

AN INFORMATION REPORT

S T A T E

L E G I S L A T I V E A N D C O N S T I T U T I O N A L

A C T I O N O N U R B A N P R O B L E M S

I N 1 9 6 7

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
WASHINGTON, D. C. 20575
APRIL 1968
M-38

TABLE OF CONTENTS

	<u>Page</u>
Preface	i
Acknowledgements	ii
STATE LEGISLATIVE AND CONSTITUTIONAL ACTION ON URBAN PROBLEMS IN 1967	1
"Unshackling" Local Government	2
Improving State-Local Relations	6
Solving Areawide Problems	11
Providing Direct Financial Assistance	13
State Inaction	14
In Retrospect	16
Appendix A - Summary of Information on Existing State Offices of Local Affairs	18
Appendix B - State Aid to Localities Supplementing the Local Contribution Under Selected Federal Grant Programs	25
Appendix C - Published Reports of the Advisory Commission on Intergovernmental Relations	27

PREFACE

In this Report, the Advisory Commission has assembled a substantial body of current information concerning the rapidly changing area of State-local relations. This effort is designed to update much of the material that has appeared in earlier editions of the Commission's Annual Report and to summarize many of the findings contained in its revised study Unshackling Local Government.

One of the focal points in the traditional debate over the viability of the American federal system is the proper role of the States in relationship to local governments. The purpose of this Report is to provide current background material on the dynamics of State-local relations. This is done by examining the amount and significance of State legislative and constitutional actions during 1967 as they affect urban areas.

Efforts made by the States last year to resolve urban needs and problems have been classified into four broad categories: "unshackling" local government; improving State-local relations; solving areawide problems; and providing direct financial assistance. An attempt has been made both to summarize the major State activities in these areas and to analyze their implications in terms of the emergence and development of certain broad trends in State-local relations.

This Report contains no new suggestions of a policy character, and is issued strictly as an informational and reference document.

Farris Bryant
Chairman

ACKNOWLEDGEMENTS

This review draws on information from a number of sources, including: communications with legislative service agencies; State, municipal, and county league journals; publications of the Council of State Governments; the National Civic Review; and the Metropolitan Area Digest. While strenuous efforts have been made to perfect our system of reporting State legislative and amending activities, the Advisory Commission concedes that this survey is by no means all-inclusive.

Wm. G. Colman
Executive Director

David B. Walker
Assistant Director

STATE LEGISLATIVE AND CONSTITUTIONAL ACTION
ON URBAN PROBLEMS IN 1967

The racial unrest and civil disorder which occurred in many of the Nation's cities during 1967 clearly revealed the necessity for increased action by all three levels of government, in addition to private enterprise, to resolve the urban crisis. Such problems as blight and decay, congestion, inadequate housing, poor educational facilities, discrimination, and unemployment predominated in, but were not limited to, central cities. While many of these problems have traditionally characterized the urban environment, the rioting and general breakdown of law and order highlighted the implications of the failure to provide effective and innovative remedial measures. The urban challenge in 1967 basically reflected the need for a federal system which is "creative" as well as "cooperative."

While some observers have focused on the need for greater Federal action, both the sources of and the solutions to many of the basic problems of urban areas rest with State constitutions and statutes. The widespread State legislative activity in 1967, which is typical of odd-numbered years, resulted in the enactment of a number of significant measures affecting urban areas. Other State responses--though of more limited success--were through constitutional revision and referendum measures.

In 1967, regular legislative sessions--including both general and budget sessions--were convened in forty-seven States. Thirty-one of these States held only regular sessions, while Mississippi had only a special session. Sixteen States held both regular and special sessions. Two States--Kentucky and Virginia--failed to convene either regular or special sessions. The results of this State legislative activity generally fall under four broad headings: strengthening the powers of local governments to deal with urban problems; improving State-local relations; providing solutions to problems of an areawide nature; and expanding the resources available to meet urban needs through the provision of State financial assistance to local governments.

"Unshackling" Local Government

Many State legislatures passed bills in 1967 expanding existing or creating new local governmental powers to deal with urban problems. Of particular importance were legislative actions pertaining to home rule, annexation, consolidation, and other inter-local cooperative devices. Measures designed to strengthen local fiscal capacity were of less significance.

There is a lack of general consensus concerning the exact number of States which have enacted laws providing for municipal home rule. It has frequently been asserted that about twenty-five States have taken such action. However, other sources--particularly the Bureau of Public Affairs at Boston College--have contended that approximately forty States have provided some measure of home rule for one or more of their cities.

Only a few of the 1967 State legislative sessions engaged in home rule activity. The Washington Legislature passed a law, effective 1969, which will enable adopting municipalities to exercise all powers not specifically reserved to the State. A constitutional amendment providing home rule for cities and towns will be submitted to Iowa voters in 1968. Although in a 1966 Massachusetts referendum a "residual powers" constitutional amendment was approved by a seven-to-one margin, and in December of that year the General Court passed initial legislation implementing the new provision, little progress was made during 1967 on further enabling legislation recommended by the Special Commission on Implementation of the Home Rule Amendment.

Five State Legislatures--Arizona, Kansas, Oregon, South Carolina, and Washington--passed laws liberalizing municipal annexation of adjacent territory, bringing the total number of States which have acted in this field to at least fourteen. South Carolina's legislative body enacted a bill permitting annexation by cities and towns without holding elections, provided that seventy-five percent of the freeholders owning seventy-five percent of the property in the area affected petition for such action. Arizona's amended annexation law provides for a somewhat similar procedure, although the petition must be signed by the owners of not less than fifty percent of the value of the taxable property to be annexed. The Oregon Legislature approved new annexation methods in cases where conditions dangerous to public health exist in adjacent areas. Under the statute, territory may be annexed without owner consent through ordinance if the State Board of Health determines that a public health danger may be removed by facilities furnished through annexation. The annexing city must submit plans for these facilities one year after action has been taken.

