Pa.—N.J.	522,000	3,090	52.63	48.83	101.46	84.5	75	169	56
Altoona, Pennsylvania	138,000	2,465	47.04	51.38	98.42	82.0	184	186	—
Amarillo, Texas	172,500	2,982	62.85	48.90	111.75	93.1	95	117	—
Anaheim-S. Ana-Gard. Grove, Cal.	1,161,500	3,380	95.98	53.62	149.60	124.6	35	9	3
Anderson, Indiana	135,100	3,211	45.42	50.64	96.06	80.0	52	190	—
Ann Arbor, Michigan	204,500	3,562	47.17	55.29	102.46	85.3	23	162	—
Asheville, North Carolina	144,700	2,483	37.54	74.26	111.80	93.1	179	115	—
Atlanta, Georgia	1,255,200	3,247	57.40	63.13	120.53	100.4	48	83	31
Atlantic City, New Jersey	182,300	2,772	98.43	35.09	133.52	111.2	139	39	—
Augusta, Georgia-S.C.	259,500	2,604	43.03	66.65	109.68	91.3	161	126	—
Austin, Texas	254,000	2,407	60.54	48.90	109.44	91.1	191	128	—
Bakersfield, California	324,400	2,902	103.78	53.62	157.40	131.1	111	2	—
Baltimore, Maryland	1,962,800	3,180	61.20	55.42	116.62	97.1	61	101	33
Baton Rouge, Louisiana	267,900	2,671	56.57	83.84	140.41	116.9	152	22	—
Bay City, Michigan	112,700	2,890	66.31	55.29	121.60	101.3	113	77	—
Beaumont-Port Arthur, Tex.	311,500	2,758	73.18	48.90	122.08	101.7	140	74	—
Billings, Montana	81,000	2,742	76.03	50.39	126.42	105.3	141	60	—
Binghamton, N.Y.—Pa.	298,300	3,097	77.60	62.27	139.87	116.5	74	24	—
Birmingham, Alabama	737,300	2,636	49.09	66.59	115.68	96.3	156	105	34
Bloomington-Normal, Ill.	95,600	3,174	66.28	38.08	104.36	86.9	62	152	—
Boise City, Idaho	100,700	2,802	58.45	75.43	133.88	111.5	131	36	—
Boston, Massachusetts	3,226,500	3,423	65.55	53.96	119.51	99.5	34	89	32
Brownvl.—Harlg.—S. Benito, Tex.	150,900	1,725	65.53	48.90	114.43	95.3	214	107	—
Buffalo, New York	1,323,500	3,155	71.82	63.71	135.53	112.9	64	30	10
Canton, Ohio	356,500	3,017	51.24	36.56	87.80	73.1	87	213	—

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TABLE 2 — REVENUE EFFORT OF INDIVIDUAL SMSA'S IN RELATION TO PERSONAL INCOME, 1966-67 (Cont'd)

Area	Population 1966	Per Capita Personal Income, 1966	Amount per \$1,000 Personal Income of		Total Revenue Effort Rel. to Income ((c) & (d))	Relative Revenue Effort (e) as % of all SMSA Average)	Area Rank		Area Rank in Relative Revenue Effort Among 65 Largest SMSA's (i)
			Loc. Gov. Gen. Rev. from own Sources (c)	State Taxes (d)			Per Cap. Personal Income (per (b)) (g)	Relative Revenue Effort (per (f)) (h)	
Cedar Rapids, Iowa	152,300	\$3,875	\$55.30	\$54.83	\$110.13	91.7	7	122	—
Champaign—Urbana, Illinois	150,200	3,337	63.55	38.08	101.63	84.6	38	168	—
Charleston, South Carolina	313,300	1,941	34.81	74.54	109.35	91.1	211	130	—
Charleston, West Virginia	240,500	2,861	46.98	71.54	118.52	98.7	117	95	—
Charlotte, North Carolina	371,000	3,158	45.87	74.26	120.13	100.0	63	86	—
Chattanooga, Tenn.—Georgia	295,900	2,788	58.44	59.67	118.11	98.4	134	96	—
Chicago, Illinois	6,711,200	3,982	55.47	38.08	93.55	77.9	2	201	63
Cincinnati, Ohio—Ky.—Ind.	1,353,300	3,119	68.28	39.34	107.62	89.6	69	137	43
Cleveland, Ohio	2,049,500	3,559	62.91	36.56	99.47	82.8	24	178	59
Colorado Springs, Colorado	185,500	2,779	68.03	58.90	126.93	105.7	136	59	—
Columbia, South Carolina	309,400	2,565	35.20	74.54	109.74	91.4	165	125	—
Columbus, Georgia—Alabama	258,500	2,397	49.49	63.63	113.12	94.2	192	111	—
Columbus, Ohio	856,900	2,990	57.80	36.56	94.36	78.6	93	199	61
Corpus Christi, Texas	286,000	2,365	76.48	48.90	125.38	104.4	195	63	—
Dallas, Texas	1,362,600	3,201	53.52	48.90	102.42	85.3	54	163	55
Dvnpt.—Rock Island—Mol, Iowa—Ill.	352,900	3,461	61.34	44.31	105.65	88.0	31	147	—
Dayton, Ohio	807,900	3,310	56.34	36.56	92.90	77.4	42	202	64
Decatur, Illinois	124,400	3,513	50.16	38.08	88.24	73.5	27	212	—
Denver, Colorado	1,074,000	3,233	71.26	58.90	130.16	108.4	50	45	16
Des Moines, Iowa	274,100	3,824	61.67	54.83	116.50	97.0	9	103	—
Detroit, Michigan	4,073,300	3,695	60.12	55.29	115.41	96.1	17	106	35
Dubuque, Iowa	87,600	2,838	44.33	54.83	99.16	82.6	125	180	—
Duluth—Superior, Minn.—Wis.	268,800	2,665	81.49	65.03	146.52	122.0	153	10	—
Durham, North Carolina	176,700	2,364	47.21	74.26	121.47	101.1	196	78	—
El Paso, Texas	347,200	2,288	49.53	48.90	98.43	82.0	203	185	—
Erie, Pennsylvania	256,000	3,005	50.82	51.38	102.20	85.1	89	166	—
Eugene, Oregon	199,600	2,733	78.74	56.25	134.99	112.4	144	32	—
Evansville, Indiana—Ky.	224,600	3,003	46.64	52.57	99.21	82.6	90	179	—
Fall River, Massachusetts	415,600	2,837	56.70	53.96	110.66	92.1	127	120	—
Fargo—Moorhead, N. Dak.—Minn.	110,900	2,797	84.43	58.08	142.51	118.7	132	19	—

