

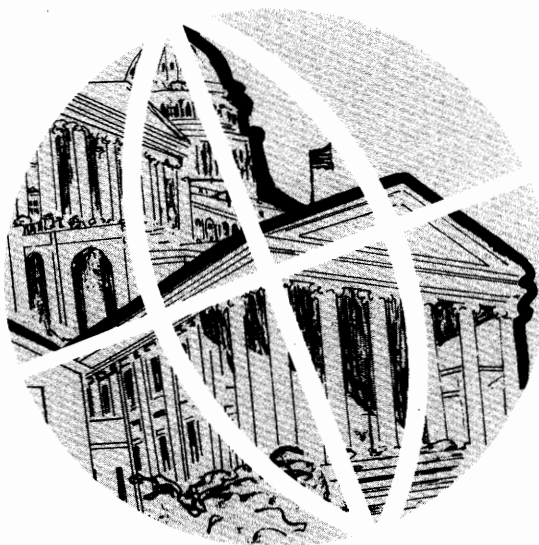


Information Report

STATE ACTION ON LOCAL PROBLEMS -1971-

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
APRIL 1972 • M-75

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STATE ACTION ON LOCAL PROBLEMS -1971-

**A Summary of
New State Laws, Programs and Constitutional Amendments
Designed to Strengthen the Response of States
To the Needs of Their Local Governments and Citizenry**

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

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For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402 - Price 40 cents
Stock Number 5204-0042

PREFACE

Balance in American federalism is a dynamic concept, reflecting the continuing need for change and adjustment in relationships and responsibilities among the partners of the federal system as new intergovernmental problems emerge.

In this information report, the Advisory Commission on Intergovernmental Relations provides a selective summary of state constitutional and legislative actions during 1971 that were directed toward local units of government, particularly those in urban areas.

The state actions are summarized in five major categories: strengthening local government; assistance in specific program areas; new and improved areawide approaches; strengthening state and local fiscal resources; and state constitutional revision activity. In some instances, important efforts which failed in the legislative or referenda processes are reported. The intent is to provide government officials and private citizens with a ready reference of those major state actions that highlight continuing trends in state-local relationships.

This report is strictly an information and reference document and contains no new recommendations or suggestions of a policy nature.

Robert E. Merriam
Chairman

ACKNOWLEDGEMENTS

The collection, collation and analysis of the tremendous volume of state constitutional, administrative and legislative activities is an arduous task—one which could not be done by this Commission without the assistance provided by many other agencies and individuals.

In compiling this summary, the Commission staff drew freely upon knowledgeable observers; state, municipal and county league journals; publications of the Council of State Governments and the National Association of Regional Councils; and the *National Civic Review*, the *Tax Administrative News*, and the *Journal of Housing* published by the National Association of Housing and Redevelopment Officials. Even with this assistance and the efforts made to improve our own information-gathering system, the Commission readily concedes that this survey may omit some important 1971 State actions.

Senior staff members James H. Pickford, Rodney P. Lane and Dwight E. Jensen were assisted in preparing this report by Rita Doyle, ACIR intern.

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INTRODUCTION

If the nation is to deal effectively with its urban and rural problems, the states must be actively engaged. They occupy a strategic position in the federal system because of their jurisdictional reach, legal authority and fiscal power—all of which determine the ground rules for local government.

The Advisory Commission on Intergovernmental Relations believes that the states have been increasing their competence to govern. Many illustrations can be given that show bold and innovative state action in meeting urgent domestic problems. Many new national policy directions that characterize our current attack on local government problems had early try-outs in one state or another. However, most informed observers would agree that not enough of these improvements have been adopted in enough of the states.

For the fifth consecutive year, ACIR offers a summary of state constitutional and statutory action on local government problems. The following general observations are worth noting in assessing 1971 activities:

- All 50 states held regular or special legislative sessions providing extensive opportunity for legislative action. Virginia's, however, was only an organizational meeting held in preparation for the beginning of annual sessions in 1972 as called for in its new constitution and Kentucky's was a special session called for reapportionment purposes.
 - The fiscal crunch continued to bedevil state budget-balancing efforts. In an attempt to make income meet expenses, 18 states raised taxes on cigarettes and tobacco products, nine increased gasoline taxes, five boosted sales taxes and 15 raised corporate or personal income taxes or both.
- Three states enacted a personal income tax and one a corporate income tax. By the year's end, 40 states had a full-fledged income tax, 45 had a broad-based sales tax and 36 had both an income and a sales tax.
- Despite fiscal problems, at least 12 states adopted tax-relief measures for low-income and elderly residents.
 - The series of innovative actions taken by the Minnesota legislature provided the outstanding fiscal case study of 1971. The legislature assumed the task of setting tax levels and the mix of different taxes and limited this function among local governments and school districts. It committed the state to return far more revenues than ever before to local governments.
 - The states in 1971 continued to give their local governments discretion in dealing with areawide problems. The challenge now appears to be the ability of local jurisdictions to make effective use of this permissive power.
 - The states continued to exercise more initiative in housing, education, environmental quality, criminal justice and transportation. More of them have recognized the necessity of state leadership in these functional areas, although they still share the responsibility with local jurisdictions in most instances.
 - Consumer protection appeared to be the major new program area of legislative concern in 1971.
 - Following the normal pattern for odd-numbered years, there were relatively few changes in state constitutions. Final action was taken on 42 proposed amendments in 14 states. Of the total, 30 were approved.

STRENGTHENING LOCAL GOVERNMENT

The capability of local governments to respond effectively to the wide range of problems which they now face depends in large measure on their having a clear grant of authority, sound organizational structure, a capacity to work collaboratively with the state and other local jurisdictions on areawide problems, and adequate fiscal resources.

State actions to insure that their local units of government were so equipped continued during the year and reflected a greater than usual concern with providing new jurisdictional options and with increasing State assistance in dealing with urban problems.

Home Rule

At least five states granted home rule powers to their counties or other units of local government or strengthened existing home rule options.

The **Arkansas, Colorado and Wyoming** legislatures adopted procedures for granting home rule to counties or municipalities. Home rule was extended to Arkansas municipalities by an act which defined municipal powers broadly, granting local authority in all matters save those expressly reserved to the state in its constitution or statutes. Another Arkansas act authorized any city of 18,000 or more to adopt the commission form of government. Colorado authorized home rule for counties under procedures permitting citizens of each county to modernize and restructure their government. Wyoming voters will be asked to approve a constitutional amendment for municipal home rule in the November 1972 election.

Missouri extended home rule options to cities of 5,000 or more broadened local authority to include all powers which the legislature can confer that are not in conflict with the state's statutes and constitution.

Illinois took action to insure that cities of 25,000 or more which have home rule would not lose these powers because of a population decrease. Such communities may relinquish home rule powers but only through the referendum process. Illinois' new constitutional provision authorizing home rule for counties having an elected chief executive went into effect July 1, 1971.

Interlocal Cooperation

At least two states enacted legislation authorizing and encouraging interlocal cooperative actions and services. Following up new constitutional amendments approved by voters in 1970, the **Colorado** and **Texas** legislatures authorized a broad range of intergovernmental contracting powers to local governments including provisions for contracts with local governments of adjoining states. More than 90 percent of the states now have general authorizing legislation for interlocal agreements and contracts.

New Jersey's County and Municipal Government Study Commission issued a report recommending that the state should provide incentive grants to support the cost of consolidated joint service programs.

New Jurisdictional Options

In 1971, at least seven states moved to provide new or expanded jurisdictional options for their local governments, and three others acted to expand annexation and extraterritorial powers.