Washington's Legislature passed bills last year which established new procedures for the creation of municipal corporations and for the annexation or consolidation of territory to existing municipalities. In addition, as a means of combatting the proliferation of special districts, an act was approved providing for the establishment of boundary review boards to regulate the development and formation of municipalities in metropolitan areas. Previously, only three States had passed measures authorizing the review and approval of the creation of special districts by agencies representing the affected areas.

It should also be noted that New Mexico's Legislature enacted a law providing for stricter standards for the incorporation of new municipalities. Prior to 1967, ten States had approved bills to provide tighter control of municipal incorporation.

Other more limited measures to strengthen the structure of local governments included a bill passed by the North Dakota Legislature which eliminated the village as a unit of government, and provided for the transition of villages to the city form of government. The 1967 Alaska legislative session enacted a law permitting cities and rural areas in first-class boroughs to merge into single governmental units.

State legislatures in 1967 were particularly active in encouraging interlocal cooperation through contracts and agreements. Late in the year, Governor George Romney of Michigan signed two important bills in this area. The Urban Cooperation Act of 1967 provides that any local governmental unit, including school districts, may exercise powers jointly or undertake service activities in cooperation with other local units. This Act also authorizes the formation of voluntary councils of governments and the establishment of interlocal contractual agreements with both Michigan public agencies and local governments in other States and in Canada. The Transfer of Functions Act of 1967 permits local governments to transfer functions through interlocal contractual agreements.

Six other States--Arkansas, Kansas, Montana, South Carolina, Tennessee, and Washington--enacted bills in 1967 authorizing local governmental units to exercise functions jointly or to contract with one another for the performance of certain activities. In South Carolina, a "muni-county" act was passed, which is designed to foster closer cooperation and coordination among cities and counties in furnishing joint services and facilities. Arkansas' Legislature approved a bill which provided that the powers of cities, towns, and counties may be exercised jointly with any other public agency in Arkansas and other States, as well as with the Federal Government. The Kansas Legislature enacted a number of laws facilitating interlocal cooperation. These included measures which authorized:

cities and/or counties to establish air conservation authorities; counties to dispose of solid waste materials separately or through contractual agreements with cities; agreements providing for county construction and maintenance of municipal streets; agreements between counties or cities and Federal agencies for the construction and operation of certain recreational facilities; and public agencies to jointly purchase, own, or cooperate in the use of equipment or supplies. As a result of legislation passed in 1967, the total number of States which have authorized broad interlocal contracting and the joint exercise of powers has increased to at least twenty-three.

The Legislatures of Arkansas, North Carolina, Ohio, and Tennessee enacted bills last year permitting the formation of councils of local officials. A new approach to metropolitan government organization was adopted by Minnesota. Despite early adverse reaction concerning local representation restrictions and the extent of State involvement, the Minnesota Legislature created a Metropolitan Council for the Minneapolis-St. Paul area, rather than submitting the proposal for referendum. The bill as enacted provides for a fourteen-member Council as the governing body of the seven-county Twin Cities area. The Council members are appointed by the Governor after consultation with appropriate State legislators, from districts apportioned on the "one man one vote" principle. The Governor also appoints the Council Chairman, who serves as the executive head of the metropolitan government. The Council has extensive responsibilities in the following areas: planning; operation of the metropolitan development program; preparation and adoption of the metropolitan development guide; review and approval of special district project plans for consistency with the guide; review and comment concerning all municipal activities affecting metropolitan area development; and intervention on behalf of the metropolitan area in annexation and incorporation proceedings conducted before the Minnesota Municipal Commission. The Council also may recommend measures to the Legislature with respect to such issues as tax resource equalization, pollution abatement, local services consolidation, and land acquisition.

Several State legislatures in 1967 authorized local governments to assume new or expanded powers in such functional areas as planning, development, zoning, and "open space." Measures were enacted by Kansas, Minnesota, Montana, and Utah authorizing or increasing local power to adopt building codes by reference. The Iowa Legislature approved a bill permitting cities and counties to create regional health services. Colorado, Connecticut, and Washington passed laws enabling State and local governments to acquire and preserve "open space," and to grant tax credits for

scenic easements. Utah's 1967 legislative session approved the establishment of county subordinate service areas. The Indiana Legislature passed a bill which permitted cities to form economic development commissions.

A 1967 Michigan law enabled regional planning commissions to transfer functions to regional councils of government, while the Iowa Legislature authorized cities and towns to join metropolitan or regional planning commissions. The Legislatures of nine other States--Illinois, Indiana, Missouri, New Mexico, New York, North Dakota, Ohio, Vermont, and Wisconsin--enacted laws permitting or expanding the authorization for metropolitan, regional, or county planning, and establishing areawide planning and development agencies. Previously, seventeen States had taken action in this field.

North Dakota's legislative session approved a measure granting municipalities the power to exercise planning, zoning, and subdivision control in urban fringe areas. New Mexico's legislative body enacted a bill providing for the creation of six-member city-county commissions to regulate zoning outside municipal limits and a three-member arbitration board to resolve commission conflicts and stalemates. Prior to 1967, eight States had passed laws authorizing extraterritorial planning, zoning, and subdivision control.

Some State legislatures enacted bills last year which were designed to improve local fiscal capacity. Maryland and Michigan approved measures enabling local governments which adopted local income tax ordinances to contract to have State agencies collect such taxes. The Legislatures of Colorado, Ohio, Texas, and Utah passed laws authorizing State collection of broad-based local sales taxes.

In Maryland, the income taxes of three counties and the Baltimore city tax will be replaced by an optional "piggy back" local income tax which will be at least twenty and no more than fifty percent of the State tax. Colorado's 1967 legislative session enacted a bill permitting, subsequent to voter approval, non-home rule cities, towns, and counties to impose a sales tax. Cities and counties were also authorized to acquire, lease, improve, and dispose of property, and to issue forty-year revenue bonds for industrial development purposes. The Texas Legislature approved Governor John B. Connally's recommendation that cities be permitted to levy a one percent sales tax, upon approval by local referendum. A Washington law granted counties the power to borrow money, tax, or assess charges as a means of providing sewage and water drainage systems.