TABLE 2 — REVENUE EFFORT OF INDIVIDUAL SMSA'S IN RELATION TO PERSONAL INCOME, 1966-67 (Cont'd)

Area	Population 1966	Per Capita Personal Income, 1966	Amount per \$1,000 Personal Income of		Total Revenue Effort Rel. to Income ((c) & (d))	Relative Revenue Effort (e) as % of all SMSA Average)	Area Rank		Area Rank in Relative Revenue Effort Among 65 Largest SMSA's (i)
			Loc. Gov. Gen. Rev. from own Sources (c)	State Taxes (d)			Per Cap. Personal Income (per (b)) (g)	Relative Revenue Effort (per (f)) (h)	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Fayetteville, North Carolina	195,000	\$2,148	\$30.72	\$74.26	\$104.98	87.4	207	150	—
Flint, Michigan	472,500	3,348	70.05	55.29	125.34	104.4	36	64	—
Ft. Lauderdale—Hollywd., Fla.	466,000	2,841	88.94	56.90	145.84	121.4	124	12	—
Fort Smith, Ark.—Oklahoma	155,200	1,955	45.43	70.32	115.75	96.4	210	104	—
Fort Wayne, Indiana	263,900	3,471	49.20	50.64	99.84	83.1	30	174	—
Fort Worth, Texas	636,500	2,887	55.38	48.90	104.28	86.8	114	153	49
Fresno, California	410,800	2,688	99.49	53.62	153.11	127.5	149	6	—
Gadsden, Alabama	95,600	2,305	46.57	66.59	113.16	94.2	201	110	—
Galveston—Texas City, Texas	159,700	2,596	92.27	48.90	141.17	117.6	163	21	—
Gary-Hamm.—E. Chicago, Ind.	602,800	3,182	73.02	50.64	123.66	103.0	60	70	26
Grand Rapids, Michigan	504,700	3,185	52.03	55.29	107.32	89.4	58	139	45
Great Falls, Montana	80,800	2,938	77.29	50.39	127.68	106.3	104	55	—
Green Bay, Wisconsin	138,100	2,720	55.04	74.34	129.38	107.7	146	49	—
Grnbro.—Win. Sal.—H. Pt, N.C.	579,500	2,975	48.90	74.26	123.16	102.6	97	71	27
Greenville, South Carolina	273,300	2,778	30.85	74.54	105.39	87.8	137	148	—
Hamilton—Middletown, Ohio	209,900	2,944	62.34	36.56	98.90	82.4	103	181	—
Harrisburg, Pennsylvania	393,300	2,872	52.69	51.38	104.07	86.7	116	156	—
Hartford, Connecticut	783,300	3,707	56.75	44.08	100.83	84.0	15	172	57
Honolulu, Hawaii	596,400	3,202	43.96	98.70	142.66	118.8	53	17	6
Houston, Texas	1,743,200	2,929	62.87	48.90	111.77	93.1	107	116	38
Hunting.—Ashland, W. Va—Ky—Ohio	259,800	2,561	43.73	64.40	108.13	90.0	166	134	—
Huntsville, Alabama	232,600	2,421	50.71	66.59	117.30	97.7	187	99	—
Indianapolis, Indiana	1,029,500	3,487	57.28	50.64	107.92	89.9	28	135	42
Jackson, Michigan	137,400	3,185	46.69	55.29	101.98	84.9	59	167	—
Jackson, Mississippi	252,200	2,497	67.13	74.14	141.27	117.6	176	20	—
Jacksonville, Florida	500,900	2,774	53.03	56.90	109.93	91.5	138	123	40
Jersey City, New Jersey	620,300	3,567	67.99	35.09	103.08	85.8	22	161	54
Johnstown, Pennsylvania	269,500	2,156	49.76	51.38	101.14	84.2	206	171	—
Kalamazoo, Michigan	189,000	3,191	54.13	55.29	109.42	91.1	57	129	—
Kansas City, Mo.—Kansas	1,201,100	3,275	60.74	49.43	110.17	91.7	46	121	39