North Carolina's legislature approved a proposed constitutional amendment, to be submitted to the voters in November 1972, prohibiting the incorporation of new cities and towns within a prescribed distance of existing municipalities. In addition, it enacted a new basic law for cities, a complete uniform municipal election law, a revised statutory basis for city, county and special district budgeting and fiscal control, and amendments to the basic law dealing with property tax administration.

The **Utah** legislature and governor approved a joint senate and house resolution for a constitutional amendment providing optional forms of county government. Options included in the amendment covered a general county form, an urban county form and a community council form. Counties could also choose among various types of internal management.

On the consolidation front, a new **Oregon** act established procedures for consolidation of Portland and Multnomah County if initiated either by petition of voters or by resolution

of the governing body of the county or city. Each city in the county must vote on whether to surrender its own charter, and a county-wide vote is required to approve the new consolidation charter. Another act applicable throughout Oregon authorizes the consolidation of cities with other cities or with contiguous or noncontiguous unincorporated areas to form a new city. Each city and area must vote on the proposed consolidation.

There were also significant actions relating to consolidation in at least three other states:

- **Kansas** passed a new law providing uniform procedures under which those counties with countywide road responsibilities could consolidate townships.
- The **Nebraska** legislature enacted permissive legislation providing for the consolidation of county offices by joint action of the affected county boards.
- In **Washington**, a constitutional amendment went into effect permitting political jurisdictions of any size, or the services which they provide, to be consolidated. Previous authority for consolidation was permitted only in areas with a combined population of 300,000 or more.

Oregon lawmakers authorized establishment of county service districts. Any county may create a service district for comprehensive land-use planning. Where a local government boundary commission has been established, the act permits creation—subject to the boundary commission's approval—of service districts for fire protection, water supply, hospital and ambulance services, library services, vector control, cemetery maintenance, solid waste disposal, roads and weather modification.

Arkansas authorized the governing bodies of its municipalities to adopt by a two-thirds vote ordinances annexing certain contiguous lands useful and desirable for orderly growth of cities and towns. Under a new **Ohio** law, unincorporated territories seeking to connect to city or village sewer systems are encouraged to commence annexation proceedings. **Montana's** cities and towns were granted extraterritorial authority which permits them to develop plans and enact zoning and subdivision

regulations for land outside their boundaries within distances of one to three miles, depending on the size of the city.

State Urban Affairs Departments

State efforts to establish administrative ma-

chinery to deal with local and urban government continued during the year. **Texas** and **Utah** joined the ranks of some 30 states with full-fledged departments or offices of urban affairs. Texas also created an advisory commission on intergovernmental relations.

ASSISTING IN SPECIFIC PROGRAM AREAS

Dramatic developments in the field of educational finance, a surge of activity in the criminal justice field and an increasing response to consumer protection demands figured prominently in 1971 state actions to assist local governments in specific program areas. State activities in the fields of housing, transportation, relocation and public labor management, though less marked, were nevertheless significant.

Housing

Legislation was proposed in a number of legislatures to use state funds to provide permanent as well as short-term mortgage financing for low- and moderate-income housing developments. At least five states—**Alaska, Maryland, Minnesota, Oregon** and **Texas**—took action to stimulate construction of low-cost housing. However, bills proposing new state housing finance agencies were defeated in **Rhode Island** and **Washington**.

The **Minnesota** and **Oregon** statutes established new housing agencies in each state. The Minnesota act—using existing agencies in West Virginia, New York, New Jersey, North Carolina and Michigan as a model—authorized an issue of up to \$150 million in bonds and seed money, construction money and permanent mortgage financing for nonprofit and limited-dividend sponsors of low- and moderate-cost housing. Another Minnesota bill, to create a state housing development corporation empowered to undertake large-scale urban and new community development, failed to pass. The Oregon legislation provides for a new housing agency within the state department of commerce. Its functions include technical assistance to nonprofit and limited-dividend housing sponsors, administration of a \$100,000 seed-money program, coordination of statewide housing efforts and liaison with federal agencies administering housing assistance. **Alaska** authorized a modest seed-money loan program.

With these actions, 18 states now have established housing finance agencies or have created other financing mechanisms for low- and moderate-cost housing.

In addition, **Texas** lawmakers during 1971

directed state pension fund administrators to invest funds, to the extent possible, in government-backed housing securities. **Maryland** expanded its program by guaranteeing mortgages for low- and moderate-income housing.

The **South Carolina** legislature created a statewide public housing authority. The enabling act also confers all the powers of local housing authorities to the new state agency, although there appears to be a question whether the agency may issue bonds for mortgage loans.

By the end of 1970, ten states had adopted various forms of a uniform statewide building construction code. Three more states enacted new statewide codes in 1971:

- The **Minnesota** legislature established a statewide building code and the administrative machinery to support it. The commissioner of administration is required to adopt a comprehensive plumbing, electrical, mechanical and structural code that will supersede all local codes on July 1, 1972. All local governments collecting building permit fees must also collect a permit surcharge and remit it to the state. The new law also covers industrialized building units and another act sets standards for mobile homes.
- **Alaska** enacted standards for mobile homes and adopted a statewide construction code for all public buildings and residential buildings comprised of four or more dwelling units.
- **Maryland** authorized the state to promulgate a model voluntary performance building code and enacted standards for industrialized housing and mobile homes.

In addition, **North Carolina** strengthened its existing statewide building code by making it applicable to all dwelling types.

Texas established a state materials and systems testing laboratory to measure building materials performance. The testing program is intended to encourage local governments to adopt performance codes.

Legislatures in at least seven other states—**Florida, Indiana, Maine, Nevada, Oklahoma, Oregon** and **West Virginia**—enacted standards for industrialized or factory-built housing. **Mississippi, South Carolina** and **Texas** set state-

wide standards for mobile homes.

Health

State efforts in the health field during 1971 were directed largely toward better planning and administration and toward meeting the medical problems prominent in urban areas.

Legislation requiring comprehensive planning for health programs and facilities was adopted by **Washington** lawmakers. **Idaho** set up a statewide emergency medical services program. **Alabama** approved a \$53-million bond issue for regional medical centers. **Illinois** created a commission to study health care delivery services.

Addressing itself to predominantly urban health problems, **Massachusetts** established programs for the treatment and control of lead poisoning and sickle-cell anemia. At least 14 states authorized the treatment of minors, without parental consent, for drug addiction, venereal disease and pregnancy.

Drug abuse problems commanded considerable legislative attention. **Arkansas** created a narcotics and toxic substances division and **South Carolina** organized a commission to study illicit drug traffic and narcotics. **Florida** began licensing and supervising drug abuse treatment and education centers. **Idaho** established a procedure for rehabilitating drug addicts; **New Jersey** instituted a statewide system of drug abuse and counseling clinics; and **Maryland** adopted a program of drug education.

At least five states enacted measures to provide family planning information or to control child abuse. **Tennessee** set up a state program for dispensing birth control information. **Colorado** directed government agencies and schools to provide information on family planning. **Massachusetts** and **Florida** strengthened their laws against child abuse. In addition, Massachusetts created an agency to gather information on child abuse cases.

In efforts to relieve the shortage of medical practitioners, **New York, Florida, North Carolina, Utah, Washington** and **Delaware** set standards for paramedical aides. **Arkansas** initiated a program of scholarship incentives for medical students to practice in the rural areas of the state.

Welfare

The spiraling cost of welfare caused program deficits in at least 20 states in 1971, stimulating state action to reduce welfare rolls.

New York, Rhode Island and Connecticut enacted laws imposing one-year residency requirements for welfare eligibility, but Federal courts later declared them unconstitutional. A similar residency requirement adopted in **Hawaii** had not been challenged in court by the end of the year.

