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INTRODUCTION

Substate regionalism, the reorganization of certain government functions from the local to regional level, has become an increasingly attractive approach to the provision of services. This is especially true in metropolitan areas in the Northeast and Midwest where, since World War II, employment and population both have moved from the central cities to the suburbs. The effect of this movement, known as fiscal disparities, creates an unequal distribution of resources and, therefore, inequalities in the ability to provide services.

At the same time, it has been recognized that resources in a region belong to the entire region and not just the locality in which they are found.

Federal thinking has tended to support this viewpoint. Over the past 20 years, legislation and grants-in-aid have become a considerable force for solving problems at the regional level.

Unfortunately, regional solutions have suffered from a lack of coordination and consistency in form on both the local and Federal level. The diverse nature of regional problems, conflicts in servicing across jurisdictional boundaries, and the lack of a systematic Federal level, have all created confusion in regional problem solving.

In this paper I attempt to examine metropolitan regional reorganization in the Northeast and Midwest sections of the country. This is reorganization within, roughly, the Standard Metropolitan Statistical Areas (SMSA's). The paper is a survey attempt of the

problems and issues involved in regional reorganization. In the first section I discuss fiscal disparities and Federal incentives and the implications of these events. In the second section I address the issues involved in regionalism, taking the perspective of an area that decides to organize on a regional scale. The third section contains a broad overview of the methods of organization that have been proposed. I end with a case history of regionalism in the Minneapolis-St. Paul region, which is, probably, the most comprehensive approach to regional issues in operation to date.

Metropolitan regionalism is a response to two primary events; Fiscal Disparities and Federal Regional Incentives. Fiscal Disparities are inequalities in the distribution of population and resources within a given region and have occurred as the result of movements in population and resources away from the central city into the suburbs. Federal Regional Incentives are the proliferating regional laws and grants-in-aid, administered by the Federal government. When combined with Fiscal Disparities, these Federal Incentives create a strong bias towards regional decision making.

Fiscal Disparities

Since the beginning of the Century, jobs and people have been moving away from the city.¹ This movement has created problems for both the central cities and their outlying areas. It has created high service costs for the city while its overall ability to meet these costs has diminished. It has also created competition for "highest use" development in suburban areas. Known as fiscal zoning, this practice has left some communities unable to attract a diversified mix of industry and population. As a result of these fiscal disparities, while metropolitan areas expanded, communities began to experience problems that cut across jurisdictional boundaries. Solutions to these problems require cooperation, then, of several localities.

¹Harrison, Urban Economic Development, Pg. 8

The shift in manufacturing from the central city to the suburbs is perhaps the best example of the central cities' loss in employment. Harrison, in Urban Economic Development, shows that the percent share of manufacturing jobs in eight SMSA's decreased from an average of 88.6 percent of the region's total in 1900 to an average of 60.8 percent in 1967. See Table 1 below.

TABLE 1

**CENTRAL CITY MANUFACTURING EMPLOYMENT
AS A PERCENTAGE OF METROPOLITAN
MANUFACTURING JOBS IN EIGHT SMSAs
1900-1967
(1965 city boundaries)**

Period	Percent Share	Changes
	%	%
1900-1918	88.6	—
1919-1938	77.3	-11.3
1939-1958	76.4	-0.9
1959-1966	66.7	-9.7
1967	60.8	-5.9

Density gradients for other sectors suggest similar trends. In six SMSA's, between 1910 and 1963, gradients decreased dramatically in the retail, wholesale, and service sectors. The density gradient in the retail sector, for example, declined from 1.02 in 1929 to .41 in 1963. The population gradient in these same cities decreased from .96 in 1910 to .36 in 1963. These figures are represented in Table 2.

Source: Harrison and Bennet, Urban Economic Development

TABLE 2

**AVERAGE DENSITY GRADIENTS BY SECTOR
AND YEAR IN SIX SMSAs:
1910-63**

	1910	1920	1929	1939	1948	1954	1958	1963
Population	.96	.94	.73 ^a	.67 ^a	.57	.46	.41	.36
Manufacturing	—	.95	.82	.77	.76	.67	.60	.48
Retail	—	—	1.02	.90	.76	.73	.58	.41
Services	—	—	—	1.12	.88	.81	.70	.55
Wholesale	—	—	1.43	1.24	1.01	.89	.77	.59

The movement to the suburbs became more pronounced after World War II. Improvements in transportation decreased the locational advantages of the city while lower land costs and taxes around the new freeways drew business away from the city. Table 3 demonstrates the growth of suburban employment in SMSA's between 1959 and 1969.

TABLE 3

**EMPLOYMENT OUTSIDE THE CENTRAL CITY IN TEN
LARGE METROPOLITAN AREAS BY INDUSTRY: 1959 and 1967
(1967 boundaries)**

Area & Industry	Percent of SMSA Employment Outside Central City		Percent of SMSA Employment Growth Outside Central City 1959-1967
	1959	1967	
Atlanta	22	27	36
Baltimore	30	37	72
Boston	61	62	73
New York	15	19	49
Philadelphia	40	46	79
Washington, D.C.	39	49	70
(Average)	34.5	41.1	63.1

Source: Tables 2 and 3, Harrison and Bennet, Urban Economic Development

During this period, the suburban share of employment, in these cities, increased an average (unweighted) of 6.6 percent with the percent SMSA total employment growth being 63.1 percent outside the central cities.

Sacks and Callahan, in "Central City Suburban Fiscal Disparity"², have compiled a great deal of census data on population movement away from the central cities in the nation's 72 largest SMSA's. The discussion that follows deals with the 39 SMSA's in the Northeast and Midwest.

Of these 39 cities, 30 experienced population declines between 1960 and 1970. Central cities averaged 43 percent of the SMSA total in 1960. In 1970, the average fell to 37 percent and at the same time suburban populations were increasing by 24 percent. (This information is depicted in Table 4, Appendix I.)

One significant outcome of this trend is that poor and elderly residents have been concentrated in the central cities. It has been only the relatively rich who have been able to follow the jobs into the suburbs.

The increasing number of poor in the central cities is documented by per capita and household income statistics for 1970. Suburban areas averaged \$213 more per capita than central cities; \$3,699 to 3,486, respectively. (See Table 5, Appendix 1.) This 7 percent difference corresponds to differences in household incomes. Suburban areas averaged 7.5 percent of their households

²Sacks and Callahan, "Central City Suburban Fiscal Disparity", Pgs. 91-152

earning less than \$3,000, with 41 percent earning over \$10,000 in 1970. Central cities, however, had 16 percent earning less than \$3,000 and only 34% earning over \$10,000. These figures are presented in Table 6 of Appendix 1. (To an extent, these people are forced to remain in the city. For example, in 1970 the retail value of homes was \$4,000 more in the suburbs.)