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TABLE 2 — REVENUE EFFORT OF INDIVIDUAL SMSA'S IN RELATION TO PERSONAL INCOME, 1966-67 (Cont'd)

Area	Population 1966	Per Capita Personal Income, 1966	Amount per \$1,000 Personal Income of		Total Revenue Effort Rel. to Income ((c) & (d))	Relative Revenue Effort ((e) as % of all SMSA Average)	Area Rank		Area Rank in Relative Revenue Effort Among 65 Largest SMSA's
			Loc. Gov. Gen. Rev. from own Sources	State Taxes			Per Cap. Personal Income (per (b))	Relative Revenue Effort (per (f))	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Kenosha, Wisconsin	114,000	\$2,919	\$60.42	\$74.34	\$134.76	112.2	108	33	—
Knoxville, Tennessee	395,200	2,557	48.81	59.74	108.55	90.4	167	133	—
Lafayette, Louisiana	103,600	2,133	48.59	83.84	132.43	110.3	208	42	—
Lafayette—W. Lafayette, Ind.	102,900	3,201	46.34	50.64	96.98	80.8	55	189	—
Lake Charles, Louisiana	135,400	2,521	60.97	83.84	144.81	120.6	171	15	—
Lancaster, Pennsylvania	294,700	3,106	44.02	51.38	95.40	79.4	72	195	—
Lansing, Michigan	350,100	3,030	63.96	55.29	119.25	99.3	83	91	—
Laredo, Texas	75,600	1,379	60.25	48.90	109.15	90.9	215	131	—
Las Vegas, Nevada	235,600	3,816	88.42	57.89	146.31	121.8	10	11	—
Lawton, Oklahoma	105,000	2,600	33.12	65.75	98.87	82.3	162	182	—
Lewiston—Auburn, Maine	89,600	2,386	48.36	54.72	103.08	85.8	193	160	—
Lexington, Kentucky	163,700	2,992	47.70	65.20	112.90	94.0	92	112	—
Lima, Ohio	173,700	2,780	52.77	36.56	89.33	74.4	135	210	—
Lincoln, Nebraska	153,500	3,342	78.18	32.64	110.82	92.3	37	119	—
Little Rock—N. Little Rk. Ark.	314,000	2,740	44.66	72.22	116.88	97.3	143	100	—
Lorain—Elyria, Ohio	242,800	2,859	65.79	36.56	102.35	85.2	118	164	—
Los Angeles—Long Beach, Calif.	6,755,900	3,759	76.01	53.62	129.63	107.9	12	47	18
Louisville, Kentucky—Ind.	783,600	3,135	60.68	63.78	124.46	103.6	67	67	24
Lubbock, Texas	189,700	2,616	46.37	48.90	95.27	79.3	159	197	—
Lynchburg, Virginia	121,600	2,607	42.65	54.54	97.19	80.9	160	188	—
Macon, Georgia	205,400	2,485	58.26	63.13	121.39	101.1	178	79	—
Madison, Wisconsin	264,400	3,044	62.32	74.34	136.66	113.8	80	29	—
Manchester, New Hampshire	209,100	2,969	55.51	34.81	90.32	75.2	99	208	—
Mansfield, Ohio	128,100	3,222	52.40	36.56	88.96	74.1	51	211	—
McAllen—Pharr—Edinburg, Tex.	203,800	1,250	91.40	48.90	140.30	116.8	216	23	—
Memphis, Tennessee—Arkansas	749,000	2,554	68.70	59.87	128.57	107.1	168	52	21
Miami, Florida	1,084,300	3,023	76.69	56.90	133.59	111.2	85	38	13
Midland, Texas	66,400	3,698	52.29	48.90	101.19	84.3	16	170	—
Milwaukee, Wisconsin	1,334,700	3,591	65.05	74.34	139.39	116.1	20	25	8
Minneapolis—St. Paul, Minn.	1,619,800	2,621	66.16	63.64	129.80	108.1	158	46	17

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TABLE 2 — REVENUE EFFORT OF INDIVIDUAL SMSA'S IN RELATION TO PERSONAL INCOME, 1966-67 (Cont'd)