By tightening up eligibility requirements, **Massachusetts and New York** reduced the number of persons eligible for Medicaid and lowered welfare payments by 10 percent. These two states also created special units to investigate welfare fraud and to oversee the administration of welfare spending. New York now requires welfare recipients to present photo identification and to claim their checks at state employment offices.

Several states took steps to encourage or require welfare recipients to join the labor force. **Hawaii** directed employable welfare recipients to seek jobs, while **New York** required them to accept public service employment. **Texas** set up job opportunity committees. **Indiana** relaxed its regulations applicable to day-care centers in order to increase the availability of day-care services for welfare mothers seeking employment. In **Connecticut**, the legislature voted to create a child day-care services office within the department of community affairs, but the measure was vetoed by the governor.

In an effort to reduce administrative costs, **North Dakota** approved the consolidation of county welfare boards into multicounty districts. **Oregon** created a department of human resources to coordinate social service delivery systems.

Texas voters, in contrasting actions, rejected proposals to remove the ceiling on welfare spending for the aged, blind and disabled and to set a limit on appropriations for dependent children.

Education

State legislatures across the nation face a challenge of historic proportions in the field

of educational finance as a result of 1971 court actions affecting three states. The root issue is the courts' finding that state educational financing systems which rely on local property taxes in determining educational expenditure resources are unconstitutional because they discriminate against those who reside in poorer districts.

In late August, the **California** supreme court ruled in *Serrano v. Priest* that the state's school financing system violated the equal protection clause of the Fourteenth Amendment. In a 63-page decision, it directed the trial court—which had earlier dismissed the *Serrano* petition—to hear the case. The state's high court further held that the facts presented to it showed the state's educational financing system to be unconstitutional. The existing fiscal support system remained in effect pending the final outcome of the *Serrano* case and development of a more appropriate system.

The basic argument of the California decision was followed in October by a U.S. district court judge who found the **Minnesota** school financing system unconstitutional. The Minnesota decision held that the quality of public education may not be a function of wealth other than the wealth of the entire state. Within the month, the Minnesota legislature increased state school aid from 43 to 65 percent of total school costs for the 1972-73 biennium and limited school taxing levels. These increased funds will be distributed by means of a revamped formula designed to reflect educational need factors. Following the legislature's action, the Minnesota plaintiffs dismissed their suit.

A three-judge Federal court panel reached the same general finding in a similar **Texas** case in December. The panel declared the Texas school financing system unconstitutional and directed the legislature to take corrective action within two years.

The challenge these cases present is very real and is having a pervasive impact, which may ultimately result in the basic issues being appealed to the U.S. Supreme Court.

Similar suits were being pressed in **New York and Michigan** and in at least 18 other states.

In other state actions affecting public education:

- **Maine** reorganized and limited the powers of the state board of education, making it advisory and placing more control over the educational function in the hands of the governor.
- **Rhode Island** reorganized its state educational administration and highlighted its policy-making responsibility.
- **Maryland** assumed the complete cost of new school construction.
- **New Mexico** increased its support of public schools by \$8.5 million and provided a limited kindergarten program.
- **New Hampshire**, in contrast, reduced its basic state aid to education by \$5.1 million for fiscal 1972 and scheduled a further decrease of \$6.6 million for 1973.
- **Washington** school districts were required to provide education for handicapped children.
- **New York's** education department selected four school districts as "redesign districts" in which the educational systems will be totally or partially recreated as a pilot study for the state.

Law Enforcement and Criminal Justice

In 1971, state legislative activity in the area of law enforcement and criminal justice focused primarily on court and criminal code reform. Also, more attention was given to correctional reforms than in the previous year. Nearly every state created at least one study commission to make recommendations on some aspect of the criminal justice system.

At least one-fourth of the states took major actions during 1971 to reform their court systems.

The **Florida** legislature in a special session approved a constitutional amendment to reorganize the judiciary. The proposal abolishing all municipal courts, justices of the peace and 14 other types of trial courts, was to be submitted to a referendum in March 1972. At an earlier session, lawmakers enacted legislation specifying that judges be elected on a non-partisan basis.

Connecticut authorized several reforms in the state court system. They include transferring the work of the appellate division of the circuit court to the court of common pleas,

establishing a continuous jury system to serve in areas designated by the chief judge of the circuit court, and expanding the jurisdiction of the circuit court to hear cases carrying penalties of up to five years imprisonment, or fines of \$5,000 or both.

Alabama strengthened its supreme court's rule-making power, established a department of court management, created a commission on judicial discipline and authorized counties to abolish justice-of-the-peace courts.

Indiana raised salaries of county and state judges and prosecuting attorneys. A constitutional amendment, approved by the voters in 1970, was implemented by setting up an intermediate court of appeals and providing a merit system for initial selection of judges by appointment.

Alaska judicial changes included prohibiting superior and supreme court judges from engaging in business that would interfere with their judicial duties and placing all state court system employees under a classification and wage plan based on merit principles.

The **Minnesota** legislature created a county court system to assume probate court duties and additional civil jurisdiction. Six-member juries were authorized for civil and misdemeanor cases and a commission on judicial standards with powers to censure or recommend removal of judges was established.

Iowa and **Nebraska** reduced the number of their judicial districts. **North Dakota** streamlined court administration by placing the entire state judicial system under the supervision of the state supreme court and authorized the appointment of a court administrator. Legislators in **North Dakota** also created a new small claims court which allows for informal court procedures, enacted a uniform jury selection and service act and raised salaries of supreme court and district judges.

Delaware completely revised its family court system, merging three courts, doubling the number of judges and creating an administrative office for the family court.

Nevada established a court administrator for the state court system and authorized five new district court judges. The legislature also approved a proposed constitutional amendment to revise the court system which will be placed before the voters in November 1972.

Oregon also created the office of state court administrator.

Arkansas empowered its state supreme court to prescribe uniform rules of pleading, practice and procedure for criminal proceedings, in the lower courts. **Illinois** legislators reformed criminal trial procedures to allow a defendant to waive the right to be present at trial.

Constitutional amendments in **Pennsylvania**, passed by the legislature and ratified by the electorate, authorized the legislature to allow a verdict by five-sixths of the jury in civil cases.

New York's court of appeals issued new rules to assure quick trials. Charges against a criminal defendant now must be dismissed, except in homicide cases, if he is not brought to trial within six months after his arrest. Limits as to the time a defendant must wait for trial were also adopted by lawmakers in **California, Illinois, Oregon** and **Nebraska**. **New Jersey** enacted a provision for expunging records of arrest when court proceedings are dismissed or when there is a discharge without conviction.

Oklahoma voters approved a constitutional amendment providing that persons may be required to testify in criminal cases against others, even if they incriminate themselves by their testimony, in exchange for immunity from prosecution.

In addition, the chief justices of the **Colorado** and **Michigan** supreme courts made tradition-breaking "State of the Courts" addresses to their respective legislatures.

By the end of 1971, 40 states had established an office of court administrator; 19 states had granted their highest court complete supervisory rule-making authority; 11 states had nonpartisan judicial elections; 15 states employed some form of impartial commission to screen candidates for judicial office; 18 states had judicial qualification commissions; and 14 states had courts of the judiciary for disciplining and removing judges.

State legislatures in 1971 appeared to devote much more attention to correctional reform than in 1970.

- **Illinois** enacted laws to allow prisoner furloughs, work and education release, and permission for ex-convicts to be licensed in many professions.

- **Washington** legislators established a prisoner furlough program and authorized a program, depending on Federal funds, of payments to parolees of \$55 per week for up to 26 weeks while seeking a job.
- **Indiana** authorized its state corrections agency to operate community pre-release centers and to establish a temporary leave program for inmates to ease their adjustment after release.
- In **Minnesota**, the corrections budget was increased to hire more personnel and a system of regional detention centers was authorized.
- **Hawaii** authorized creation of a correctional diagnostic center to determine which correctional treatment and facility will best rehabilitate a prisoner.
- **Oregon** approved creation of regional correctional facilities for misdemeanants that will be jointly financed by the state and localities.
- **Idaho** adopted a system of rehabilitation centers and authorized initiation of a prisoner emergency furlough program.