In the same year, central cities averaged 4 percent more people over age 65 than did the suburbs.

This movement of jobs and people has created problems for the central city in the provision of services. This is evidenced by the growth in per capita expenditures in the central city as compared to the suburbs. In 1957 per capita expenditures were already higher in the central city than in the suburbs. In the Northeast, this difference was 25 percent and in the Midwest it was 23 percent. By 1970, the differential grew to 48 percent in the Northeast and 38 percent in the Midwest.

But while service costs have increased, the ability to meet these costs has not. There are several contributing factors; vacated land unable to attract new development becomes a liability and greater percentages of land going to non-productive uses such as roadways, universities, and religious institutions. Liabilities city residents are least able to finance.

With greater number of poor and elderly, the cities experience higher social costs than do the suburbs. One example of these disparities is the great difference in educational funding abilities between the central city and the suburbs. The case is well documented. "Central cities expend less per student than

other school districts; when the nature of the urban poor is such that it usually takes a higher outlay per student to achieve the same results. This cycle traps many capable people in the city without a chance to develop their potentials."³

It is, in fact, education that provides the strongest legal basis for regionization. In 1971 in California, a group of poor people argued that their children were discriminated against because they could not afford the same quality public education as other communities. The case, Serrano vs. Priest, resulted in the ruling...

"...that this funding scheme invidiously discriminates against the poor because it makes the quality of a child's education a function of the wealth of his parents and neighbors."⁴

Although simply redistricting the school districts so that they receive equal funding would rectify the situation, the ruling does not eliminate the possibility of cross-districting financing. Later court rulings in environmental cases support this intra-regional approach; the courts' ruling that environmental considerations are due not only to the local inhabitants, but to region and state as well.

Conversely, suburban communities according to Cason have become involved in an "Urban Fiscal Squeeze".⁵ With similar Federal economic aid programs and need for economic stability, communities compete for similar types of development. However,

³Freilich & Rangsdaily, "Timing and Sequential Controls", Pg. 1013

⁴Goldstein, "Interdistrict Inequalities in School Financing: A Critical Review of Serrano vs. Priest", Pg. 913

⁵Cason, "Land Use Concomitants of Urban Fiscal Squeeze"

all metropolitan areas; especially in the Northeast and Midwest, are experiencing slow growth. "This is due to a number of factors such as rising energy costs, low fertility rate, economic stagnation."⁶ As a result, communities compete for the limited development that is occurring in metropolitan areas. This creates leapfrog or fiscal zoning among suburban communities, which is responsible for promoting not only an inefficient pattern of development, but places smaller communities in a situation where they cannot afford to provide services to pockets of development. Further, leapfrog zoning creates land speculation, soaring taxes, and destruction of the environment.

From a perspective of fiscal disparities, a metropolitan region is no longer viewed as a series of unrelated jurisdictions. Rather, government is seen as consisting of and providing services which are similar across the region, to the residents of that region. The argument for regionalism being that the present system has two negative effects. First, that central cities and certain suburban communities cannot compete with other communities in attracting jobs. It is in these unsuccessful communities that poor and elderly tend to be concentrated. Secondly, that in these communities, services are not provided on an equitable basis with those other communities.

⁶Phillips & Brunn, "Slow Growth: A New Epoch of American Evolution"

The Federal government has promoted regional thinking through a wide variety of financial incentives.

The idea of regionalism is highly developed in environmental legislation. The Clean Air Act, Water Pollution Control Act, Coastal Zone Management Act, the National Flood Insurance and National Relief Programs all employ the concept of regional planning and development of resources and create regional organizations to carry out these programs.

The importance of these legislations is that they create mechanisms on which regional decisions can be based. Such programs lend to the viability of regional organizations, especially in the formation stages of the agency.

Section 208 of the Water Pollution Control Act, for example, "requires control of pollution from point and nonpoint sources by means of land use and land management controls and other regulatory programs and requires broad regional analysis of pollution problems, of the implications of growth for water quality, and of long-term need for sewage treatment plant capacity."⁷ The various requirements must be carried out either by the State or areawide planning agencies. One of the goals of 208 is a 20 year management program of area sewage treatment needs and all aspects of plant location design and methods.

⁷The Natural Resources Defense Council, Land Use Controls in the United States, Pg. 72

Section 201 of the Act makes money available for the construction of sewerage treatment plants, including interceptor lines.

Federal legislation, thus, creates regional programs. Legislation will normally put dollar values on the amount of monies to be distributed under each program. These monies are then distributed through both entitlement and discretionary grants. Entitlement grants are those distributed to each qualifying agency. Amounts are based on population, size, etc., in a host of limiting values. Discretionary monies are those put up for competition. Applicants must prove, through varying qualifications, that their client is more in need of aid than other groups.

Federal grants aimed at areawide problems have expanded since the 1950's. Areawide grants now total several billion dollars annually and encompass not only environmental control, but several programs directly impacting regional development. Most significant among these are grants for transportation and transportation planning, economic development, areawide comprehensive planning, and areawide waste treatment management. These areawide funding programs include shares of administrative and start-up costs as well as facility costs. Federal areawide programs and 1972 funding estimates are shown in Table 7.

In addition, Federal grants are available to target group populations on an areawide basis. Regional Health Planning, Criminal Justice Planning, Senior Citizen Commission, etc., are all active, regional programs. Available through both entitlement and discretionary programs are an almost infinite array of possibilities at the regional level.