Indiana's 1967 legislative session approved legislation enabling cities to establish cumulative capital improvement funds for municipal building projects. Connecticut's Legislature enacted a bill permitting regional councils of elected officials to receive funds and to employ a staff. Illinois' Legislature raised the debt limits for local governmental units, and authorized the creation of offices of Coordinator of Federal and State Aid by cities and counties. Finally, Maine's Legislature passed a law permitting municipalities to accept Federal grants-in-aid for any purpose, either directly or through the State.

The Legislatures of New Mexico, North Carolina, South Carolina, and South Dakota, approved bills either authorizing or broadening the power of local governments to invest and receive interest on idle funds. Seven other States--Arizona, Florida, Idaho, Nebraska, New Jersey, Tennessee, and Washington--passed laws providing for differing degrees of property tax reform, while the Alaska Legislature enacted a bill authorizing State technical assistance for local debt management.

In summary, during 1967 State legislatures were active in approving measures designed to "unshackle" local governments in certain structural and functional areas. Of particular importance were new laws authorizing or extending local powers in annexation and in interlocal contracts and agreements. On the other hand, many States were reluctant to enact legislation to improve the fiscal capacity of localities.

Improving State-Local Relations

Among the most significant types of State legislative activity in 1967 were efforts to upgrade State-local relations. These involved the establishment of State offices for local affairs, advisory and coordinating committees on State-local programs and problems, and study groups.

One of the most aggressive and innovative actions taken to provide solutions to the urban crisis occurred on October 8, 1967, when Governor Nelson A. Rockefeller of New York announced the formation of a nonpartisan States Urban Action Center, under the Co-Chairmanship of Robert F. Wagner, former Mayor of New York City, and Elmer L. Anderson, former Governor of Minnesota. The Center will work closely with all State Governors in devising comprehensive programs to combat the underlying causes of urban problems. This ambitious measure will emphasize the following: improving crime control; furthering public understanding of the roles of police and community; rehabilitating the physical environment of

neglected areas; increasing employment, educational, cultural, and recreational opportunities for the disadvantaged; and encouraging participation in community affairs on the part of both individuals and private enterprise. The Center will assign a team of experts in various program areas to assist in gearing programs to the needs of individual States, provide "trouble shooting" aid to States having special problems, and furnish information on steps taken by various States to implement action programs.

Eight State Legislatures--Connecticut, Minnesota, Missouri, Montana, Nebraska, Ohio, Washington, and Wisconsin--approved bills in 1967 authorizing the creation of new State agencies for local affairs. In two other States--Tennessee and Vermont--such units were established by executive order. Five States--Alaska, Arizona, Nevada, New York, and Oregon--set up advisory or coordinating committees on State-local issues, while two States--North Carolina and Texas--formed study groups to examine and make recommendations concerning State-local relations.

State action in 1967 brought the total number of offices for local affairs to eighteen. Some of the State agencies for local affairs established last year were assigned substantive "line" and financial responsibilities, rather than merely technical assistance and advisory functions. New Jersey and Pennsylvania had begun this trend in 1966. (A tabulation of the functional responsibilities of existing State offices for local affairs is contained in Appendix A.)

A prime 1967 example of this new approach is the Connecticut Department of Community Affairs, which became operative July 1, 1967, and is charged with providing significant financial and technical assistance to localities. An important characteristic of the Department is its major reliance upon State initiative and financial resources, rather than upon Federal and local funds, to implement urban programs. During the next two years, Connecticut will provide funds totaling \$55 million for eighteen new programs in five general areas: planning and zoning; physical improvements and community development; housing, including code enforcement and tax abatements on low- and moderate-income dwellings; personnel services, including relocation assistance and rehabilitation activities in housing projects; and human resource development. State grants to local governments for the above activities, with the exception of a rent receivership program subsidized by State funds to be repaid from rent collected, must be renewed at the termination of the biennium. Another significant feature is that as a condition of eligibility for State financial aid, localities are required to prepare comprehensive "community development action plans." These plans must be submitted to regional planning agencies for review and comment. The

enabling legislation also created an Advisory Council on Community Affairs to conduct studies and to advise the Commissioner of the Department concerning local problems.

A bill authorizing the establishment of a Washington Planning and Community Affairs Agency was signed by Governor Daniel J. Evans on March 21, 1967. This Agency is located in the Office of the Governor on a coordinate basis with Washington's Central Budget Agency. Its duties involve providing technical assistance, information, and advice to local governments in such areas as municipal management, capital improvement programming, boundary and fringe problems, interlocal cooperation, and coordination of State activities relevant to localities. The Agency may make recommendations to the Governor and the Legislature, and is responsible 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." The new unit exercises substantial planning functions, including: preparing a State long-range comprehensive plan for programs and services provided by all levels of government, as well as by the private sector, in such areas as transportation, public facilities, recreation, open space, national resources, scenic highways, and urban and rural development patterns; assisting and coordinating other State agencies in formulating plans and programs; coordinating and reviewing functional plans as required for the receipt of Federal or State aid; and participating in interstate planning. In addition, under close legislative mandate, the Agency will distribute the \$25 million appropriated by the 1967 Legislature for direct aid to localities. As with the Connecticut unit, all State financial aid to local governments for such programs as urban renewal, poverty, and mass transit must be channeled for review. The Director of the Planning and Community Affairs Agency approves all State grants administered by the Agency which are applicable to the nonfederal share of project costs.

A second approach to State agencies for local affairs created in 1967 consisted of the establishment of units having relatively extensive technical, advisory, and coordinating functions and some "line" responsibilities, although lacking broad financial powers. The Missouri Legislature approved the creation of a new Department of Community Affairs, effective October 15, 1967, and assigned to it all functions of the Office of State and Regional Planning and Community Development. Although it does not provide direct financial aid, this agency has a substantive role in furnishing research, advisory, coordinating, and technical assistance to localities in regard to fiscal matters, management techniques, engineering and public works, personnel training, boundary and fringe problems, interlocal cooperation, and State, regional, and local planning.