Area	Population 1966	Per Capita Personal Income, 1966	Amount per \$1,000 Personal Income of		Total Revenue Effort Rel. to Income ((c) & (d))	Relative Revenue Effort ((e) as % of all SMSA Average)	Area Rank		Area Rank in Relative Revenue Effort Among 65 Largest SMSA's (i)
			Loc. Gov. Gen. Rev. from own Sources (c)	State Taxes (d)			Per Cap. Personal Income (per (b)) (g)	Relative Revenue Effort (per (f)) (h)	
Mobile, Alabama	386,300	\$2,340	\$53.27	\$66.59	\$119.86	99.8	197	87	—
Monroe, Louisiana	111,500	2,301	40.11	83.84	123.95	103.2	202	69	--
Montgomery, Alabama	209,900	2,310	39.17	66.59	105.76	88.1	200	145	—
Muncie, Indiana	121,700	3,110	44.99	50.64	95.63	79.6	71	194	—
Muskegon—Muskegon Hgts., Mich.	152,600	3,023	51.47	55.29	106.76	88.9	86	140	—
Nashville, Tennessee	524,900	2,807	54.59	59.74	114.33	95.2	130	108	36
New Haven, Connecticut	709,000	3,581	54.55	44.08	98.63	82.1	21	184	60
New London—Groton, Norw. Conn.	221,100	3,840	39.27	44.08	83.35	69.4	8	216	—
New Orleans, Louisiana	1,045,600	2,875	49.66	83.84	133.50	111.2	115	40	14
New York, New York	11,457,600	3,962	88.20	63.71	151.91	126.5	4	7	2
Newark, New Jersey	1,875,600	3,788	68.42	35.09	103.51	86.2	11	157	52
Newport News—Hampton, Va.	276,000	2,859	44.27	54.54	98.81	82.3	119	183	—
Norfolk—Portsmouth, Virginia	640,700	2,793	58.89	54.54	113.43	94.5	133	109	37
Odessa, Texas	93,100	2,856	84.83	48.90	133.73	111.4	120	37	—
Ogden, Utah	123,300	2,895	50.10	70.12	120.22	100.1	112	85	—
Oklahoma City, Oklahoma	587,000	2,837	60.12	65.75	125.87	104.8	128	62	23
Omaha, Nebraska—Iowa	510,000	3,028	69.68	34.86	104.54	87.1	84	151	48
Orlando, Florida	376,900	2,509	63.51	56.90	120.41	100.3	174	84	—
Oxnard—Ventura, California	336,100	2,960	111.03	53.62	164.65	137.1	102	1	—
Paterson—Clift.—Passaic, NJ	1,320,200	4,054	69.14	35.09	104.23	86.8	1	154	50
Pensacola, Florida	225,600	2,639	48.85	56.90	105.75	88.1	155	146	—
Peoria, Illinois	329,600	3,459	59.43	38.08	97.51	81.2	32	187	—
Philadelphia, Pa.—N.J.	4,736,200	3,423	60.92	48.55	109.47	91.2	49	127	41
Phoenix, Arizona	842,000	2,842	70.46	73.21	143.67	119.6	123	16	5
Pine Bluff, Arkansas	88,400	2,091	40.25	72.22	112.47	93.7	209	114	—
Pittsburgh, Pennsylvania	2,386,200	3,125	56.25	51.38	107.61	89.6	68	138	44
Portland, Maine	193,800	2,650	64.57	54.72	119.29	99.3	154	90	—
Portland, Oreg.—Washington	916,200	3,305	66.60	57.81	124.41	103.6	43	68	25
Providence—Paw.—Warw., R.I.	742,100	3,042	53.30	52.54	105.84	88.1	82	143	46
Provo-Orem, Utah	127,100	1,874	65.36	70.12	135.48	112.8	212	31	—

TABLE 2 - REVENUE EFFORT OF INDIVIDUAL SMSA'S IN RELATION TO PERSONAL INCOME, 1966-67 (Cont'd)

Area	Population 1966	Per Capita Personal Income, 1966	Amount per \$1,000 Personal Income of		Total Revenue Effort Rel. to Income (c) & (d)	Relative Revenue Effort (e) as % of all SMSA Average)	Area Rank		Area Rank in Relative Revenue Effort Among 65 Largest SMSA's
			Loc. Gov. Gen. Rev. from own Sources (c)	State Taxes (d)			Per Cap. Personal Income (per (b))	Relative Revenue Effort (per (f))	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Pueblo, Colorado	119,000	\$2,521	\$67.47	\$58.90	\$126.37	105.2	172	61	-
Racine, Wisconsin	156,700	3,322	53.79	74.34	128.13	106.7	40	53	-
Raleigh, North Carolina	201,600	2,709	43.49	74.26	117.75	98.1	148	97	-
Reading, Pennsylvania	289,900	3,043	51.71	51.38	103.09	85.8	81	159	-
Reno, Nevada	108,200	3,892	87.44	57.89	145.33	121.0	6	13	-
Richmond, Virginia	496,700	3,294	45.08	54.54	99.62	83.0	44	176	-
Roanoke, Virginia	177,500	2,855	51.38	54.54	105.92	88.2	121	142	-
Rochester, New York	820,000	3,530	64.19	63.71	127.90	106.5	25	54	22
Rockford, Illinois	256,800	3,685	52.89	38.08	90.97	75.8	18	207	-
Sacramento, California	750,800	3,475	91.26	53.62	144.88	120.6	29	14	4
Saginaw, Michigan	210,900	3,105	52.54	55.29	107.83	89.8	73	136	-
Saint Joseph, Missouri	92,800	2,838	48.16	47.84	96.00	79.9	126	192	-
Saint Louis, Missouri—III.	2,272,400	3,276	59.66	46.13	105.79	88.1	45	144	47
Salem, Oregon	172,800	2,382	70.99	56.25	174.24	106.0	194	58	-
Salinas—Monterey, California	229,900	3,607	68.19	53.62	121.81	101.4	19	75	-
Salt Lake City, Utah	526,800	2,722	60.30	70.12	130.42	108.6	145	43	15
San Angelo, Texas	73,600	2,411	43.51	48.90	92.41	77.0	189	205	-
San Antonio, Texas	828,000	2,313	42.56	48.90	91.46	76.2	199	206	65
San Bern.—Riv.—Ontario, Calif.	1,035,700	2,688	102.96	53.62	156.31	130.2	150	5	1
San Diego, California	1,177,900	3,149	75.50	53.62	129.12	107.5	65	50	19
San Francisco—Oakland, Calif.	2,942,000	3,976	80.46	53.62	134.08	111.6	3	34	11
San Jose, California	929,800	3,248	88.96	53.62	142.58	118.7	47	18	7
Santa Barbara, California	251,300	2,912	79.15	53.62	132.77	110.6	110	41	-
Savannah, Georgia	188,000	2,481	64.42	63.13	127.55	106.2	180	56	-
Scranton, Pennsylvania	226,300	2,533	44.62	51.38	96.00	79.9	170	191	-
Seattle—Everett, Washington	1,231,600	3,723	54.89	79.17	134.06	111.6	14	35	12
Sherman—Denison, Texas	77,600	2,471	50.87	48.90	99.77	83.1	181	175	-
Shreveport, Louisiana	287,300	2,470	41.00	83.84	124.84	104.0	182	65	-
Sioux City, Iowa—Nebraska	114,900	3,327	58.77	52.52	111.29	92.7	39	118	-
Sioux Falls, South Dakota	92,400	2,497	76.45	50.91	127.36	106.1	177	57	-