TABLE 7

Funding of Federal Areawide Programs (FY 1972 estimates in millions)

Name of Program	Planning Assistance Funds	Capital and Operating Program Funds	Total
Air Pollution Control (EPA)		\$ 42.9 ¹	\$ 42.9
Airport Systems Planning (DOT)	\$15.0	¹¹	15.0
Appalachian Development Assistance (ARC)	2.0	64.6	66.6
Areawide Comprehensive Health Planning (HEW 314b)	13.2	¹¹	13.2
Areawide Comprehensive Planning Assistance (HUD 701)	35.4 ²		35.4
Areawide Waste Treatment Management (EPA)	50.0 ³	5,000.0	5,050.0
Community Action (OEO CAP)		342.1 ¹	342.1
Economic Development (EDA)	5.5	142.2	147.7
Law Enforcement Planning (LEAA)	14.0 ⁴	¹¹	14.0
Manpower Planning (CAMPS)	17.6	¹¹	17.6
New Communities (HUD)		212.2 ⁵	212.2
Open Space (HUD)	⁶	100.0	100.0
Project Notification and Review (A-95)	0	0	0
Regional Medical Program (HEW)		140.7 ¹	140.7
Resource Conservation and Development (USDA)	⁷	20.9	20.9
Rural Development Planning (USDA)	10.0 ³		10.0
Rural Industrialization Assistance (USDA)		100.0 ³	100.0
Solid Waste Planning Grants (EPA)	3.1	¹¹	3.1
Urban Mass Transportation (DOT)	25.0	510.0	535.0
Urban Transportation Planning (DOT)	22.6	1,483.5 ¹⁰	1,506.1
Water/Sewer Facilities (HUD)	⁶	200.0	200.0
Water & Sewer Planning for Rural Communities (USDA)	2.0 ⁸		2.0
Water & Waste Disposal Systems for Rural Communities (USDA)		40.4	40.4
Water Quality Management Planning (EPA)	5.4 ⁹		5.4
TOTALS	\$220.8	\$8,399.5	\$8,620.3

Source: Office of Management and Budget, *Catalog of Federal Domestic Assistance*, Sixth Edition (Washington, D.C.: Government Printing Office, 1972).

¹Planning funds are included, but the use of funds for this purpose is determined by individual grantees.

²The total appropriation is \$100 million, but much of it goes for local and statewide planning, rather than for areawide or regional planning.

³Grant authorizations enacted for FY 1973.

⁴This represents 40 percent of the \$35 million which the States receive. This percentage is required to be passed through to lower levels of government.

⁵The \$9.8 million in supplemental grants included here was subject to OMB spending constraints.

⁶Planning for these programs is assisted under Areawide Comprehensive Planning Assistance (701).

⁷Planning for this program is provided through Federal technical assistance.

⁸These grants are made to areawide bodies whenever possible, but are often made to single counties.

⁹This program will no longer be funded, now that the Areawide Waste Treatment Management Program has been established.

¹⁰Estimated on the basis that the planning funds equal 1.5 percent of the total available in the urban areas subject to areawide planning.

¹¹The related "hardware" programs have been omitted because they are separate from their planning programs and are not usually thought of as areawide programs or allocated through areawide organizations.

Source; Advisory Commission on Intergovernmental Relations, Substate Regionalism and the Federal System, Vol. 1

Federal programs, in fact, compensate for 60 percent of the funding at regional levels. Most of these programs require coordination with other related, regional activities. This is demonstrated in Table 8.

One good example of how Federal monies can be used for area-wide development, although in this case unsuccessfully, was the Urbandale area located in Lansing, Lansing Township and East Lansing, in close proximity to the Grande River. The construction of a freeway around the cities inadvertently created a dam around Urbandale during periods of flooding. In the mid-1970's, a severe flood hit the area covering many homes. The result was that property values dropped and the area fell into gradual disrepair. In order to redevelop this section of the Lansing SMSA, the Tri-county Regional Planning Commission, Lansing Planning Commission, and Ingham County Grants Administration, along with several Federal offices proposed a solution that involved transportation funds, Urban Development Action Grants, and the resources of the Army Corps of Engineers.

The solution would have eliminated the potential of flooding through redesign of the highway, relocation of residents to other sections, provided money for acquisition and redevelopment of the property including new housing for local university students and economic development money to attract new business to Urbandale. Although the proposal never received funding, it demonstrates not only the complex nature of regional problems, but the potential of Federal grants to solve regional problems.

TABLE 8

Coordination With Related Activities in Federal Areawide Programs: 1972

Name of Program	Specialy Required	Urged	Not Required Except by A-95	Regulations Not Yet Issued
Air Pollution Control			X	
Airport System Planning	X			
Appalachian Local Development Dist. Assistance	X			
Areawide Comprehensive Health Planning (314b)	X			
Areawide Comp. Planning Assistance (701)	X			
Areawide Waste Treatment Management				X
Community Action (CAP)		X		
Economic Development Planning	X			
Law Enforcement Planning	X			
Manpower Planning (CAMPS)		X		
New Communities	X			
Open Space	X			
Project Notification & Review (A-95)	X			
Regional Medical Program			X	
Resource Conservation & Development		X		
Rural Development Planning				X
Rural Industrialization Assistance				X
Solid Waste Planning Grants	X			
Urban Mass Transportation Planning	X			
Urban Transportation Planning	X			
Water/Sewer Facilities	X			
Water & Sewer Planning for Rural Communities	X			
Water & Waste Disposal Systems for Rural Communities	X			
Water Quality Management Planning	X			
Totals	16	3	2	3

Source: *Catalog of Federal Domestic Assistance, Federal Register*, and program guides and directories.

Source; Advisory Commission on Intergovernmental Relations. Substate Regionalism and the Federal System, Vol. 1

It is clear that Federal programs recognize the inter-dependence among communities; what occurs in one affects the entire region. However, Federal programs have created a great deal of confusion in the development of a regional approach. The primary problem with them is that they are uncoordinated with each other. Each agency or program develops its own regional boundaries or target group and there is little consensus between them. It has been easier, therefore, to allow Federal programs to exist independently of local and regional efforts, even though the Federal government has exerted a significant force on the shape of regional development.

A-95 Review

Recognizing the complications created in administration of several concurrent programs, the Federal government created the A-95 Review process in 1969 out of the Intergovernmental Cooperation Act of 1968. A-95 is designed to coordinate and improve management in its several program and with programs existing on the State and local levels. It requires that "to the maximum extent possible, consistent with national objectives, all Federal aid for urban development purposes be consistent with and further the objectives of State, regional, and local comprehensive planning."⁸

⁸ Advisory Commission on Intergovernmental Relations, Substate Regionalism and the Federal System, Volume 7, Pg. 144

The A-95 Review also attempts to limit special or single purpose districts stating that where both general and single purpose units are eligible for the same monies, preference must be given to the former.

The A-95 Review circular establishes three types of clearinghouses, established to review project applications for conformity to the various requirements of coordination. The particular clearinghouses are: (1) metropolitan, serving SMSA's and are composed mainly of Councils of Government (COG's) and Regional Planning Agencies, (2) Regional clearinghouses serving non-metropolitan areas also made up of non-metropolitan Councils of Government and Regional Planning Commissions, and (3) State clearinghouses, usually the State Planning Agency.