At least three states took action in the juvenile correctional field. **Kansas** lawmakers appropriated nearly \$1 million to modernize juvenile offender facilities. **Nevada** authorized initiation of a community treatment program for juveniles. Legislation was enacted in **South Carolina** requiring juveniles under age 17 to be separately confined in correctional institutions.

Louisiana legislators approved entering into the southern states police compact, which becomes effective with enactment by any other state. A criminalistics laboratory was established to serve the northwestern areas of the state. Courts in parishes within the region were authorized to add \$10 to court costs to help support the new laboratory.

States reporting major criminal code revision activity included **Colorado, Idaho, Illinois, Nevada, Oregon** and **Wyoming**. Colorado's new code divided crimes into five classes of felonies, three classes of misdemeanors and two classes of petty offenses. Idaho also reclassified and more clearly defined offenses. Code changes in Illinois included lighter penalties for marijuana users, stiffer penalties for drug pushers and denial of probation for convicted armed robbers. Nevada amended its

state evidence code to conform to the Federal law. Complete code revision in Oregon provided new sentencing options for courts. Wyoming revised and updated its entire criminal code and combined all statutes relating to narcotics and dangerous drugs into a single act.

Three more states—**Maryland, Nevada and Vermont**—established new statewide public defender systems to furnish legal assistance to the poor. Such programs now are provided by 14 states. **Hawaii** lawmakers placed the state's public defender under a council with members appointed by the governor, the legal aid society and legislative leaders, and created an organized crime unit in the attorney general's office. Legislation was adopted in **Arkansas** authorizing the use of state funds to pay the fees of court-appointed attorneys for indigent defendants and requiring bail bondsmen to be licensed.

A number of states took significant action to revise drug statutes. **Arkansas, Iowa, Nevada and North Dakota** adopted drug laws based on the Comprehensive Drug Abuse Prevention and Control Act of 1970 (PL 91-513). **Delaware, Florida, Idaho, Massachusetts, Missouri, New Mexico, Nebraska, Oregon, South Carolina, Tennessee and Wyoming** also were among the states updating their laws dealing with possession of drugs.

Finally, the **Texas** criminal justice fund will now be supported from court fees which will supplement Federal law enforcement funds. **New Jersey** legislators enacted a criminal injuries compensation act that permits payments of up to \$10,000 to innocent victims of certain violent crimes.

Consumer Protection

Consumer protection was an issue of growing state concern in 1971. States enacted uniform consumer credit codes, created special departments to protect consumer interests and regulated franchise businesses and insurance companies.

Maine became the fourth state to organize a separate department of consumer affairs, while **Oregon, New Jersey and Arkansas** created consumer protection divisions. This brings to 43 the number of states which have estab-

lished agencies for consumer protection with the majority housed either entirely or partially in the attorney general's office.

South Dakota passed a consumers' bill of rights strengthening the enforcement powers of the state attorney general and the state's attorneys. The legislature also established standards for multi-level distribution companies, prohibited arbitrary revocation of automobile dealers' franchises and banned referral sales, such as the practice of door-to-door salesmen offering supposed price discounts in exchange for the names of other sales prospects.

Idaho, Colorado and Indiana enacted uniform consumer credit codes. Indiana's law included protection from merchandise repossession and a "cooling-off period" on door-to-door sales. Referral sales were prohibited and a consumer protection division was established in the attorney general's office. **Connecticut's** 14-member commission to study a uniform credit code concluded its study and submitted recommendations to the governor. The **California** supreme court ruled that a person is entitled to a hearing before a creditor can repossess his personal property.

Colorado regulated information on loans, sales and interest rates, prohibited referral sales and adopted legislation protecting consumers from having to continue installment payments on faulty merchandise. Responsibility for enforcement of these provisions was placed in the attorney general's office.

Minnesota passed a wide range of consumer protection laws. The legislature tightened regulations on credit sales contracts, restricted interest rates on revolving charge accounts to 12 percent and prohibited multi-level distributorships. Also enacted were a deceptive trade practices act and a measure requiring car bumpers on 1973 and later models to withstand collisions of five miles per hour in the front and 2.5 miles per hour in the rear without damage.

Texas also enacted a deceptive trade practices act. A similar act in **Massachusetts** was broadened to include real estate practices. In **Washington**, however, a truth-in-lending bill died in committee.

As a result of state administrative action during 1971, consumers in **Delaware, Georgia,**

Kentucky, Vermont, Virginia and Washington may now telephone complaints to the attorney general's office on a toll-free line. The governor of **Minnesota** directed the division of consumer services to hold hearings throughout the state. Local branch offices of consumer protection were opened or investigating teams were periodically dispatched to large cities in **Illinois, Maryland, New Jersey, Pennsylvania and Washington**.

To protect policyholders from insurance company defaults, **North Carolina, Hawaii and Missouri** set up insurance guaranty associations. North Carolina also regulated insurance rates and limited the rights of automobile insurance companies to cancel or refuse to renew policies. **New Jersey** extensively revised its state insurance laws. **Nevada** passed an insurance code prohibiting fraud and regulating insurance brokers.

Arkansas, New Jersey and Washington adopted comprehensive franchise protection laws which prohibit unfair practices and allow franchise holders to sue for triple damages. In addition, the Washington law requires the grantor of a franchise to register with the administrator of securities and to disclose the terms of the contract.

Automobile dealers received protection from unfair practices by manufacturers and distributors under laws passed in **Maryland, Massachusetts and New York**. **Nebraska** broadened its franchise law to include farm implement dealers. **Florida** prohibited misrepresentation in the franchising business.

In other state action to protect consumers:

- **Connecticut** required labeling of certain products considered harmful to children.
- **Missouri and Colorado** revised their state meat inspection laws to conform with Federal regulations.
- **Arkansas** enacted legislation regulating savings and loan associations.
- **Florida** adopted standards for control of promotional and prize contests.

Transportation

Illinois and Maine created departments of transportation, bringing to 15 the number of states with separate departments for transpor-

tation. The **Washington** legislature, however, defeated a similar proposal.

California approved a gasoline sales tax to be used by the counties for road and street improvement or mass transit. Counties with over 500,000 population will be required to spend the revenue specifically on mass transit. The **Illinois** legislature passed a transportation bond issue authorizing \$600 million for highways, \$200 million for mass transit and \$100 million for airports. In **New York**, the voters rejected a \$2.5-billion bond issue for highways and mass transit.

Indiana created an airport authority with broad bonding power. **Connecticut** authorized the transportation commission to spend as much as 10 percent of the public service tax fund for mass transit, but the governor vetoed another bill permitting the commission to enter into agreements for experimental transit projects.

Public Labor-Management Relations

A comprehensive public labor-management law incorporating the "meet and confer" approach was enacted for local government employees in **Kansas**.

Minnesota amended its public employee labor relations law to establish bargaining rights for all state and local public employees.

Wisconsin made substantial revisions in its comprehensive 1959 labor relations law for public employees, which was the first adopted in the country. Added in 1971 were provisions permitting an agency shop, requiring both employers and unions to bargain in good faith and authorizing the state employment relations commission to issue declaratory judgments in disputes over whether an item is a mandatory subject of bargaining.

Florida, Idaho and Montana passed measures to permit teachers to bargain collectively with school boards, and **Maryland** added grievance arbitration to its existing teacher bargaining law.