TABLE 2 — REVENUE EFFORT OF INDIVIDUAL SMSA'S IN RELATION TO PERSONAL INCOME, 1966-67 (Cont'd)

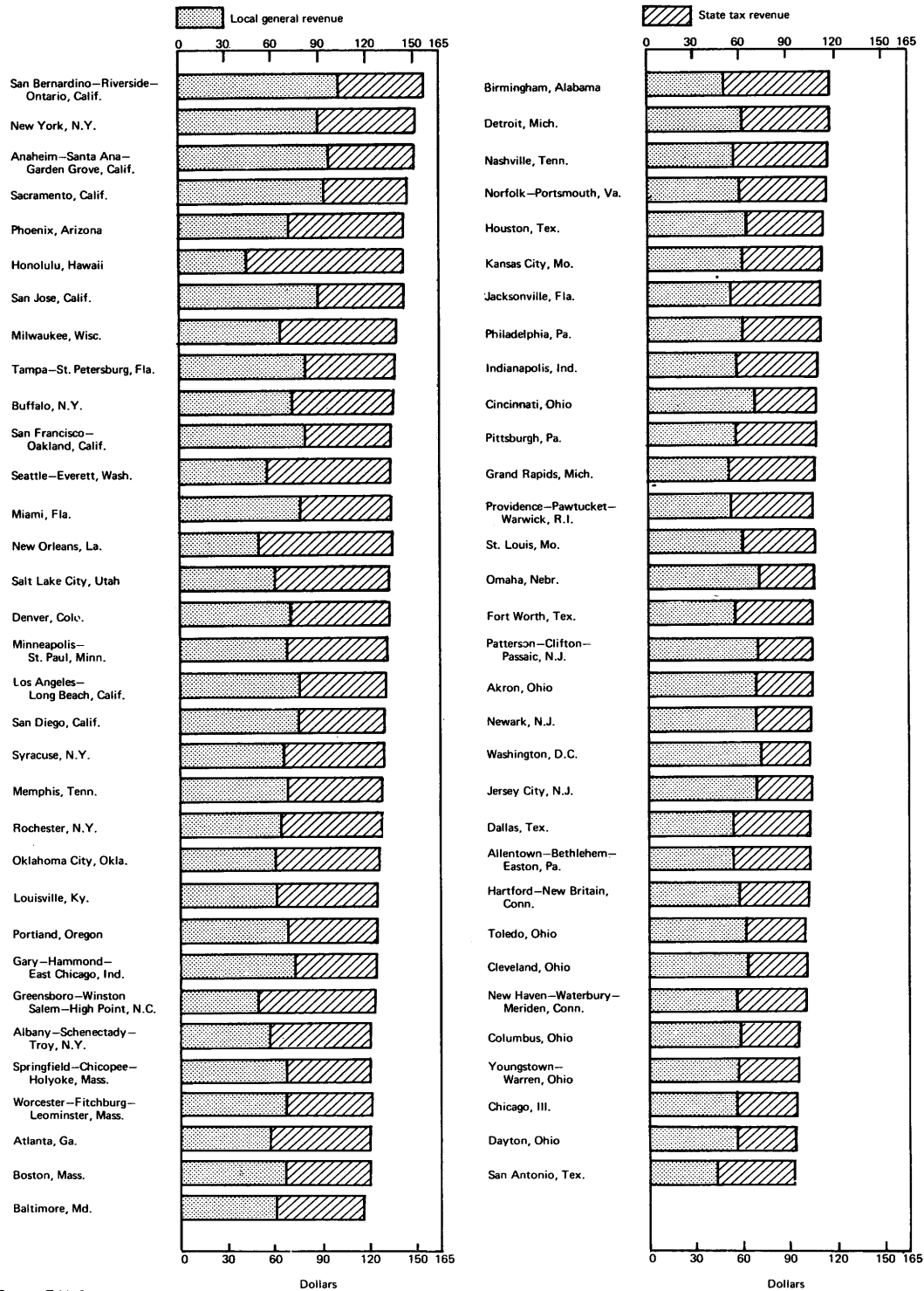
Area	Population 1966	Per Capita Personal Income, 1966	Amount per \$1,000 Personal Income of		Total Revenue Effort Rel. to Income ((c) & (d))	Relative Revenue Effort ((e) as % of all SMSA Average) (f)	Area Rank		Area Rank in Relative Revenue Effort Among 65 Largest SMSA's (i)
			Loc. Gov. Gen. Rev. from own Sources (c)	State Taxes (d)			Per Cap. Personal Income (per (b)) (g)	Relative Revenue Effort (per (f)) (h)	
South Bend, Indiana	272,300	\$2,980	\$59.28	\$50.64	\$109.92	91.5	96	124	—
Spokane, Washington	265,500	3,070	45.41	79.17	124.58	103.7	77	66	—
Springfield, Illinois	159,300	3,320	47.58	38.08	85.66	71.3	41	214	—
Springfield, Missouri	140,600	2,451	58.42	47.84	106.26	88.5	185	141	—
Springfield, Ohio	149,700	2,932	53.62	36.56	90.18	75.1	106	209	—
Spfd.—Chicop.—Holyoke, Mass.	554,300	3,010	67.11	53.96	121.07	100.8	88	81	29
Steubvl.—Weirton, Ohio—W. Va.	167,100	2,854	40.50	52.35	92.85	77.3	122	203	—
Stockton, California	281,100	2,937	102.79	53.62	156.41	130.2	105	4	—
Syracuse, New York	613,500	2,973	65.22	63.71	128.93	107.4	98	51	20
Tacoma, Washington	367,000	2,718	58.57	79.17	137.74	114.7	147	26	—
Tallahassee, Florida	87,600	2,432	64.72	56.90	121.62	101.3	186	76	—
Tampa—St. Petersburg, Fla.	880,900	2,585	80.09	56.90	136.99	114.1	164	27	9
Terre-Haute, Indiana	169,400	2,677	66.72	50.64	117.36	97.7	151	98	—
Texarkana, Texas—Arkansas	101,200	2,235	35.64	54.49	84.54	70.4	205	215	—
Toledo, Ohio—Michigan	667,900	3,071	61.37	38.13	99.50	82.9	76	177	58
Topeka, Kansas	150,900	2,988	75.68	54.55	130.23	108.4	94	44	—
Trenton, New Jersey	301,200	3,446	65.26	35.09	100.35	83.6	33	173	—
Tucson, Arizona	316,200	2,468	78.44	73.21	151.65	126.3	183	8	—
Tulsa, Oklahoma	441,400	3,142	53.24	65.75	118.99	99.1	66	92	—
Tuscaloosa, Alabama	121,800	1,850	56.29	66.59	122.88	102.3	213	73	—
Tyler, Texas	93,800	2,502	53.32	48.90	102.22	85.1	175	165	—
Utica—Rome, New York	349,700	2,624	55.09	63.71	118.80	98.9	157	94	—
Vallejo—Napa, California	241,800	2,963	62.89	53.62	116.51	97.0	101	102	—
Waco, Texas	150,100	2,551	46.45	48.90	95.35	79.4	169	196	—
Washington, D.C.—Md.—Va.	2,612,000	3,524	72.35	31.15	103.50	86.2	26	158	53
Waterloo, Iowa	127,100	3,729	53.86	54.83	108.69	90.5	13	132	—
West Palm Beach, Florida	288,400	2,841	100.33	56.90	157.23	130.9	142	3	—
Wheeling, W. Va.—Ohio	185,300	2,413	77.04	52.50	129.54	107.9	188	48	—
Wichita, Kansas	393,100	3,197	65.08	54.55	119.63	99.6	56	88	—
Wichita Falls, Texas	132,300	2,968	56.14	48.90	105.04	87.5	100	149	—