Over 100 different Federal programs are reviewed under A-95 including environmental requirements under NEPA. There are six steps involved in the review process. Clearinghouses must:

"(1) receive notifications from prospective applicants; (2) identify appropriate State or local agencies that might have plans or programs affected by the proposed project and disseminate notifications to them for review; (3) provide liaison between such agencies and the applicant; (4) conduct their own evaluation of the significance of proposed Federal or Federally assisted projects in terms of State, areawide, or local plans and programs; (5) send the comments of the clearinghouse and other agencies to the applicant and, if necessary, to the Federal funding agency; and (6) observe the time constraints on the review process so as to avoid undue delays in submitting applications."⁹

⁹Advisory Commission on Intergovernmental Relations, Substate Regionalism and the Federal System, Volume 1, Pg. 147

Commentors of A-95 suggest that A-95 has been successful in that it forces coordination with existing regional and State plans. However, successful coordination can occur only where well-established plans exist. Since the vast number of programs requiring A-95 have overloaded clearinghouses with reviews, clearinghouses have often acted merely as rubberstamps to program requirements.¹⁰

Summary

The result of fiscal disparities are great inequities in servicing the urban community. More than that, the decreased ability to provide services has created social disparities such as those existing in education. It has not been the suburbs who have benefitted, but only certain suburbs who have some advantage in attracting industry or wealthier residents.

More and more it has been recognized that these disparities create injustice as in the case of Serrano vs. Preist. It has also been recognized that development practices in one community affect those in another and, that the resources to be developed and preserved are limited.

The Federal government has already created the concept of regionalism in this regard. A Senior Citizen Council, for example, deals with seniors in the entire region and not specifically those in the central city. The Tri-county Council on Aging is a good example of this regional coordination.

Regionalism suggests that similar problems can be dealt with collectively, and this may be more effective and beneficial than individual treatment. One has only to look at the tremendous

¹⁰Ibid., Pg. 148

amount of farmland and energy wasted by sprawl to realize coordinated efforts do have benefits. Coordination can be accomplished if mutual problems are realized, and the existing order of programs is calculated in regional development policy.

Even given the incentives to approach problems on a regional scale, the process of doing so is often long and difficult. There are two considerations that must be addressed. The first is whether or not scale economies can be realized by consolidation and, if so, will consolidation result in a more equitable distribution of services. This may not always be the case. In a study of consolidation efforts in the New York school system, Greene and Parliment show that economics of scale were not realized and that the quality of education for poor and minority students was reduced.¹¹

The second consideration centers around the benefits of regionalizing government functions. The primary argument against regionalism is that it cuts into the local power base. This occurs directly, when decisions are moved to a regional level, and indirectly when cooperation is required between communities. Regional waste treatment planning is a good example. Since planning involves the location of extension lines, it is clear regional decisions will have strong impact on local development. For this reason, regional reorganization has never received widespread voter approval.

Proponents of reorganization offer arguments not against these issues, but against the existing government structure. Metropolitan reformists can be divided into two groups, generalists and specialists, each with different slants on reform.

¹¹Greene & Parliment, "Political Externalities, Efficiency and the Welfare Losses from Consolidation", Pg. 209.

Generalists favor an approach that conglomerates regional programs into one body. The basic argument is that Federal and local organizations have created a complex system of regional programs that is uncoordinated and ineffective in an overall growth context. They see regional organization as a directive on growth and services together. Their argument is against the proliferation of regional programs. Of the two dozen programs listed in the previous section, there is the potential for 11 separate agencies to implement them including; Economic Development Districts, Regional Clearinghouses, Regional Health, Criminal Justice, Planning and Urban Transportation, etc. The average SMSA has four of these agencies.¹² This does not include the tremendous number of local governments, special districts, and the like. The typical SMSA consists of "13 townships, 21 municipalities, 18 school districts, and 31 special districts."¹³ State districting has not alleviated the problem of coordinating State and Federal function. To date, there are over 300 operational Federal programs that conform to SMSA boundaries but not to substate district boundaries.

This is one of the major criticisms of both the Federal area-wide grants program and A-95 review. Each Federal program has its own definition of region. There are air quality districts, watershed management districts, rural and urban transportation

¹²Advisory Commission on Intergovernmental Relations, Substate Regionalism and the Federal System, Volume 1, Pg. 324.

¹³Ibid.

districts. Each program is designed to meet a specific target group. Terms of the A-95 review process are that each program application must be reviewed with respect to regional elements dealing with that program. As such, it has done little to accomplish its goal of improving regional reorganization.

In practice, there is little communication between agencies and municipalities. Generalists claim that when communication and cooperation occurs between local governments, it does so only between localities with similar needs and abilities to meet these needs.

It is at this point that specialists disagree. Their argument is that cooperation is most effective between communities or target groups of similar needs. Programs designed to meet specific needs are most responsive to the target group, or community. General regional bodies, they argue, cannot form expertise in all areas of administration presently embodied in Federal programs alone. Since the specified needs of a target group are likely to be obscured in a general or umbrella body, citizen input will undoubtedly suffer.

Summary

Regionalists are split as to the nature and jurisdiction of regional bodies. This matter is complicated even further when an area begins to organize on a regional level. Given a situation where there is strong agreement in the need for regional operations, there are still significant problems as to the area to be defined, the nature of the organization, and the responsibilities it should undertake.

First, there is some conflict between Federal regional boundaries and those created by fiscal disparities. It is unlikely, for example, that Economic Development districts will coincide with Metropolitan disparity boundaries. Secondly, there is conflict with the functions a regional council should maintain apart from those Federally funded programs. With what social problems should it be concerned? Planning, housing, water, and sewage treatment, etc.? Again, groups will be split over the functions of the regional agency. In addition, what power should it have? Politically, regional councils involved in only recommendation, informal cooperation, and special service contracts are much more acceptable than those with varying degrees of implementation. They are, however, less effective in coordinating and solving regional problems.

Since States have legislative power over the structure, functions and financing of local government, State cooperation in regionalism is essential. Many States have not taken an active role in this regard. It is apparent then that a regional body will develop out of compromise.

The next section examines some of the regional alternatives that have been proposed.

Metropolitan reformers have not been reluctant to offer solutions to the metropolitan problem. On the contrary, they have put forward a great many solutions in recent years. Their solutions range from major changes in existing governmental institutions to only minor administrative modifications. For the purpose of this paper, I will consider the three major forms that are used: (1) the one-government approach, (2) the two-level approach, and (3) the cooperative approach. Within the framework of these three major forms, there are many possible adaptations to meet local needs and special conditions.