Laws governing bargaining rights and contract arbitration for police and firefighters were enacted in **Georgia, Oklahoma and South Dakota**. A state department of labor relations with a five-member tri-partite board was also established in South Dakota to replace the in-

dustrial commission that previously had responsibility for labor-management relations of state and local public employees.

In **Nevada**, the legislature gave the governor authority under certain circumstances to make the recommendation of a fact-finder final and binding on the parties. Grievance procedures for state and local employees were established by **South Carolina** lawmakers.

Relocation

Development of state programs to assist persons and businesses forced to relocate because of government construction projects continued at a modest pace during the year. Actions of the states in this area have been prompted by passage of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (PL 91-646) that calls for such assistance in all federally-aided programs. At least six states passed laws on this subject in 1971.

Minnesota, in revising its statutes on eminent domain proceedings, provided that any agency acquiring property through eminent domain or negotiation is authorized to provide relocation assistance and payments to eligible individuals and firms. A noteworthy provision of the Minnesota act is that it applies irrespective of any Federal financial participation in the construction project involved.

Colorado lawmakers enacted relocation assistance and land acquisition policies to apply both to state and local public agencies. **Mississippi** established a relocation assistance program as part of its highway program, and **Texas** took action to provide such assistance to property owners forced to move because of state projects.

Louisiana authorized relocation assistance for businesses, farms and residences displaced by government construction. Eligibility and the amount of relocation payments in eminent domain proceedings were liberalized by action of the **Wisconsin** legislature.

ACTION ON AREAWIDE PROBLEMS

An increasing number of states acted during 1971 to assist local government in meeting areawide problems. They did so by designating substate planning and administrative districts and by encouraging the development and strengthening of regional council mechanisms.

State Designated Planning and Administrative Districts

Six states—**Illinois, Kansas, Oklahoma, Tennessee, West Virginia and Utah**—took action to designate substate regions.

Five planning and administrative regions were created by executive order in **Illinois** to encourage more interlocal cooperation and to improve the administration of state programs.

Oklahoma's legislature created 11 state planning regions and earmarked funds for state financial participation in the program. Each region will be given up to \$30,000 per year with an additional \$15,000 made available to assist new regions in setting up their operations.

Tennessee's governor designated nine planning and development regions within the state and instructed all state executive agencies to bring their planning, programming and servicing functions into conformity with these regions by June 30, 1972.

In **Kansas**, 11 official regions to provide for orderly growth and cooperation were created by the governor. The boundaries of these regions may be altered only if local governments can show a compelling reason for modification.

The **West Virginia** legislature authorized the governor to appoint regional planning and development councils in designated substate areas. These agencies are to review comprehensive planning proposals from jurisdictions within the region for loans or grants from Federal or state sources. The act provides that all counties and cities shall be members of the regional councils and calls for close coordination of planning at both the state and regional council levels.

The eight regional districts in **Utah**, established earlier by executive order of the gov-

error, were given statutory recognition. Local governments are expected to form voluntary associations in each region to coordinate planning and other areawide activities.

Substate planning and administrative districts have now been established by executive order of the governor or by legislation in 39 states. In addition, the governors of **Ohio** and **Pennsylvania** have initiated studies to explore the establishment of uniform substate districts for the purposes of planning, programming, administration and other services.

Regional Council Mechanisms

Nine state legislatures took significant action affecting regional councils of governments or similar agencies for coping with areawide problems.

North Carolina lawmakers dropped a requirement that all members of regional councils of governments must be elected officials. The change permits cities and counties to appoint any citizen to serve as a council member, provided that elected officials still comprise at least 75 percent of the council's governing body.

A new law enacted in **Georgia** abolished several independent regional agencies in the five-county Atlanta metropolitan area and replaced them with a planning and development commission composed of 23 elected officials and citizens. The new agency has been granted fairly extensive powers in preparing and adopting development criteria for highways, transit lines, regional parks, sewers and the location of certain community facilities. The commission also is empowered to review all plans of counties, cities, public boards and utilities within the region and to suspend them for 60 days to determine whether they are consistent with the commission's regional guidelines.

Maryland and **South Carolina** enacted general legislation allowing local governments to establish regional councils of governments.

The **Mississippi** legislature authorized creation of the six-county Gulf Regional District. The agency is empowered to undertake area-wide planning and implementation of programs that cross jurisdictional boundaries. Membership in the district is voluntary and the new act requires that the decision to join or with-

draw from the district must be approved by a referendum in the affected jurisdiction. Member jurisdictions may levy a two-mill property tax to finance the district.

Texas increased its annual financial support program to regional councils of governments from one-half to two-thirds of each agency's operating budget. Legislators also raised the minimum financial support figure to each council from \$10,000 to \$15,000 per year.

The **Connecticut**, **New Jersey** and **New York** legislatures ratified an interstate compact that creates a comprehensive planning agency for the New York City metropolitan area. The new compact agency—the Tri-State Regional Planning Commission—replaces the 10-year-old Tri-State Transportation Authority and has been given the added responsibility for land-use, housing and public facility planning as well as transportation planning.

Also, the **California** supreme court ruled that the "one-man, one-vote" principle did not apply to the Tahoe Regional Planning Agency, which was created by a compact between California and **Nevada**. The number appointed to the compact's governing body does not reflect the population of the participating governments. While the agency does have certain legislative powers affecting land use, the court reasoned that the arrangement did not violate the one-man, one-vote principle since the governing body was established by compact.

Efforts to establish a metropolitan regional agency with broad powers in the environmental and development fields in the San Francisco Bay area died near the end of the **California** legislative session. Earlier in the fall, the assembly passed a compromise bill to create a conservation and development agency for the nine-county area. The bill, which included a referendum test after three years of agency operation, was returned to the senate where it failed to get out of committee before adjournment. The proposed agency would have been empowered not only to develop a comprehensive areawide plan for conservation, transportation, air and water quality, solid waste, regional parks and open space, but also to enact ordinances on those matters and to enforce them with cease and desist orders when violations occurred.

Development Policies and Land-Use Controls

The implications of unplanned development produced a number of attempts at the state level to limit or control growth.

The governor of **Oregon** called for zero growth in his state. Both seriously and jokingly, he asked visitors not to take up residence in Oregon. **Hawaii's** commission on population was in the process of drafting a report for submission to the legislature in 1972 that will deal with the distribution and stabilization of population growth. **California** adopted the Tahoe Regional Planning Agency's preliminary plan that seeks to set a population limit of 220,000 for the California-Nevada Lake Tahoe region.

The **Florida** legislature abolished the entire million-dollar promotional budget of the state's commerce department while, in **Colorado**, the governor publicly opposed further state promotion of development east of the Rockies and urged the channeling of industry to less-developed regions.

In a potentially far-reaching measure, **Texas** enacted a broad resolution which established an official policy position on urban growth and development. Policies dealing with environmental quality, improving individual opportunities, enhancing community development and strengthening local government are included in this guide for state action on urban problems. State agencies are required to report to the governor by January 1973 on policy implementation progress.

The **New York** legislature authorized the state to zone three million acres of farmland into agricultural districts that will be protected from "incompatible development." In **Connecticut**, however, a bill to set up an urban development corporation with the power of overriding local zoning laws died in committee.

Colorado passed a land-use act which calls for the establishment of county planning commissions by July 1972 and provides that regulations for all land within the unincorporated areas of a county be adopted and implemented by the same date. The state land-use commission was directed to submit a land-use plan to the Colorado legislature by 1973 and to define "critical" conservation and recreation

areas for state regulation. The legislature also empowered the commission to review local planning decisions and, with the governor's approval, to intervene against those that are not consistent with state plans and regulations.

Several other states attempted to strengthen controls on land use by creating new state land-use commissions or broadening the powers of existing commissions.