TABLE 2 — REVENUE EFFORT OF INDIVIDUAL SMSA'S IN RELATION TO PERSONAL INCOME, 1966-67 (Cont'd)

Area	Population 1966	Per Capita Personal Income, 1966	Amount per \$1,000 Personal Income of		Total Revenue Effort Rel. to Income ((c) & (d))	Relative Revenue Effort ((e) as % of all SMSA Average)	Area Rank		Area Rank in Relative Revenue Effort Among 65 Largest SMSA's (i)
			Loc. Gov. Gen. Rev. from own Sources	State Taxes			Per Cap. Personal Income (per (b))	Relative Revenue Effort (per (f))	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Wilkes-Barre-Hazleton, Pa.	343,200	\$2,318	\$41.16	\$51.38	\$92.54	77.1	198	204	—
Wilmington, Del.—N.J.—Md.	473,300	3,911	41.41	71.21	112.62	93.8	5	113	—
Wilmington, North Carolina	96,900	2,251	48.87	74.26	123.13	102.5	204	72	—
Worcester, Massachusetts	610,100	3,062	67.05	53.96	121.01	100.8	79	82	30
York, Pennsylvania	309,900	2,916	43.21	51.38	94.59	78.8	109	198	—
Youngstown-Warren, Ohio	523,100	2,998	57.17	36.56	93.73	78.0	91	200	62

Source: Compiled by ACIR staff from various reports of the U.S. Department of Commerce.

FIGURE 3 - LOCAL GENERAL REVENUE AND STATE TAX REVENUE PER \$1,000 OF PERSONAL INCOME, FOR THE 65 LARGEST SMSA's, 1967
(Ranked from high to low—combined local and state revenue)



Source: Table 2.