The One-Government Approach

Since the beginning of the "metropolitan problem", the concept of a single government for an entire metropolitan area has intrigued many urban theorists. In The Metropolis, the supporters of this concept are regarded as the "centrist" (specialists) in contrast to "federationists" and "polycentrists" (generalists), and are defined as those who favor political consolidation and who see a unified structure as a more efficient, economical, and effective way of handling public affairs and functions.¹⁴ It is also seen by the "centrists" as the best means of allocating public resources on the basis of needs of the various divisions of the community, thus eliminating the fiscal inequities that are prevalent in

¹⁴Bollens & Schmidt, The Metropolis: Its People, Politics, and Economic Life.

metropolitan areas. The opponents of the one-government approach argue that consolidation causes a loss of local control, decreased citizen access to public officials and agencies, and a reduction in local services.

In Alternate Approaches to Governmental Reorganization in Metropolitan Areas,¹⁵ a report by the Advisory Commission on Intergovernmental Relations, consolidation is defined as the joining together of two or more units of government of approximately equal stature to form a new unit of government. This procedure varies among States, but commonly is a voluntary process in which the consolidating units are contiguous; petitions for consolidation are initiated by voters in one or all of the units affected; and a separate election is held on the issue in each unit.

Consolidation into one government is rarely used as a reorganization approach, compared to other methods such as intergovernmental agreements, annexation, or informal agreements. Urban theorists often strongly support consolidation as the best alternative, but the actual consolidation is rarely successful. One of the major reasons for this lack of success is the need for necessary legislative changes required to legally allow consolidation. As suburban communities organized and grew strong, they were able to protect themselves by getting constitutional restrictions and requirements stringent enough to prevent any attempt at

¹⁵ACIR, Alternative Approaches to Governmental Reorganization in Metropolitan Areas, Pg. 23

consolidation. Over one-half of the States do not even permit consolidation as an alternative.¹⁶ This low political feasibility is even worse when considering the real threat consolidation poses to the tenure and rights of some officials and staffs.

Large-scale support of consolidation has emerged only twice during recent years. In 1966, the Committee for Economic Development, a private research group of prominent businessmen and educators, recommended a reduction of 80 percent of the nation's local governments. Two years later, the National Commission of Urban Problems urged the use of financial incentives to encourage smaller units to consolidate. Little was ever done to support either of these recommendations.

One form of the one-government approach which deserves some consideration is the city-county consolidation. This is a broader one-government approach than either annexation or municipal consolidation. The consolidation usually consists of a county government with a principal city of all the municipalities within its borders. Examples include the consolidated city and county of Denver and the Jacksonville-Duval County of Florida.

Early mergers were either accomplished by special State legislative acts or only partially accomplished with many of the county functions operating independently of the consolidated government. Between 1900 and 1954, few consolidations were accomplished. This was primarily due to excessive legal hurdles

¹⁶Ibid, Pg. 27

and the required separate majorities. In the post World War II period, most attempts continued to be voted down by the opposition, which was growing in the suburbs, against annexation as well as consolidation. Only recently has there been an improvement in this record. To a large extent, the current consolidations are in counties which are primarily urban or where the principal city and county merger exclude the smaller communities, often selling them services on a contract basis such as is the case in the Nashville-Davison County area.

In summary, the one-government approach will probably continue at a relatively slow pace, with most success seen in the less complex metropolitan areas and in urban counties. Even though an area may have too many local governments, this does not necessarily mean they should be merged into one single unit performing both metropolitan and local services. The Advisory Commission on Intergovernmental Relations recommends that the States give the local municipalities and counties more freedom to meet local needs through reorganization and create tighter rules against "defensive incorporations" in urban fringe areas.¹⁷

As noted in The Metropolis, "the one-government approach to areawide problems has in general seen its heyday..., and with some exceptions, will almost certainly be bypassed in favor of other techniques."¹⁸

¹⁷Ibid, Pg. 42

¹⁸Bollens & Schmidt, The Metropolis: Its People, Politics, and Economic Life, Pg. 401

The Two-Level Approach

Many reformists who believe that the one-level approach to governmental reorganization is too drastic a response to the needs might more readily endorse a two-level approach, or "federationist" approach, which has received increased support and use. This concept is based on the principal of local federalism. Under this plan, areawide functions are allotted to areawide governments, while local functions remain with local units. This creates a metropolitan-local, two-tier system.

The two-level arrangement takes different forms. First, is a metropolitan district: a governmental unit which usually encompasses a substantial part, or all of, the urban complex, but is generally only authorized to perform one function or a few closely related activities of an areawide nature. The second is the comprehensive urban county plan, which calls for the simultaneous transfer of selected functions from municipalities to the county government. The third form is federation; this includes the formulation of a new areawide government that takes on numerous responsibilities.

The two-level arrangement in its various forms represents a compromise between the extremes of drastic reorganization and moderate techniques of attacking metropolitan problems. The two-level approach seeks to maintain much of the existing governmental system while making only those modifications deemed necessary to solve serious areawide difficulties.

Metropolitan districts represent the mildest form of the two-level approach when they move servicing away from local control.¹⁸ They usually include the entire metropolitan area but are often limited to one or only a few related services. Some of the services provided by these special districts include sewage disposal, port facilities, airports, mass transit, parks, public housing, and water supply. The greatest advantage of the special purpose district is its high degree of political feasibility; it can often be created by a simple act of legislature and usually requires no local electorate approval. Special districts are seldom considered as a threat to local political organizations and power structures until several have collectively chipped away at the existing structures so as to be noticeable. They have the advantage of being able to carry out their single purpose function unrestricted by the boundaries of regular governmental jurisdictions. They have a clear goal and a single purpose which makes it easier to satisfy a very specific clientele.

The metropolitan or special district also has many weaknesses. Extensive use of this governmental structure complicates coordination in metropolitan areas, authority is diffused and duplication between local and regional levels is common. This form of government is usually remote from the voter and elected officials, and the selection of its governing board is usually unrelated to any local systems. Since many of these districts operate on revenues

¹⁸Bollens, "Reshaping Special District Governments in the United States"

alone, they tend to resist assumption of any additional responsibilities which are not clearly paying for the service. Special districts often meet a need which no other governmental structure can easily assume. However, they are often over-used at the expense of other governmental functions.

A second form of the two-level approach is the comprehensive urban county plan which involves the reallocation of various functions from all municipalities to a county, which in effect transforms the county into a metropolitan government. Under this system, a county assumes functions of an areawide nature, while municipalities remain in existence to perform local services.