- **Alaska** created a state-federal natural resource and land-use planning commission.
- **Washington** set up a state land planning commission.
- **Wisconsin** established a state land resources committee to develop a comprehensive state land-use policy.
- A special commission on land use was formed in **Michigan** to study the problems of land abuse and had submitted its recommendations to the governor by the end of the year.
- In **Maine**, the land-use commission became responsible for 42 percent of the state's land—a significant increase from the previous two percent.

North Carolina initiated a comprehensive land-use study. **Alaska** entered into an agreement with the Federal government authorizing a land-use study of 200 million acres in the northern part of the state.

Five states moved to protect endangered shorelines. **Delaware** enacted a controversial coastal zoning law that prohibits all heavy industry within two miles of the sea coast. The governor of **Oregon** put a stop to all construction along the state's coast which might damage estuaries. **Texas** authorized the inter-agency natural resources planning council to promote cooperation and regulate shoreline development. **Washington** passed a shoreline management act. **North Carolina** enacted stricter regulations to protect beach and coastal areas.

Preserving Environmental Quality

The protection of the environment remained a major concern of the states during the year. Methods by which governors and legislatures attempted to achieve environmental quality

included administrative consolidation of programs, stricter air and water pollution controls and measures aimed at preserving natural resources and areas of scenic beauty.

Significant constitutional amendments to ensure protection of the environment were approved by the voters in **New Mexico** and **Pennsylvania**. The Pennsylvania amendment guarantees the people the right "to clean air, pure water and to the preservation of the natural scenic, historic and aesthetic values of the environment." In New Mexico, environmental quality became a fundamental right to be preserved by the legislature. Also, the **North Carolina** legislature voted to put an amendment to establish an environmental bill of rights on the ballot in 1972.

States continued administrative reorganization efforts to make environmental programs more manageable.

Connecticut established a department of environmental protection to coordinate all environmental and pollution control functions. In addition, a nine-member council on environmental quality was authorized to review state agencies' plans and to investigate citizen complaints of pollution for appropriate referral to regulatory agencies. A nine-member power facilities evaluation council, effective in April 1972, will regulate installation of power facilities and transmission lines.

New Mexico established an environmental improvement agency under the state health and social services department as well as an environmental control commission comprised of five members appointed by the governor.

A department of environmental conservation was created by the **Alaska** legislature to consolidate and coordinate state efforts to preserve natural resources. **Nebraska** set up an environmental protection agency, and **Pennsylvania** established a department of environmental resources. Air and water pollution control commissions were established in **Alabama** and authorized to set and enforce standards. **Minnesota** directed a 30-member committee to formulate a state environmental education plan. In **Oregon**, the department of environmental quality received a 50-percent increase in staff and funding.

Environmental quality received fiscal support through bond issues authorized by the

legislatures and/or approved at the polls in at least seven states.

- **New Jersey** voters approved an \$80-million bond issue for the purchase of conservation and recreation lands.
- The **Missouri** electorate authorized \$150 million in bonds for sewage treatment facilities.
- The **Oregon** legislature directed the environmental quality commission to issue \$100 million in bonds for pollution control.
- **Texas** voters passed a \$100-million bond issue for construction of sewage treatment facilities.
- The **Massachusetts** legislature authorized the issuance of \$5 million in bonds for the acquisition of wetlands for natural flood control and conservation.
- In **Minnesota**, the legislature appropriated \$10 million and approved a \$25-million bonding program for municipal sewer systems.
- **Vermont** authorized \$50 million in bonds for a 10-year program for municipal water pollution control facilities.

South Dakota, Georgia and **Delaware** provided additional financial help to local governments for pollution control facilities. **Mississippi** authorized state funds to cover up to 28 percent of the construction cost of local sewage disposal facilities. The **Kansas** legislature allowed municipalities to pledge *ad valorem* tax relief funds for water treatment projects. **New York** provided assistance to local governments for the acquisition of solid waste disposal equipment.

There were numerous other state efforts to preserve clean waters.

Texas strengthened its water quality act with stricter regulation of public sewerage systems and directed cities with over 5,000 population to set up pollution control and abatement programs. **New Jersey** enacted legislation to protect its coastal waters by requiring industrial waste to be dumped at least 100 miles out in the Atlantic.

Stricter regulations also were placed on industrial and waste discharges into state waters. **Rhode Island** prohibited dumping of waste materials within territorial waters of the state without a permit and **Utah** prohibited the discharge of industrial wastes into sewers.

Alaska and **New Jersey** tightened regulations on discharges containing petroleum into state waters. **Kansas** prohibited discharges containing mercury. The **Nevada** legislature required industry to report all wastes dumped into state waters. **Minnesota** and **North Carolina** placed controls on wastes dumped from boats. **Indiana** levied an eight-cent tax on marine gasoline to be used for anti-pollution purposes.

In **Washington**, industry must now report any discharge of pollutants into the water or air. In **Hawaii**, all public construction must provide for pollution controls.

Florida, Minnesota, New York and **Oregon** regulated the phosphate content in detergents. **Indiana** banned detergents with more than three percent phosphate by 1973, with violators facing fines up to \$1,000. Sale or use of detergents containing more than 4.1 percent phosphate will be prohibited in **Connecticut** after June 30, 1973. **Maine** set the phosphate limit at 8.7 percent but exempted detergents for cleaning dairy, food processing and industrial equipment.

Ohio empowered its water development authority to take over and improve any sewerage systems which fail to meet the standards set by the state water pollution control board. If necessary, regional treatment facilities may be set up. **Idaho** authorized county waste disposal systems, and a water quality control board was created in **Tennessee**.

At least 11 states adopted stricter controls over air pollution and strengthened their enforcement agencies.

- **Louisiana** raised the maximum fines from \$50 to \$2,000 a day for willful violations of standards set by the air control commission.
- **Tennessee's** air pollution control board was directed to enforce local air pollution laws.
- **Ohio** increased the powers of its air pollution control board for the prevention and abatement of air pollution.
- **Utah, Maryland** and **Oregon** established controls for motor vehicle emissions. In addition, Maryland regulated the use of lead in gasolines and Utah adopted the federal standards for its state clean air act.

- **Rhode Island** empowered the state department of health to ban open burning in commercial, industrial and institutional operations.
- **South Dakota's** air pollution control commission was authorized to investigate pollution—if petitioned by any town, board of health or 15 voters.
- **Texas** required a permit for any business building a facility which might emit air pollutants.
- **Florida** authorized civil damages for air pollution.
- In **New Hampshire**, a new air pollution control commission will set regulations to guard against air pollution.

Legislatures in at least nine States acted during 1971 to combat noise pollution.

The **Oregon, Florida** and **Minnesota** legislatures established state noise controls, while **Idaho, Indiana** and **Colorado** regulated noise from motor vehicles.

North Dakota empowered the state health council to set noise standards for farm equipment. Violators will be guilty of a misdemeanor and can be fined up to \$1,000. **Utah** made the department of health responsible for noise control efforts. A special state agency in **New York** was directed to regulate noise levels. **Florida's** new noise standards will be set by the department of air and water pollution.

Action to control the use of pesticides was taken in several states. **Delaware, Michigan, Washington** and **Texas** enacted laws regulating their use. **Indiana, North Carolina** and **New Jersey** set up special commissions to establish restrictions. **Iowa** empowered its chemical technology review board to establish standards and **Utah** placed the responsibility with the commission of agriculture.

In 1971, states also increased their efforts to protect open spaces, recreation land and areas of natural beauty from urban sprawl.

- **Washington, Oregon** and **Missouri** extended property tax relief as an incentive to preserve open spaces. In addition to tax credits for open spaces and wetlands, **Connecticut** permitted exemptions on land held in private ownership but dedicated for environmentally desirable community use.
- **Colorado** set standards to protect recrea-

tion and mountain areas.