APPENDIX F

TABLE 3—ESTIMATED INCOME, SALES AND RESIDENTIAL PROPERTY TAX BURDEN—STATE AND LOCAL—FOR A FAMILY OF FOUR WITH \$10,000 GROSS INCOME RESIDING IN THE LARGEST CITY IN EACH STATE, 1968¹

City and Region	State	Local	State and Local		
			Amount	Percent of U.S. average	Rank (High to low)
United States (unweighted average)	\$230	\$446	\$676	100	—
New England	(144)	(603)	(747)	(111)	(3)
Portland, Maine	128	699	827	122	7
Manchester, N.H.	—	617	617	91	31
Burlington, Vt.	260	703	963	142	3
Boston, Massachusetts	238	575	813	120	12
Providence, Rhode Island	153	498	651	96	29
Hartford, Connecticut	85	525	610	90	33
Mideast	(171)	(640)	(810)	(120)	(1)
New York, New York	284	532	816	121	11
Newark, New Jersey	56	763	819	121	8
Philadelphia, Penn.	128	691	819	121	9
Wilmington, Delaware	215	530	745	110	19
Baltimore, Maryland	341	780	1121	166	1
Dist. of Columbia	—	542	542	80	40
Great Lakes	(239)	(497)	(736)	(109)	(4)
Detroit, Michigan	266	460	726	68	21
Cleveland, Ohio	103	404	507	75	43
Indianapolis, Indiana	214	603	817	121	10
Chicago, Illinois	177	396	573	85	35
Milwaukee, Wisconsin	435	622	1057	156	2
Plains	(270)	(486)	(756)	(112)	(2)
Minneapolis, Minn.	484	399	883	131	5
Des Moines, Iowa	354	575	929	137	4
St. Louis, Missouri	241	420	661	98	27
Fargo, North Dakota	207	470	677	100	26
Sioux Falls, S.D.	141	509	650	96	30
Omaha, Nebraska	191	543	734	109	20
Wichita, Kansas	270	485	755	112	17
Southeast	(260)	(328)	(588)	(87)	(7)
Norfolk, Virginia	312	261	573	85	36
Charleston, W. Va.	212	175	387	57	51
Louisville, Ky.	426	436	862	128	6
Memphis, Tenn.	139	428	567	84	37
Charlotte, North Carol.	381	314	695	103	23
Columbia, S.C.	290	212	502	74	44
Atlanta, Georgia	247	291	538	80	41
Miami, Florida	109	577	686	101	24
Birmingham, Alabama	299	234	533	79	42
Jackson, Mississippi	307	475	782	116	14
New Orleans, La.	131	311	442	65	47
Little Rock, Ark.	264	222	486	72	45
Southwest	(186)	(407)	(593)	(88)	(6)
Oklahoma City, Okla.	153	394	547	81	39
Houston, Texas	56	358	414	61	49
Albuquerque, N.M.	253	360	613	91	32
Phoenix, Arizona	283	514	797	118	13

See footnotes at end of table.

TABLE 3—ESTIMATED INCOME, SALES AND RESIDENTIAL PROPERTY TAX BURDEN—STATE AND LOCAL—FOR A FAMILY OF FOUR WITH \$10,000 GROSS INCOME RESIDING IN THE LARGEST CITY IN EACH STATE, 1968¹ (Cont'd)

City and Region	State	Local	State and Local		
			Amount	Percent of U.S. average	Rank (High to low)
United States (unweighted average)	\$230	\$446	\$676	100	—
Rocky Mountain	(268)	(378)	(646)	(96)	(5)
Great Falls, Montana	198	461	659	97	28
Boise, Idaho	341	338	679	100	25
Cheyenne, Wyoming	137	301	438	65	48
Denver, Colorado	276	469	745	110	18
Salt Lake City, Utah	386	321	707	105	22
Far West ²	(204)	(349)	(553)	(82)	(8)
Seattle, Washington	201	197	398	59	50
Portland, Oregon	328	446	774	114	15
Las Vegas, Nevada	82	370	452	67	46
Los Angeles, Calif.	204	382	586	87	34
Anchorage, Alaska	220	340	560	83	38
Honolulu, Hawaii	536	227	763	113	16

¹ Estimated State personal income and general sales, and local personal income, general sales, and real property tax burden of a married wage earner with two dependent children based on income earned during the calendar year 1968 as reflected in State and local legislation enacted through November 1, 1968.

In computing personal income taxes, it was assumed that all income was from wages and salaries and earned by one spouse. In computing the federal income tax liability (for States allowing this deduction) deductions were estimated to be 14% of gross income.

Estimated State and local general sales tax liabilities are based on the amounts allowed by Internal Revenue Service as deductions in computing Federal personal income taxes as indicated in the "1967 State Sales Tax Tables" included in the I.R.S. 1967 Form 1040 instruction booklet, updated by Commission staff to reflect State legislation enacted through November 1, 1968.

Estimated local real property taxes are based on median effective tax rates for fully taxable houses in 1966 as reported by the U.S. Bureau of the Census in *Taxable Property Values*, Vol. 2 of the 1967 Census of Governments; supplemented by Commerce Clearing House data on effective rates for 13 States for which Census data were not available. These effective rates were applied to the \$19,000 est. average value (sales price) of housing at the \$10,000 income level to arrive at the est. local real property tax liability.

² Excluding Alaska and Hawaii.

APPENDIX G

**CONSOLIDATED STATEMENT OF OBLIGATIONS
ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
FOR FISCAL YEARS 1969 AND 1970**

**Object Classification
(in thousands of dollars)**

	FY 1969 Actual	FY 1970 Estimated
Personnel Compensation	453	534
Personnel Benefits (retirement, health, insurance, FICA).	31	39
Travel and Transportation	27	33
Rent, Utilities and Communications	12	19
Printing and Reproduction	23	46
Other Services	47	97
Supplies, Materials	7	12
Equipment	3	3
	<hr/> 603 ¹	<hr/> 783 ²

¹Total includes \$36,000 from non-Federal sources and \$13,000 from a Department of Transportation research grant.