It may make program recommendations to the Governor and the Legislature. The Department also has responsibility for urban renewal and area redevelopment activities. A Governor's Council on Community Affairs was founded to serve as a central communication channel between the Department and local governmental units.

Ohio's Department of Urban Affairs, which began operation on October 24, 1967, was created by legislation uniting a previously nonstatutory Urban Affairs Bureau with the State Offices of Opportunity and Appalachia. The Department furnishes research, technical, and advisory assistance in regard to fiscal matters, engineering and public works, municipal management, personnel training, boundary and fringe problems, and interlocal cooperation. It develops recommendations for administrative or legislative action to resolve community problems. The Department has indirect program responsibilities in the fields of housing and urban renewal and redevelopment, although it lacks authority to take direct action on a statewide basis in these areas. It also coordinates other State agency activities relating to local governmental problems, and assists in the implementation of community plans. The Department has determined that one of its primary functions--not specifically provided in the enabling legislation--will be to furnish technical assistance to municipalities concerning such capital improvement projects as street construction, water and sewer systems, neighborhood facilities, and mass transportation.

Nebraska's Division of Urban Affairs, located within a recently organized Department of Economic Development, commenced operation on July 1, 1967. The Division's functional responsibilities encompass: providing technical assistance and advice to municipalities, counties, and regions with respect to comprehensive planning; furnishing information concerning public and private resources available to meet local governmental needs; studying and recommending modifications in the structural and functional provisions of local laws; assisting local units in developing cooperative procedures for the resolution of common problems; facilitating the coordination of activities of State and local public agencies; and conducting special community development studies and projects.

Vermont's Office of Local Affairs, created by executive order effective July 1, 1967, is located in the Governor's Office. Although it was not authorized to provide financial aid, the Office furnishes substantial technical, advisory, research, and coordinating assistance to localities in such areas as fiscal and management policy, engineering and public works, and coordination of State activities relevant to local governments. The agency also performs functions relating to statewide, regional, and local planning and coordination, and has program responsibility in the field of housing.

Finally, on September 29, 1967, by executive order Governor Buford Ellington of Tennessee established an Office of Urban and Federal Affairs in the Governor's Office. The new unit is responsible for the following: distributing information to local governments concerning Federal grant-in-aid programs; coordinating programs involving more than one State department; providing program direction for the Economic Opportunity Act; and administering the Public Works and Economic Development Program and the Appalachian Re-Development Program. The Office for Local Government, created in 1963 by the Tennessee Legislature and located in the Office of the Comptroller of the Treasury, will continue to provide research, statistics, and information to local governments, to assist in the coordination of State activities affecting localities, and to aid in interlocal cooperation.

A third preference in the establishment of State offices for local affairs last year followed the more conventional, limited pattern. The omnibus reorganization (Kellett) law enacted by the Wisconsin Legislature provided for the formation of a new Department of Local Affairs and Development. This agency assumed duties in the fields of local and regional planning, economic development, and civil defense. It also exercises the functions of the State Exposition Department and the Olympic Sports Board.

Minnesota's 1967 legislative session approved a bill creating an Office of Local and Urban Affairs within the State planning agency. The Office's responsibilities involve mainly providing technical assistance in the areas of regional planning, research, fiscal matters, and coordination of State programs affecting localities.

Montana's new Department of Planning and Economic Development has limited functions in the fields of local, regional, and statewide planning, coordination of State programs affecting localities, and interlocal cooperation. The Department also provides research, statistics, and other information to localities.

More restricted actions to improve relationships with local governments were undertaken in 1967 by a number of other States. Oregon created a Governor's Intergovernmental Coordination Committee to inform and to otherwise assist State and local agencies concerning Federal grant-in-aid programs, to coordinate State agency activities affecting localities, and to advise the Governor concerning problems of State-local relations. In Nevada, Governor Paul Laxalt established an Advisory Council on Local Government to facilitate continuous communication between the State and local levels, while Governor Jack Williams of Arizona set up an advisory group to inform him concerning community problems and to clarify and explain his programs to meet local needs. The 1967 Alaska

legislative session approved a bill creating a Rural Affairs Commission to advise the Governor concerning rural problems and native affairs.

In regard to study groups, the North Carolina Legislature authorized the establishment of eleven new commissions to examine statewide issues. Their recommendations will be submitted to the 1969 legislative session. One such body is the Local Government Study Commission, which will consider methods of strengthening local governmental structures and of reducing the large number of local bills in the State Legislature. A Tax Study Commission will review State and local taxation laws and will recommend rate modifications.

Texas' 1967 Legislature appropriated \$150,000 for the formation of Institutes of Urban Studies at the University of Houston and the University of Texas at Arlington. Another enactment provides that the Governor or an agency designated by him may, upon request, assist local governmental relationships with Federal agencies, providing that Federal and State laws do not mandate specific State agencies to perform given roles in affected program areas.

Solving Areawide Problems

Most of the legislation enacted last year pertaining to areawide functional problems dealt with water and air pollution. By the end of the year, twenty States were providing financial assistance to municipal water pollution abatement efforts. Twelve of these States had taken such action in 1967. During the year, at least nine States entered the field of air pollution control.

With reference to State action to combat water pollution, on May 2, 1967, New York established a Pure Waters Authority to assist local governments in the construction, maintenance, and operation of water pollution abatement systems. The program provides for thirty percent State aid and prefinancing of the thirty percent Federal share. Texas' Legislature passed a bill detaching the Water Pollution Control Board from the Department of Health and renaming the agency the Water Quality Board. The Board received a \$2 million appropriation to undertake planning and feasibility studies of areawide sewage treatment facilities. On June 29, 1967, Rhode Island voters approved a \$29 million bond issue, of which \$12 million will be used in furnishing matching funds for local sewage treatment projects. New Hampshire legislation provided for the classification of all public waters in the State in compliance with the Water Quality Control Act of 1965. Connecticut's 1967 legislative session established a regional water authority and approved a \$150 million clean water bond issue.