- **Arkansas** authorized a program of inventory acquisition to preserve natural areas including wetlands.
- **Mississippi** reorganized its state park system.
- **New York** established an agency to oversee the development of public and private land in the six-million-acre Adirondack Park.
- **Nevada** regulated cutting, burning or removal of trees and plants on forest lands and ordered the replanting of deforested areas.
- **Minnesota** authorized \$6 million for the acquisition of additional parklands.
- **Delaware** made the sale of public land subject to legislative approval.

A number of states moved against unchecked strip mining. **Arkansas, South Dakota, North Carolina** and **Idaho** enacted legislation requiring the reclamation of mined lands. **Missouri** created a mined land conservation and reclamation commission to regulate land mining and imposed acreage charges and reclamation requirements on the strip-mining industry.

The land-use regulation commission became the watchdog of strip mining in **Maine**. **Illinois** and **Utah** required bonds to insure the cost of reclamation. Illinois also provided for local government participation and prohibited strip-ping land which cannot be reclaimed. **Kentucky** set limits on the sedimentary and acidic com-

position of the water that runs off surface mines. **Oklahoma** required a minimum bond of \$5,000 for surface mining.

In further state action to protect the environment, **Oregon** passed a comprehensive "ban the bottle" law which will become effective October 1, 1972. The law will prohibit sale of beer and soft drinks in tab-top cans and other non-returnable cans and bottles, and will require a deposit on all beer and soft drink cans and bottles.

Connecticut, Florida, Nevada and **Minnesota** adopted legislation allowing citizens to bring civil suits against polluters. **Massachusetts** authorized citizen suits against actual or potential pollution sources. **Oklahoma** authorized citizens to file pollution complaints with the state pollution control coordinating board. The **Hawaii** legislature extended disaster relief laws to cover man-made disasters such as oil spills.

To preserve scenic beauty, **Colorado, Minnesota** and **Oregon** enacted billboard control laws. **Pennsylvania** prohibited billboards within 660 feet of federally-financed highways. The **Georgia** legislature enacted a law which will require the removal of an estimated 75 percent of the billboards along interstate highways in the state. **Washington** required the state to compensate owners for billboards removed in accordance with state regulations. Standards for billboards in **Indiana** were raised to correspond with federal regulations.

IMPROVING STATE AND LOCAL REVENUE SYSTEMS

On the fiscal front, state legislatures made some notable moves to expand their own fiscal resources, to accept a greater degree of responsibility for easing local government financial crises, and to improve the administration and equity of local government tax systems.

State Tax Actions

Three more states—**Ohio, Pennsylvania** and **Rhode Island**—adopted broad-based personal income taxes during 1971. **Connecticut**, which first adopted a personal income tax and then repealed it during a hectic legislative session, enacted a tax on income from dividends and capital gains, plus a sales tax increase. **Georgia, Massachusetts, Oklahoma** and **Virginia** revised their personal income taxes to conform to the Federal income tax base; the new Ohio and Rhode Island taxes also conform. With these additions, 29 states with broad-based personal income taxes now conform to the Federal base.

Montana's voters rejected a broad-based sales tax and, in effect, favored heavier use of the personal income tax. On the other hand, the **South Dakota** legislature turned down a three-percent personal income tax. **Florida** voters approved a constitutional amendment which retained the state's prohibition against a personal income tax but authorized a corporate income tax.

Among the other significant state revenue measures of the year were these:

- Although no new sales taxes were enacted, sales tax rates were increased in five states—**Minnesota, New York, Tennessee** and **Texas**, as well as **Connecticut**.
- A total of 18 states—**Arkansas, Connecticut, Delaware, Florida, Georgia, Iowa, Maine, Massachusetts, Minnesota, Montana, Nebraska, New Hampshire, New York, Ohio, Oregon, Texas, Washington** and **Wisconsin**—increased their cigarette taxes. One state, **Minnesota**, raised its cigarette tax *twice* during the year.
- Taxes on gasoline were increased in the **District of Columbia** and in nine states—**Connecticut, Delaware, Florida, Georgia, Maine, Massachusetts, New Hampshire, New York** and **Vermont**.

The Minnesota Story

A cluster of highly innovative 1971 **Minnesota** actions combined to produce the outstanding fiscal case study of the year. Essentially, the legislature increased its tax levying responsibility, limited this function among school districts and other local governments, and committed the state to return more revenues than ever before to local jurisdictions. The job of setting the aggregate level of taxation and the relative mix of different taxes will now rest chiefly with the state legislature and not, as in the past, on the uncoordinated actions of state and local policymakers.

Under the new Minnesota plan, schools will receive an average of 65 percent of their total operating funds for the 1972-73 biennium from the state, instead of the former 43 percent. The funds are to be distributed under a school aid formula that was thoroughly revised to assure greater equality of educational opportunity for each student. Revision of the formula was in keeping with the governor's fiscal platform and a Federal district court equalization mandate (see Education, p.). The legislature also provided for a substantial infusion of state non-property revenues to cities, counties and other non-school units of local government.

Spending constraints were placed on the local governmental units receiving the increased aid to limit permissible budget increases to six percent a year. Amounts spent in excess of that limit result in a percentage reduction in state per-capita aid. By combining the state's increased commitment to schools, cities and counties with local spending restrictions, the legislature sought to achieve property tax cuts averaging 15-20 percent for each property owner.

To finance this reordering of fiscal responsibilities in Minnesota, the lawmakers made a host of changes in taxes that will increase state revenues initially by 23 percent. The increases will come primarily from personal and corporate income taxes, the sales tax, and cigarette, beer and alcoholic beverage taxes.

In changing its fiscal policy toward local government, the 1971 Minnesota legislature also:

- prohibited the levy of further sales or income taxes by any local government, reserving that power to the legislature;
- placed a limited pledge of the state's full faith and credit behind general obligation bonds of local units of government;
- adopted a plan to share 40 percent of the future growth in the commercial and industrial property tax base of the seven-county Twin Cities area among all units of government in the area;
- Shifted part of the financing of county highways from the property tax to a wheel-age tax, accompanied by authority for the metropolitan transit commission to levy a limited property tax;
- Upgraded the local government fiscal information system under the commissioner of taxation, working with a new inter-governmental information services advisory council;
- improved the qualification process for assessors; and
- revised the state's system of property tax classification.

State Fiscal Aid to Local Government

Two States, **Maine** and **Michigan**, passed revenue-sharing programs for reforming the distribution to local jurisdictions of state-collected taxes. The Michigan statute stipulated a new, more equitable, distribution of state-collected revenues from the taxes on sales, intangibles and income. The Maine law earmarks four percent of the total receipts from sales, corporate and personal income taxes, some \$5.2 million in the first year, for a "no strings" distribution to the state's cities and towns.

Wisconsin revised its massive state tax-sharing system to reflect interlocal differences in tax burdens and fiscal need. Now, instead of returning a pro-rata portion of its revenues to the localities from which they were collected, the state will share its receipts from income and other taxes with local governments on a per-capita basis adjusted by a property tax overburden factor.

In **Indiana**, the legislature approved distribution to counties of \$16.6 million in inheritance

tax monies under the terms of a contested 1967 statute, then repealed the controversial distribution law.

Alaska's legislature enacted a new state aid program to help pay the non-federal portion of flood control projects, local hospitals and clinics, and civic, convention and recreation centers.

A number of legislatures enacted fiscal measures which recognized the financial plight of certain local jurisdictions within their states.