The comprehensive urban county plan is most applicable where county boundaries are similar to the boundaries of the metropolitan area. In this situation, the conversion of the county into an urban form of government can be made with a minimum of changes in the jurisdiction of existing units of government. Other benefits include better control over areawide problems and a better relationship between taxes and benefits. Consolidation of functions can also eliminate duplication of services which were previously provided by both the county and municipality. Political feasibility is also high due to the use of existing government rather than the creation or destruction of others.

The principal weakness of the urban county form is in its limited application in metropolitan areas whose boundaries exceed the boundary of the county. In addition, metropolitan governments are often reluctant to turn major areawide functions totally over

to county government. Often the metropolitan governing body may be split between central city and suburb factions and may be unable to come to agreement on shifting to an urban county form of government.

Federation, the third variation of the two-level approach; the creation of a new areawide government comprised of one or more counties. The new metropolitan government carries out area-wide responsibilities while the municipal units retain their local functions and their governmental boards. Local representatives may also sit on the new metropolitan body. The federation has much in common with the urban county and the special districts, but has the advantages of both types, that is, having areawide jurisdiction beyond the boundaries of a single county and encompassing all the areawide functions. Thus, the federation encourages a coordinated areawide approach to areawide problems, and a more equitable taxing structure which relates to the area of benefit.

The assignment of each governmental function to its appropriate level under the federal approach facilitates the best handling of each function. Retention of the identities of local governments preserves the focus of local civic pride, interest, and participation.

There are several weaknesses to the federation approach which include: the diminishing of strength or lower level governments requiring more administrative and functional details not required in other forms, the delineation of the distribution of powers between the central and municipal governments as well as

the method of selection of the governing board. The complexity of the federal system makes it less feasible politically than the other two-level approaches, especially if the jurisdiction extends beyond one county.

The various forms of the two-level approach (the metropolitan multipurpose district, the comprehensive urban county plan, and the federation) will continue to be supported by metropolitan reformers because these forms grant only certain functions to an areawide agency and often have governing bodies chosen from local units of government. However, once the decision has been made to construct a two-level government, it is very difficult to gain consensus on what functions should be vested in the upper or lower level of the structure.

The comprehensive urban county plan seems to be one of the stronger forms among the two-level arrangements for expanded use in the future. It has the distinct advantage of using existing governmental structures rather than creating new ones. This conversion to the urban county plan will most likely take the form of incremental transfers of functions and the expanded use of contractual relationships involving municipalities.

The Cooperative Approach

The one- and two-level approaches have both considered the replacement of metropolitan government with more integrated patterns which are intended to enhance the quality of public services and development.

Interlocal cooperation has been the primary means of sustaining the multinucleated pattern of the metropolitan complex. This approach favors the retention of many official centers of power as manifested by the large number of local units often found in a metropolitan area. This cooperative approach favors a dispersed local governmental system, a bargaining of local units in dealing with common problems, and a choice of community locations according to the service and tax structures individuals find most agreeable to their desired life-style. The cooperative approach provides local officials with an informal voluntary process for dealing with local needs and problems without losing any local determination and control.

There are many varied forms of the cooperative approach, but they can generally be classed into two basic types: (1) agreements which specifically relate to functions of government or services, and (2) those agreements which form the more general mechanisms for reaching concensus on areawide issues and policies.

The metropolitan or regional Council of Governments (COG) is the newest form of institutionalized cooperation in the metropolis and one which deserves some special note. The COG's were used for the first time in the 1950's in only a few areas, but more recently have been adopted in many metropolitan areas, such as Washington, Atlanta, San Francisco, and Seattle. Some reformers consider this approach to be a logical device for achieving integrated metropolitan development in a politically fragmented system, but it also has been regarded as a powerless authority, possibly one preceding some other form of metropolitan government.

The Council of Governments brings together, at regular intervals, representatives of the local governments within a given metropolitan area, for the discussion of common problems, the exchange of information, and the development of agreements on policy questions of mutual interest. Since there is no sanction which compels cooperation between jurisdictions, the effectiveness of COG's remains in question. This is the major weakness of the COG approach.

It is worth noting that the Federal government has been very supportive of COG's in its criteria for funding of local assistance programs. This support has greatly improved the influence of COG's and their ability to function as an effective coordinative body.

The strength of the cooperative approach is in its ability to expand the geographical base for planning and administering governmental services and control and its flexibility to add other governmental units by contract or agreement without much difficulty. The cooperative approach usually has high political feasibility because the formal or informal intergovernmental agreements used require a minimum of official and voter approvals and involve little modification to the existing political structure.

The major weakness of this approach is that joint agreements are only feasible when the immediate local interest of each participating unit is not likely to be in conflict with the broader areawide interest. Thus, intergovernmental agreements are not suited to effective decision-making on issues which transcend the interest of any one part of the area and must depend on an areawide majority approval rather than areawide unanimity of the governmental jurisdictions.

While intergovernmental agreements can provide services otherwise unavailable to some local communities, this can become a problem area if the "seller" has a virtual monopoly of the service. It is only the seller's self-restraint which protects the purchasing community from being exploited on price and services. Often a State or independent regulatory body must oversee these agreements which include services such as water, sewer, and health.

Intergovernmental agreements will probably continue to be used in the near future, primarily because of the rising demands to deal with areawide needs and problems and the pressure to keep taxes down by more efficient operation, and the lack of general appeal of the more comprehensive methods.

The future for metropolitan councils (COG's) may be even more promising. The number and significance of contracts between local governments are increasing, causing a realization on the part of local officials of the need for a unified spokesman and coordinating body. Secondly, the State and Federal governments are becoming more metropolitan conscious and are preferring to deal with one organization which represents a coordinated response to the regional needs and problems.

COG's are seen "as offering one of the most productive means of translating plans into action for many of America's metropolitan areas,"¹⁹ but, on the other hand, they are appraised as

¹⁹Mogulof, "Governing Metropolitan Areas", Pg. 112

"suffering all the disadvantages of the United Nations approach to the solution of world problems and as being beleaguered organizations surrounded by unsure federal partners, unwilling local members, and barely awakened state governments."²⁰

COG's have found themselves caught between two political forces: they are seeking to show Federal authorities that they are worthy of investment and at the same time reassuring local officials that they are not a threat to them. The perceived threat is primarily concerned with COG's being a natural bridge to a more authoritative form of metropolitan government.

Summary

In summary, there are a number of generalizations that can be made about the application of the major theories previously discussed. (Adapted from the Advisory Commission on Intergovernmental Relations' Report on Alternative Approaches to Governmental Reorganization in Metropolitan Areas.)