State funds will be available to municipalities to undertake new antipollution projects or to assist those plants currently under construction. Oklahoma's Legislature passed a measure providing tax credits for net investment costs for the installation of water pollution treatment and control systems, with the credit being limited to twenty percent annually until the full investment is recovered. The Kansas Legislature also enacted two water pollution control bills.

Oregon's Legislature passed a series of laws dealing with both water and air pollution. These included measures permitting the creation of regional air quality control districts, authorizing State assistance to municipalities for the establishment and improvement of sewage treatment facilities, and providing tax credits and exemptions for industries installing air pollution control devices. New Jersey's Legislature adopted the Middle Atlantic States Air Pollution Control Compact--also ratified by Connecticut and New York--and authorized a training program for water and air pollution control personnel. A Clean Water Council was formed in the State's Department of Health, and industrial tax credits were granted for the installation of water pollution control mechanisms.

In the field of air pollution abatement, the Washington Legislature passed a law establishing State, regional, and county air pollution control authorities and providing standards and means of enforcement. "The Clean Air Act of Texas, 1967" continued the existence of the Texas Air Control Board and authorized interlocal agreements to conduct air pollution management, inspection, and enforcement, to provide or receive technical and educational assistance, and to transfer funds from one local government to another. In Arizona, an air pollution control unit was formed in the State Health Department, and counties were permitted to create five-member advisory and control boards to deal with local smog conditions. The State may intercede in such activities only if the local efforts prove ineffective. The Kansas Legislature's "A Conservation of Air Quality Act" provided for a Division of Air Quality Conservation in the State Board of Health and for an eight-member Air Quality Conservation Commission. The latter is responsible for the preparation of a comprehensive air pollution control plan. All cities and counties in the State are authorized to form local air quality conservation commissions, subsequent to conducting tests and securing legislative approval. Connecticut's Legislature adopted measures providing for the appointment of a one hundred-member task force to study air pollution, and establishing a ten-member Air Pollution Control Commission. New Hampshire also enacted a new air pollution control program.

In other functional areas, Michigan's 1967 legislative session authorized the Governor's Office to advise regional, county, and other local planning agencies in the State, and to consult with appropriate authorities of neighboring States and the Federal Government. Georgia's Legislature enacted a law creating a State planning bureau to facilitate the coordination of State, regional, and local planning efforts. One of the constitutional amendments approved by Pennsylvania voters last year authorized a bond issue, under which Governor Raymond P. Shafer plans to borrow \$500 million over a ten-year period for construction of sewage treatment plants, conservation, and development of State recreation land, parks, and open space. California, Hawaii, Indiana, Michigan, Minnesota, and Washington enacted bills either authorizing or expanding local governmental powers to form authorities for the management of areawide transportation facilities. A Department of Transportation was established by New York to coordinate the activities of State agencies in this field. Finally, the Legislatures of Montana and New Mexico passed measures for the provision of vocational educational facilities on an areawide basis. (A tabulation of State aid to localities supplementing the local matching contribution under selected Federal grant-in-aid programs is contained in Appendix B.)

From the above, it is evident that State action in 1967 concerning the solution of areawide problems was largely confined to the fields of water and air pollution abatement, although a few States enacted measures in such areas as planning, transportation, vocational education, conservation, and recreation. The marked increase in State participation in pollution control efforts may be viewed mainly in terms of being a response to the special incentive provision in the Water Quality Act of 1965, which provides for a Federal aid bonus for projects when the State "buys in," and a combination of the Federal "carrot and club" technique in the Air Quality Act of 1967. As such, in these areas it was the Federal Government, rather than the States, which in 1967 was primarily responsible for exercising the initiative and leadership required for meeting urban needs and problems of an areawide nature.

Providing Direct Financial Assistance

In 1967, State measures providing direct financial assistance to localities were mainly related to specific functional programs. As indicated in the previous section, most of this State activity concerned water and air pollution abatement. In other functional areas, on November 7, 1967, New York's \$2.5 billion transportation bond issue--the largest State government bond issue in the Nation's history--for highways, mass-transit facilities, and airports received voter approval. Maine voters approved a \$2.8 million bond

issue for airport construction and improvement in seventeen cities and towns. In 1967, for the first time in New Jersey's history there was a concerted effort to furnish State funds for mass transportation. Connecticut's legislative session enacted a bill increasing the State's share of local welfare costs from fifty to seventy-five percent, and establishing a Cost of Living Commission to adjust welfare benefits. Under a law passed last year, effective July 1, 1968, the responsibility for public welfare in Massachusetts will be transferred from local governments to the State's newly organized Department of Public Welfare.

The Maryland Legislature passed a bill revamping the State's fiscal structure and providing substantial new grant-in-aid programs to localities, for the first time on an equalizing basis. South Carolina's 1967 legislative session enacted a law authorizing a thirty-three percent increase in revenues distributed to municipalities from State-collected liquor taxes. The North Carolina Legislature approved measures increasing the city share of the utilities franchise tax and the county portion of a tax on real estate transfers. Indiana's Legislature passed a property tax relief bill, providing for a return of eight percent of the sales tax revenue and a similar percentage of the individual income tax to the county from which the tax was collected and to the taxpayer's county or residence, respectively. Twenty-five percent of Minnesota's new three percent sales and use tax will be distributed to local governments and schools. Nevada's 1967 Legislature eliminated the State's share of receipts from the seven cent cigarette tax, allotting all of the \$5 million annual income from this source to cities and counties. Localities may assume the three cent reduction in the State's ad valorem tax. In New Hampshire, \$3.7 million of the estimated \$9.2 million resulting from the imposition of a five percent rooms-and-meals levy will be allocated to cities and towns. Portions of the increases in the sales and gasoline taxes in Illinois and in the gasoline tax in New Mexico will be distributed to local governments. Finally, after a proposal which provided for returning ten percent of the State sales tax receipts to cities and towns was rejected by Washington voters in 1966, the State's 1967 legislative session appropriated \$25 million in direct aid to local governments.

State Inaction

The preceding overview of 1967 State action clearly indicates increasing responsiveness on the part of State governments to the problems of urban areas. However, while there were many important successes, certain disappointments should also be recognized.