- **Washington** counties were permitted to use for other purposes up to 10 mills of county tax income that had been earmarked for road improvement.
- **New York City** was authorized to issue \$300 million in bond notes to meet its fiscal year assistance for eligible taxing districts.
- An **Illinois** act provided funds for short-term financial assistance for eligible taxing districts.
- **Georgia** lawmakers passed a one-cent local option sales tax to finance metropolitan Atlanta's rapid transit system.
- School districts in **Iowa** whose budget needs exceed the statutory maximum were authorized, under a new comprehensive school financing law, to levy a surtax on the state income tax if both the budget and surtax are approved by local voters.

The Property Tax

There was considerable state activity to improve real property tax administration, to set tax-rate ceilings and to limit the growing impact of the property tax on the poor and the elderly.

Standards for assessment of real and personal property in **Illinois** were changed from selling price to 50 percent of the fair cash value, except in counties over 200,000 which classify real property for purposes of taxation.

Increases in property taxes for local municipal and county purposes were limited to six percent annually by action of the **Washington** legislature.

One state, **Arkansas**, attempted to reduce property taxes, but the effort was defeated.

The **Iowa** legislature imposed a property tax freeze on schools for the 1971-72 school year

and raised the maximum income allowable for persons over 65 to qualify for extra homestead tax credit. In **Idaho**, the legislature lifted the limit on real property tax increases set in 1969 and voted a \$75 property tax exemption for low-income persons over 65.

Ohio lawmakers appropriated \$30 million to provide property tax exemption for low-income (under \$8,000) persons over 65. They also provided new tax revenues for a 10-percent across-the-board cut in property taxes and some relief from the tax on personal property.

Four states—**Colorado, Maine, Oregon** and **Pennsylvania**—provided "circuit breaker" property tax relief for older citizens. A total of 11 states now utilize such relief for property tax overload. Statutes were enacted in at least three other states—**Alabama, Florida** and **Indiana**—providing or extending homestead exemptions to relieve the real estate tax burdens of elderly citizens.

In **Kentucky** and **New Jersey**, voters approved constitutional amendments responding to the special needs of their senior citizens for property tax relief. The Kentucky measure provides exemption of up to \$6,500 in assessed valuation of the homesteads of persons 65 or older. Under the New Jersey amendment, senior citizens no longer have to include government benefits in determining their income eligibility for special property tax deductions.

A number of other state constitutional actions also focused on property taxation and thus directly affected local governments.

In **Delaware**, where constitutional amendments can be passed by an action of two successive general assemblies, the legislature adopted a measure requiring uniformity of real property taxes on the same class of property within a taxing jurisdiction. The amendment also grants counties and incorporated municipalities the power to exempt certain properties from taxation for public welfare purposes.

New Mexico voters approved two property tax amendments. One authorized the use of different methods to determine the value of different kinds of property, but stipulated a maximum assessment ratio of one-third of full value. The other repealed the statewide prop-

erty tax and authorized the legislature to relinquish all of the property tax to school districts and other units of local government.

An amendment limiting the tax rate to 35 cents per \$100 of property valuation in certain counties was approved by voters in **Missouri**.

CONSTITUTIONAL REVISION ACTIVITY

State action to help local government meet the problems of urbanization requires a modernized state constitution which does not constrain or prohibit effective local responses. The structure of local government, the ease or difficulty of municipal incorporation, annexation, consolidation, the establishment of area-wide mechanisms and the full range of local financing powers are governed, directly or indirectly, by state constitutional provisions.

Constitutional revision activity usually slows appreciably in the odd-numbered years, and 1971 was no exception. Most of the action taken during the year was piecemeal, rather than comprehensive revision.

Nevertheless, three states took significant steps toward wholesale modernization of their constitutions:

- **Alabama's** constitutional convention filed its first report with the governor and legislature.
- **North Dakota's** convention organized into committees, which met throughout the year and produced a comprehensive list of recommendations to be considered at the January 1972 plenary session.
- In **Montana**, the legislature set up the machinery for a constitutional convention voters had authorized in 1970 and delegates were elected to attend the sessions beginning in January 1972.

By comparison, six states had submitted revised constitutions to their electorates in 1970. Three of the six failed the referendum test.

There were also some failures in 1971. **Alaska's** convention call, which barely won electorate approval the previous year, was voided by the state supreme court on procedural grounds. **Rhode Island** voters rejected a convention call and the **Delaware** supreme court invalidated several constitutional changes in that State because of delays in publishing their amendment provisions.

On a positive note, the legislatures of **Colorado**, **Illinois** and **Virginia** were involved in implementing the significant constitutional amendments adopted in 1970.

Two more states, **Indiana** and **Wisconsin**, officially authorized annual legislative sessions, following up their voters' 1970 approval of proposals to lift constitutional bans on

such sessions in their states. This means that three-fourths of the state legislatures will hold sessions on an annual basis, and the total will be further increased if provisions for annual sessions adopted by the legislatures of **Alabama, Minnesota** and **Wyoming** are approved by the voters in the 1972 elections.

Vermont voters gave initial approval to amendments which could—among other things—shorten the time required between the introduction of constitutional amendments from ten to four years.

State action to ratify the 26th Amendment to the U.S. Constitution lowering the voting age to 18 set an all-time speed record for the process. Just as quickly, a group of states moved to

bring their own constitutions into line. **Kansas, Maine, Nevada** and **Oklahoma** voters approved constitutional amendments reducing the minimum voting age to 18 years. **New Mexico** voters rejected such an amendment.

All of the 42 constitutional amendments on which final action was taken during 1971 had originated in the state legislatures. Two of the proposed changes were passed solely by legislative action in **Delaware**; voters in 13 states approved 28 of the other 40.

The 1971 approval rate of 71.4 percent, including the Delaware action, was far higher than the previous year, when a total of 366 constitutional changes were proposed by more than 40 states but the voters approved only 195, or 53.3 percent.

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

(Membership During 1971)

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George Romney, Secretary, Housing and Urban Development
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Governors

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Mayors

C. Beverly Briley, Nashville, Tennessee
Richard G. Lugar, Indianapolis, Indiana; Vice Chairman
Jack Maltester, San Leandro, California
Lawrence F. Kramer, Jr., Paterson, New Jersey
(resigned October 14, 1971; vacancy)

Members of State Legislative Bodies

W. Russell Arrington, Senator, Illinois
B. Mahlon Brown, Senator, Nevada
Robert P. Knowles, Senator, Wisconsin

Elected County Officials

Conrad M. Fowler, Shelby County, Alabama
Edwin G. Michaelian, Westchester County, New York
Lawrence K. Roos, St. Louis County, Missouri

WHAT IS ACIR?

The Advisory Commission on Intergovernmental Relations (ACIR) was created by Federal Law in 1959. ACIR is a permanent bipartisan body representing the executive and legislative branches of Federal, State and local government, and the public. It gives continuing attention to the critical areas of friction in Federal-State, Federal-local, interstate and interlocal relations.

Nine of the 26 Commission members represent the Federal Government, 14 represent State and local government, and three the public-at-large. Six are Members of Congress—three Senators appointed by the President of the Senate and three Representatives appointed by the Speaker of the House. The President appoints 20: three private citizens, three Federal executive officials, four governors, three State legislators, four mayors and three elected county officials. State and local mem-

bers are nominated by the national general government organizations. Of the Members of Congress, two from each House must be of the majority party. Of the State and local officials no more than two of each category may be from the same party. Members are appointed for two year terms and may be reappointed. The Commission names an Executive Director who heads a small professional staff. The Commission selects for investigation specific intergovernmental issues.

In developing its policy recommendations ACIR follows a multi-step procedure that assures review and comment by representatives of all points of view, all affected levels of government, technical experts and interested groups. ACIR then debates each issue and formulates policy positions. Policy recommendations are translated into draft bills and executive orders.