1. There is no best single approach to governmental reorganization applicable to all conditions and times.
2. The several approaches are not mutually exclusive, and frequently can be used to supplement one another.
3. The use of milder approaches may prove adequate to meet the need for governmental reorganization in some metropolitan areas. They may serve as stepping stones to a more comprehensive approach to reorganization of local government.

²⁰Ibid

4. Major consolidations of the one-government approach have shown only limited potential as methods of governmental reorganization.
5. Limited purpose metropolitan special districts have been useful in dealing with urgent special problems of an areawide character; however, they have attributes which seriously undermine effective local government.
6. The urban county and the federation are both attempts to improve upon the limitations of the special districts by offering a two-level structure of government which assigns certain general-purpose functions to both levels of governments but separates areawide and local responsibilities.
7. The growing use of the voluntary metropolitan councils of councils of governments (COG's) is one of the more significant recent developments in metropolitan areas.

There is little challenge to the idea that local governments need to adjust the governmental structure in metropolitan areas to better handle the complex task that confronts them. However, there is not uniform agreement on any one best method to accomplish this objective, there is almost unanimous agreement by urban reformers that the States need to take major legislative action to give local governments more freedom to attack the problems of governmental reorganization. It will be the citizens and local officials of each metropolitan area who will decide whether or not there should be reorganization and, if so, the form it should take.

One of the most comprehensive efforts toward regionalization was developed in the Minneapolis-St. Paul region of Minnesota. The approach here is two-fold: tax base sharing is utilized to redistribute increases in the industrial tax base, as a measure against fiscal disparities, and the Metropolitan Council was created to coordinate regional development. The Council is an umbrella agency for Federal programs and is legislatively mandated by the State with implementation power over its functions. It could, therefore, be considered a two-tier federation approach.

The two systems are related administratively. The Metropolitan Council aids in establishing the regional rate in tax base sharing and receives a small percentage of its operating budget from it.

The Metropolitan Council

Problems in the Minneapolis-St. Paul region developed as the SMSA expanded. In 1945 the Twin Cities accounted for 90 percent of regional population. When a freeway system was constructed around the cities, the suburbs began to draw people away. In 1960, the central cities contained 54 percent of the region's population. In 1970 the figure was down to 41 percent, and in 1980 it fell to just under 36 percent. Recognizing the suburban draw, the cities attempted to limit development by restricting sewer and water service outside the city. Since the Twin Cities had the region's only treatment plants, the suburban communities allowed residential developments to be built with septic tanks and well water.

In 1959, however, the first regional crisis hit. Water for some 300,000 residents became contaminated from nitrates circulating in the groundwater. There were two issues with which the region had to deal. The first was providing drinking water and the second was providing sewer service. The first was solved by digging wells below the level of contamination, but the provision of sewer service became a major regional issue.

Temporarily, Minneapolis and St. Paul provided service to suburbs along the river. For those communities, interceptor lines were put into place fairly easily. But there was conflict between parties over the rates to be charged. Problems also arose with cities not on the Mississippi River. These cities were forced to find some way to build interception lines to the river, which they were not able to do without cooperation from other cities.

The problem continued until 1962 when the idea of jointly owned treatment plants began to emerge. Soon the question became whether it was more feasible to maintain one large plant or several small plants. One group favored several small sanitary districts, while the other favored one large district.²¹ Both groups in the argument did agree that engineering, fiscal and management decisions should be put under one agency.

Before the issue was resolved, several other problems emerged. In 1964, a giant power plant was proposed along the St. Croix River in Stillwater. The region was seeing a large percentage of

²¹Advisory Commission on Intergovernmental Relations, SubState Regionalism and the Federal System, Volume 3, Pg. 115

its recreational land being lost to similar developments in the outlying areas. Occuring at a time when concern for the environment was at a peak, the power plant became a long political struggle.

Open space became more of an issue as these outlying areas allowed more and more farmland and recreational areas to be developed. In 1969, a proposed airport augmented the problem as residents saw prime open space being lost to the new airport.²² (There was also a great deal of concern over the viability of the new airport. Residents were hesitant to allow construction of a new airport until they saw a significant impact to the region's economy.)

With these problems arising and with the growth of fiscal disparities, the interrelationship between communities became apparent. Several civic organizations started to organize in favor of an organization responsible for regional development. Groups such as the League of Women Voters and the Chambers of Commerce arrived at a consensus that one organization should take responsibility for sewer works, open space, transit, airport planning and the zoo. These groups pushed the issue to the State legislation, recognizing that restructuring the metropolitan government and existing agencies was necessary in order to assure consensus in development.

In 1967, a bill was introduced in the State Senate to create the Metropolitan Council. Opposition to the proposal

²²Ibid, Pg. 118

existed, but it was disorganized. Supporters challenged opponents to devise alternative solutions to the problems, which they were unable to do. Senate approval of the council was overwhelming.

When the Metropolitan Council was adopted, there had already been several regional agencies dealing with the problems mentioned above; the Sewer Board, the Transit Commission, etc. Additionally, development policies existed independently through planning efforts at the local level.

The purpose of the Council was recognized as a coordinating agency of the regions development. The problem the legislature faced then, was how to create a representative council capable of interrelating the pre-existing programs. Several proposals were considered that allowed for varying methods of districting, appointment of Council members, and the scope of activities to be undertaken by the Council.

It was decided that the region would be divided into 14 districts of roughly equal population. Each district would have one representative to the Council, appointed by the Governor. Members would serve six years on an overlapping basis. The Council would be responsible to the State legislature. As the region's population grew, the number of districts grew to 16.

The functions given to the Council are two. It serves as a coordinator of programs that have regional impact and acts, also, as an umbrella agency for Federal programs. Coordination efforts by the council are accomplished by the metropolitan Development Guide which creates policies and guidelines for a wide variety of physical and social problem areas. Agencies

already undertaking these programs retained their identity, but became subordinate to the Council.

At this time, there were six such agencies; the Airports Commission, Open Space Commission, Watershed Districts, Mosquito Control Districts, and the Sewer Board and the Transit Commission. The Council maintains review power over the plans created by these agencies and may reject any or all of their programs. Its powers are further expanded over the Transit Commission and Sewer Board. With these two programs, it has approval power for operating budgets and appoints membership to the Sewer Board. Since its inception, the Council has grown to oversee the Regional Parks and Metropolitan Sports Commissions.

In 1974, a bill was passed requiring all municipalities to develop long range plans. The Council provides coordination between municipalities and may disapprove any or all parts of a plan. When development conflicts arise between localities, the Board acts as a mediator.