With reference to State legislative inaction, the Texas Legislature defeated two major proposals affecting urban areas recommended by Governor John B. Connally. The first would have provided for the adoption of optional county reorganization plans, while the second would have authorized urban counties to assume areawide service functions in such fields as health, welfare, planning, transit, flood control, refuse disposal, airports, hospitals, parks, and libraries, and to levy additional property taxes as a means of financing these activities. Georgia's 1967 legislative session failed to enact a bill permitting municipalities to initiate joint city-county extraterritorial planning or zoning. Both the Georgia and the North Carolina Legislatures rejected measures providing for a local option sales tax. Despite the passage of two important urban bills--the Urban Cooperation Act of 1967 and the Transfer of Functions Act of 1967--Michigan's Legislature again failed to approve Governor George Romney's repeated recommendation concerning the establishment of a Department of Urban Affairs. Similarly, last year the Maryland legislative session neglected to enact a bill providing for the creation of a State agency for local affairs.

By the end of 1967, twenty-two States were engaged in either complete or restricted constitutional revision activity. However, in regard to the results of such action, only limited success was apparent. The 1967 record of State constitutional reform indicates that the debate over the merits and drawbacks of the piecemeal as against the wholesale revision approaches is still far from settled.

- Even though Rhode Island's Constitutional Convention has been in session since December 8, 1964, a new constitution has yet to be submitted for voter approval. A revised document was approved by the Convention in September 1967, to be voted on in November, but in the wake of adverse public reaction the Convention was reconvened and further changes were adopted. A vote on the new draft constitution is scheduled for April, 1968.
- On May 18, 1967, Pennsylvania's voters approved a call for a State Constitutional Convention, but delegates are limited to revising constitutional articles in only four fields: taxation and finance; local government; legislative apportionment; and the judiciary. In the May vote, however, the electorate also approved eight constitutional amendments dealing with such substantive areas as bond issues, length of legislative sessions, special sessions procedure, and gubernatorial succession.

- The greatest disappointment in the area of constitutional reform was the rejection of the proposed New York constitution by a three-to-one margin in a November 7, 1967, referendum. The document contained a number of significant articles pertaining to local government. These included provisions: permitting counties--or counties and New York City--to form regional agencies to conduct specific governmental services; requiring local legislative districts to be as equitable in population as practicable; and prohibiting members of local legislative bodies from assuming other local governmental offices. Furthermore, responsibility for welfare services would have been transferred to the State government over a ten-year period.

In Retrospect

The measures undertaken during 1967 through State legislation, constitutional revision, and referendum proposals are indicative of the evolution of certain trends in the direction of a "revitalization" in the role of State government in the American federal system. These may be briefly summarized as follows:

- Some States are making notable efforts toward "unshackling" local governments and providing means for dealing with areawide problems.
- Some States are establishing agencies for local affairs, a few of which having substantial financial, program, and coordination responsibilities, as well as technical assistance, advisory, and research functions.
- Some States are beginning to appropriate sizeable amounts of funds to assist local governments and are continuing to "buy into" Federal-local grant-in-aid programs, with much of this activity being a response to Federal incentives.
- Some States are becoming increasingly concerned with the replacement of antiquated constitutional articles by provisions equipping them with the necessary tools to meet twentieth century needs.

In a number of States, however, some of the above trends are hardly discernible. In a few States, none of them is visible. Quite clearly, it has taken a considerable period of time for most States to recognize their role, responsibility, and stake in facing existing or potential problems attending the urbanization of the Nation and in providing adequate remedial measures. The chaos which occurred in some of the central cities during 1967 attested to the failure on the part of all three levels of government to take effective action. The possibility of its reoccurrence in the immediate future suggests that the urban challenge must be dealt with in terms of concentrated action emphasizing new approaches to old problems on the part of Federal, State, and local governments, in cooperation with private enterprise. While many of the steps taken by State governments in 1967 with respect to urban problems were important, much remains to be accomplished if the States are to serve as active and innovative members of the intergovernmental partnership. Now, more than ever before, the federal system must be truly "creative" and "cooperative."

APPENDIX A

SUMMARY OF INFORMATION ON EXISTING STATE OFFICES OF LOCAL AFFAIRS, DECEMBER 1967

Name of agency	New York	Alaska	Rhode Island	California
	Office of local government	Local affairs agency	Division of local & metropolitan government	Intergovernmental council on urban growth ³
Year established	1959	1959	1961	1963
Location	Within the executive department	Office of Governor	Department of Administration	Office of Governor
<u>Functions</u>				
Advisory, Coordinating & Technical Assistance				
Fiscal advice	X	X	X	
Municipal management	X	X	X	
Engineering & public works	X	X		
Legislative aspects of intra-state govt. relations	X	X		
Research, statistics & information collection	X	X	X	X
Personnel training	X	X	X	
Boundary & fringe problems		X		
Assist Gov. in coordg. State activities affect. localities	X	X	X	X
Recmd. programs & legislation	X	X	X	X
Interlocal cooperation	X			
Financial Assistance				
Supervise Local Finances	X ¹		X	
Planning Functions				
Statewide planning				
Local planning assistance		X		X
Coord. with reg. planning	X	X		X
Coord. with Statewide plng.				

	New York	Alaska	Rhode Island	California
Program Responsibility				
Urban renewal & redevelopment				
Poverty				
Housing				
Area redevelopment		X2		
Statutory Citations	NY Consolidated Laws Chapter 335	A.S. 44.19 180 et. seq.	P.L. 1961 Chapter 93	Chapter 1809, 1963 Stats; Chap. 323, 1965 Stats.