²Total includes estimated \$100,000 from non-Federal sources and \$63,000 from a Department of Transportation research grant.

APPENDIX H

PUBLICATIONS OF THE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

Reports Published During 1969

- **State Aid to Local Government*. Report A-34, April 1969. 105 pages. (\$1.00).
Labor-Management Policies for State and Local Government. Report A-35, September 1969.
Annual Report, Tenth. Report M-42, January 1969. 26 pages.
- **Federalism and the Academic Community*. Report M-44, March 1969. 55 pages. (\$.60).
The Advisory Commission on Intergovernmental Relations. A Brochure. Report M-46, August 1969. 63 pages.
- **Urban America and the Federal System*. Report M-47, September 1969. 140 pages. (\$1.25).
1970 Cumulative ACIR State Legislative Program. Report M-48, August 1969.

Reports Published in Previous Years (currently available)

- Coordination of State and Federal Inheritance, Estate and Gift Taxes*. Report A-1, January 1961. 134 pages, printed.
- Investment of Idle Cash Balances by State and Local Governments*. Report A-3, January 1961. 61 pages (out of print; summary available).
- Governmental Structure, Organization, and Planning in Metropolitan Areas*. Report A-5, July 1961. 83 pages; U.S. House of Representatives, Committee on Government Operations, Committee Print, 87th Congress, 1st Session.
- State and Local Taxation of Privately Owned Property Located on Federal Areas*. Report A-6, June 1961. 34 pages, offset (out of print; summary available).
- Periodic Congressional Reassessment of Federal Grants-in-Aid to State and Local Governments*. Report A-8, June 1961. 67 pages, offset (reproduced in Appendix of *Hearings on S.2114 Before the U.S. Senate, Subcommittee on Intergovernmental Relations of the Committee on Government Operations*. January 14, 15 and 16, 1964. 88th Congress, 2d Session).
- Local Nonproperty Taxes and the Coordinating Role of the State*. Report A-9, September 1961. 68 pages, offset.
- Alternative Approaches to Governmental Reorganization in Metropolitan Areas*. Report A-11, June 1962. 88 pages, offset.
- Intergovernmental Responsibilities for Water Supply and Sewage Disposal in Metropolitan Areas*. Report A-13, October 1962. 135 pages, offset.
- Transferability of Public Employee Retirement Credits Among Units of Government*. Report A-16, March 1963. 92 pages, offset.
- **The Role of the States in Strengthening the Property Tax*. Report A-17, June 1963. Vol. I (187 pages) and Vol. II (182 pages). printed. (\$1.25 ea.).
- The Role of Equalization in Federal Grants*. Report A-19, January 1964. 258 pages, offset.
- Statutory and Administrative Controls Associated with Federal Grants for Public Assistance*. Report A-21, May 1964. 108 pages, printed.
- The Problem of Special Districts in American Government*. Report A-22, May 1964. 112 pages, printed.
- The Intergovernmental Aspects of Documentary Taxes*. Report A-23, September 1964. 29 pages, offset.
- State-Federal Overlapping in Cigarette Taxes*. Report A-24, September 1964. 62 pages, offset.
- Relocation: Unequal Treatment of People and Businesses Displaced by Governments*. Report A-26, January 1965. 141 pages, offset.
- Federal-State Coordination of Personal Income Taxes*. Report A-27, October 1965. 203 pages, offset.
- Building Codes: A Program for Intergovernmental Reform*. Report A-28, January 1966. 103 pages, offset.

Single copies of reports may be obtained without charge from the Advisory Commission on Intergovernmental Relations, Washington, D.C. 20575.

*Multiple copies of items may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

- **State-Local Taxation and Industrial Location*. Report A-30, April 1967. 114 pages, offset. (\$.60).
 - **Fiscal Balance in the American Federal System*. Report A-31, October 1967. Vol. 1, 385 pages, offset. (\$2.50); Vol. 2, Metropolitan Fiscal Disparities, 410 pages, offset. (\$2.25).
 - **Urban and Rural America: Policies for Future Growth*. Report A-32, April 1968. 186 pages, printed. (\$1.25).
 - **Intergovernmental Problems in Medicaid*. Report A-33, September 1968. 122 pages, offset.
 - **Factors Affecting Voter Reactions to Governmental Reorganization in Metropolitan Areas*. Report M-15, May 1962. 80 pages, offset.
 - **Performance of Urban Functions: Local and Areawide*. Report M-21, September 1963. 281 pages, offset. (\$1.50).
 - **State Technical Assistance to Local Debt Management*. Report M-26, January 1965. 80 pages, offset.
 - **A Handbook for Interlocal Agreements and Contracts*. Report M-29, March 1967. 197 pages, offset. (\$1.00).
 - **Metropolitan Councils of Governments*. Report M-32, August 1966. 69 pages, offset.
 - **Sources of Increased State Tax Collections: Economic Growth vs. Political Choice*. Report M-41, October 1968. 19 pages, offset.
 - **State and Local Finances, Significant Features, 1966 to 1969*. Report M-43, November 1968. 158 pages, offset.
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