Summary of Information on Existing State Offices of Local Affairs (continued)

Name of agency	Colorado		Illinois		New Jersey		Pennsylvania	
	Division of local government 1966	Executive department	Office of local government 1966	Office of Governor	Department of community affairs 1966	Department in the executive branch	Department of community affairs 1966	Independent department
Year established								
Location								
<u>Functions</u>								
Advisory, Coordinating & Technical Assistance								
Fiscal advice	X					X		X
Municipal management						X		X
Engineering & public works						X		
Legislative aspects of intra-state govt. relations	X					X		
Research, statistics & information collection	X		X			X		X
Personnel training	X					X		X
Boundary & fringe problems								
Assist Gov. in coordg. State activities affect. localities	X		X			X		X
Recmd. programs & legislation	X		X			X		X
Interlocal cooperation	X					X		X
Financial Assistance						X		X
Supervise Local Finances						X		
Planning Functions						X		
Statewide planning						X		X
Local planning assistance						X		X
Coord. with reg. planning						X		X
Coord. with Statewide plng.						X		
Program Responsibility								
Urban renewal & redevelopment						X		X
Poverty						X		X
Housing						X		X
Area redevelopment						X		X
Statutory Citations	S. B. 23, 1966		H. B. 2194 1965 (Approp. Act)		Assembly Bill 861 1966		Reorg. Plan 2, Act 582, 1965 Regular Sess. (Ap. 2/1/66)	

Summary of Information on Existing State Offices of Local Affairs (continued)

Name of agency	Connecticut		Minnesota		Missouri		Montana	
	Department of community affairs	1967	Office of local & urban affairs	1967	Department of community affairs ⁵	1967	Department of Planning & Economic Development	1967
Year established	1967							
Location	Independent adm. department		Office in State planning agency		Independent adm. department		Independent adm. department	
Functions								
Advisory, Coordinating & Technical Assistance								
Fiscal advice		X		X		X		
Municipal management		X				X		
Engineering & public works		X				X		
Legislative aspects of intra-state govt. relations						X		
Research, statistics & information collection		X		X		X		X
Personnel training						X		
Boundary & fringe problems								
Assist Gov. in coordg. State activities affect. localities		X		X		X		X
Recmd. programs & legislation		X				X		X
Interlocal cooperation						X		
Financial Assistance		X ⁴						
Supervise Local Finances								
Planning Functions		X				X		
Statewide planning		X				X		X
Local planning assistance		X				X		X
Coord. with reg. planning		X		X		X		X
Coord. with Statewide plng.		X				X		
Program Responsibility		X				X		
Urban renewal & redevelopment		X						
Poverty		X						
Housing		X						
Area redevelopment						X		
Statutory Citations	P. A. 522 1967		Secs. 4.11, 4.12, 4.13, 4.16, 1965; Chap. 898, 1967		H. B. 129 1967		S. B. 19 1967	

Summary of Information on Existing State Offices of Local Affairs (continued)

	Nebraska	Ohio	Vermont	Washington
Name of agency	Division of State & Urban Affairs	Department of urban affairs	Office of local affairs	Planning & community affairs agency
Year established	1967	1967	1967	1967
Location	Department of economic development	Independent adm. department	Office of Governor	Office of Governor
Functions				
Advisory, Coordinating & Technical Assistance			X	
Fiscal advice		X	X	
Municipal management		X	X	
Engineering & public works			X	X
Legislative aspects of intra-state govt. relations				
Research, statistics & information collection	X	X	X	X
Personnel training				X
Boundary & fringe problems				X
Assist Gov. in coordg. State activities affect. localities	X	X	X	X
Recmd. programs & legislation	X	X	X	X
Interlocal cooperation	X	X		X ⁴
Financial Assistance				
Supervise Local Finances				
Planning Functions			X	X
Statewide planning			X	X
Local planning assistance	X	X ⁶	X	X
Coord. with reg. planning	X	X	X	X
Coord. with Statewide plng.			X	X
Program Responsibility				X ⁸
Urban renewal & redevelopment				X ⁸
Poverty		X		X ⁸
Housing			X	X ⁸
Area redevelopment		X ⁶		
Statutory Citations	L. B. 34 1967	Substitute H. B. 495, 1967	Executive Auth. 1967 Approp. Act	H. B 78 1967

Summary of Information on Existing State Offices of Local Affairs (concluded)

	Wisconsin	Tennessee
Name of agency	Department of local affairs and development	Office for local government & Federal Affairs
Year established	1967	1967
Location	Independent executive department	Office of Governor
<u>Functions</u>		
Advisory, Coordinating & Technical Assistance	X	
Fiscal advice	X	
Municipal management		
Engineering & public works		
Legislative aspects of intra-state govt. relations	X	
Research, statistics & information collection	X	X
Personnel training		
Boundary & fringe problems	X	
Assist Gov. in coordg. State activities affect. localities	X	X
Recmd. programs & legislation	X	
Interlocal cooperation	X	X
Financial Assistance		
Supervise Local Finances		
Planning Functions		
Statewide planning		
Local planning assistance	X	
Coord. with reg. planning	X	
Coord. with Statewide planning	X	
Program Responsibility		
Urban renewal & redevelopment		X
Poverty	X	
Housing		X ⁹
Area redevelopment		
Statutory Citations	S. B. 135 967	Laws 1963 Chapter 205 Executive Authority 1967

Summary of Information on Existing State Offices of
Local Affairs

FOOTNOTES

1. 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.)
2. Refers to administration of the Rural Redevelopment Fund.
3. 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 programs, collects statistics and recommends legislation.
4. All State financial aid to localities for urban renewal, poverty programs, mass transit, etc., is channeled at the discretion of the Director (or Commissioner) of the Agency (or Department).
5. Effective October 15, 1967.
6. Refers solely to the functions of the Ohio Office of Appalachia within the Department of Urban Affairs.
7. The Vermont Office was set up by executive authority only, and is awaiting statutory authority to undertake the functions proposed.
8. 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."
9. Includes administration of the Appalachian Re-Development and the Public Works and Economic Development Programs.

APPENDIX B

STATE AID TO LOCALITIES SUPPLEMENTING THE LOCAL CONTRIBUTION
UNDER SELECTED FEDERAL GRANT PROGRAMS

DECEMBER 1967

State	Waste Treatment Works	Airport Construction	Hospital Construction	Urban Renewal $\frac{1}{1}$	Water and Sewer Facilities	Urban Mass Transportation
Alabama		X*	X			
Alaska		X2		X3		
Arizona		X				
Arkansas				X		X
California		X*	X			
Colorado	X			X	X5	X
Connecticut	X7	X4			X5	
Delaware	X					
Florida						
Georgia	X		X			
Hawaii		X		X3		
Idaho		X4				
Illinois		X*				
Indiana		X		X3		X
Iowa	X				X6	
Kansas						
Kentucky						
Louisiana		X				
Maine	X	X7				
Maryland	X	X7			X6	
Massachusetts	X	X		X		X
Michigan		X4				
Minnesota		X*				
Mississippi		X*				
Missouri		X				X
Montana		X*				
Nebraska		X*				
Nevada		X*				

State Aid to Localities...

State	Waste Treatment Works		Airport Construction	Hospital Construction	Urban Renewal ^{1/}	Water and Sewer Facilities		Urban Mass Transportation
	X	X				X	X	
New Hampshire	X		X*					
New Jersey	X				X			X
New Mexico								
New York	X		X ⁷		X		X	X
North Carolina			X	X				
North Dakota			X ⁷					
Ohio			X					
Oklahoma			X					
Oregon	X		X*					
Pennsylvania	X ⁷		X ^{4*}		X		X	X
Rhode Island	X ⁷		X ²		X			X
South Carolina			X					
South Dakota			X*					
Tennessee	X		X					
Texas	X		X					
Utah			X*					
Vermont	X		X				X ⁸	
Virginia			X*					
Washington	X							X
West Virginia								
Wisconsin	X		X*		X		X ⁹	
Wyoming			X					

1 Typically provides one-half of local contribution

2 Owns all or most of the airports

3 Provides or has provided aid in specified instances

4 Owns and operates some of the airports

5 Sewer only

6 Loans only

7 Bond issue

8 Only in cases of proven hardship

9 Limited application

* Some or all aid from aviation-related taxes and revenue

APPENDIX C

PUBLISHED REPORTS OF THE ADVISORY COMMISSION ON
INTERGOVERNMENTAL RELATIONS 1/

- Coordination of State and Federal Inheritance, Estate and Gift Taxes.
Report A-1. January 1961. 134 p., printed.
- Investment of Idle Cash Balances by State and Local Governments.
Report A-3. January 1961. 61 p., printed. (Out of print; summary available.)
- Investment of Idle Cash Balances by State and Local Governments--A Supplement to Report A-3. January 1965. 16 p., offset.
- Governmental Structure, Organization, and Planning in Metropolitan Areas. Report A-5. July 1961. 83 p., 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: Proposed Amendment to the Buck Act. Report A-6. June 1961. 34 p., offset. (Out of print; summary available.)
- Intergovernmental Cooperation in Tax Administration. Report A-7. June 1961. 20 p., offset.
- Periodic Congressional Reassessment of Federal Grants-in-Aid to State and Local Governments. Report A-8. June 1961. 67 p., 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 p., offset.
- Alternative Approaches to Governmental Reorganization in Metropolitan Areas. Report A-11. June 1962. 88 p., offset.
- Intergovernmental Responsibilities for Water Supply and Sewage Disposal in Metropolitan Areas. Report A-13. October 1962. 135 p., offset.
- Transferability of Public Employee Retirement Credits Among Units of Government. Report A-16. March 1963. 92 p., offset.
- *The Role of the States in Strengthening the Property Tax. Report A-17. June 1963. Volume I (187 p.) and Volume II (182 p.), printed (\$1.25 each).
- Industrial Development Bond Financing. Report A-18. June 1963. 96 p., offset.
- The Role of Equalization in Federal Grants. Report A-19. January 1964. 258 p., offset.

Grant-in-Aid Programs Enacted by the 2nd Session of the 88th Congress--
A Supplement to Report A-19. March 1965. 22 p., offset.

Impact of Federal Urban Development Programs on Local Government
Organization and Planning. Report A-20. January 1964. 198 p.,
U. S. Senate, Committee on Government Operations, Committee Print.
88th Congress, 2nd Session.

Statutory and Administrative Controls Associated with Federal Grants
for Public Assistance. Report A-21. May 1964. 108 p., printed.

The Problem of Special Districts in American Government. Report A-22.
May 1964. 112 p., printed.

The Intergovernmental Aspects of Documentary Taxes. Report A-23.
September 1964. 29 p., offset.

State-Federal Overlapping in Cigarette Taxes. Report A-24. September
1964. 62 p., offset.

Metropolitan Social and Economic Disparities: Implications for
Intergovernmental Relations in Central Cities and Suburbs. Report A-
25. January 1965. 253 p., offset.

Relocation: Unequal Treatment of People and Businesses Displaced by
Governments. Report A-26. January 1965. 141 p., offset.

Federal-State Coordination of Personal Income Taxes. Report A-27.
October 1965. 203 p., offset.

Building Codes: A Program for Intergovernmental Reform. Report
A-28. January 1966. 103 p., offset.

*Intergovernmental Relations in the Poverty Program. Report A-29.
April 1966. 278 p., offset (\$1.50).

*State-Local Taxation and Industrial Location. Report A-30. April
1967. 114 p., offset (\$0.60).

Fiscal Balance in the American Federal System. Report A-31. (In press)
(two volumes).

Factors Affecting the Voter Reactions to Governmental Reorganization
in Metropolitan Areas. Report M-15. May 1962. 80 p., offset.

*Measures of State and Local Fiscal Capacity and Tax Effort. Report
M-16. October 1962. 150 p., printed (\$1.00).

*Performance of Urban Functions: Local and Areawide. Report M-21.
September 1963. 281 p., offset (\$1.50).

*Tax Overlapping in the United States. Report M-23. July 1964.
235 p., printed (\$1.50).

State Technical Assistance to Local Debt Management. Report M-26.
January 1965. 80 p., offset.

*A Handbook for Interlocal Agreements and Contracts. Report M-29.
March 1967. 197 p., offset (\$1.00).