The Council also serves as a piggyback agency for Federal Programs. Its Federal programs include Criminal Justice Planning, MBO Transportation Planning, Water Quality Planning, Housing Planning. It also maintains a Metropolitan Health System Agency and is the A-95 Clearinghouse. In addition, it coordinates Federal Environmental Legislation through the Parks Reserve Commission created in 1971. The Commission is responsible for all open space and recreation planning in the region.

The Commission is a unique solution to regional problems. By maintaining separate commissions, the programs retain responsiveness to target groups. By making these agencies subordinate,

the Council can direct regional development efforts in a comprehensive manner which is accomplished through its representative structure.

Metropolitan Fiscal Disparities

In 1971 Minnesota adopted the Metropolitan Fiscal Disparities Act in an attempt to partially alleviate the financial imbalance among certain of its metropolitan municipalities. This includes the area served by the Metropolitan Council. The legislation, although dealing with fiscal disparities, was geared specifically towards curbing fiscal competition.

The region suffered many of the trends occurring in most cities in the Northeast and Midwest. As stated earlier, in 1945, the two cities accounted for about 90 percent of the area's population. In 1960, this percentage had dropped to 53.7 percent. By 1970, it had sagged to 41 percent, and in 1980, the cities accounted for 36 percent of the region's population. Population growth in the central cities was a negative 6.6 percent during the 1970's, while outside the central cities the population grew by 55.9 percent.

Economically, the suburbs enjoyed a greater percentage of the more affluent. In 1970, in the central cities, 15 percent of all households had incomes of less than \$3,000 while 38 percent had over \$10,000 in income. Conversely, outside the central cities only 6 percent of the households had below \$3,000 in income with 57 percent having more than \$10,000 in income. The average household income being some \$3,000 greater in the suburbs than in the central cities (\$13,002 to \$10,818).

The crime rate in the central cities, per 100,000 population, is some 3,200 crimes higher than in the suburbs; 5,168 to 1,907. Comparing other statistics, the median value of houses in the central city in 1970 was \$5,000 less than outside the cities; \$18,200 to \$23,500. While the value between 1960 and 1970 was growing by 32 percent in the central cities, it was growing by 52 percent outside the cities. Per capita expenditures grew from \$185 to \$540 per person while in the suburbs it increased from \$188 per person to \$520 per person. The vast majority in per capita expenditure increases in the suburbs went to education. In 1957, education accounted for \$92 of the total expenditures or about 50 percent. In 1970, it accounted for \$284 of the total or 55 percent. In the central cities, however, educational expenditures accounted for 31 percent of the total (in 1970), while in 1980 it accounted for only 26 percent of the total \$540 dollars. Surprisingly, State aid in the Minneapolis-St. Paul region increased faster outside the central city. In 1957, the central cities received \$29 per capita and in 1970 they received \$177 per capita, while the suburbs received \$43 in 1957 and \$228 in 1970.²³

The suburbs increased the gap between themselves and the central city. But, according to Honey, the region's development pattern was an equally important consideration in the act. "Along with fiscal and social disparities created by these movements the legislature felt that development policies in the individual townships were affecting overall development of the region in a detrimental manner."²⁴ The following describes how the Act works.

²³Sacks & Callahan, "Central City Suburban Fiscal Disparity", Pgs. 91-152

²⁴Honey, "Locational Equity, Land Use, and Minnesota's Fiscal Disparity Act", Pg. 4

Briefly, there are some 300 political jurisdictions in the Minneapolis-St. Paul region. The jurisdictions are broken up into "governmental units" and "municipalities" (as defined by the Fiscal Disparities Act). There are three types of governmental units; counties, cities, and school districts. Municipalities include; cities, towns, and townships.

The Act establishes a process whereby 40 percent of the increase in all nonexempt commercial/industrial property tax collection, over the property assessments in 1971, is pooled from each municipality and redistributed to the municipalities and respective governmental units.

Each of the governmental units establishes a tax levy and millage that it wishes to collect. The tax is then applied to the municipalities wholly and partly within its borders.

The first step is to determine the areawide tax base. This base is the sum of all the 40 percent increases in taxable properties. If the increase is zero (or negative) then the municipalities contribute nothing to the pool. (A sample of the process is contained in Appendix II that clarifies the description below).

When the monies have been accumulated, they are redistributed via a distribution index. This index is found by multiplying the municipality's population by the ratio of the average fiscal capacity in the seven county region to the capacity of the municipality, and then multiplying the sum by two. (When the figure is less than the municipality's population, it is assumed to equal that figure.) The amount of each distribution is found

by dividing the distribution index, found above, by the sum of all the distribution indexes, and then multiplying that figure by the areawide tax base.

The emphasis then shifts to the governmental units so that the mechanics of actually collecting the tax base, which is simply the assessed valuation of all property within its borders minus the contributions made to the areawide base, can be accomplished. The unit must ascertain its share of the areawide tax base by adding together all the contributions made within that unit's borders. (This is done for ease in compiling the information). Compensations are made for those cases when a municipality lies across two units; each unit receives a percentage of the municipality's contribution.

Aware of the size of the tax base upon which it can levy taxes, the governmental unit then determines if it desires to raise its tax revenues, and certifies this amount to the appropriate county auditor as its levy. This is then apportioned to the local tax base and the local share of the areawide tax base.

The first part of the apportionment is local levy. The local levy is divided by the local tax base to yield the local tax rate. This rate is applied to all property except that part of the commercial/industrial property that is being "shared". This part is the areawide levy. The auditor allocates this levy to the areawide tax and adds it separately to the municipalities' tax bill after the levy is divided by the areawide tax base to determine the tax rate.

The commercial/industrial property that shows an increase in value is subject to both the areawide and local tax rates. 40 percent of that property "growth", divided by total valuation, is also subject to the areawide tax rate. The municipalities then determine both the amount they wish to raise in taxes, and its tax rate. The monies are collected with the distributions built into the collection.

After review of this process and the figures presented in the appendix, two important facts become clear. First, the governmental units receive a very small share of the tax pool (if anything) and, secondly, that there are cases where commercial/industrial rates are increased.

Analysis

It is difficult to assess the effectiveness of the Minnesota approach to regional reorganization. The Metropolitan Council serves as regional coordinator for many issues associated with regional reorganization. By virtually controlling certain development decisions, especially those concerning solid waste, the Council has exerted significant pressures in the regions' development, but whether or not it has improved implementation of its programs to best meet regional needs or target group needs, is an unresolved issue. Since the organization has continually expanded, it has apparently improved its citizen appeal.

Tax base sharing has been examined more closely. The provisions of the Act seem to focus monies to larger metropolitan areas with low growth in fiscal capacity. Largely, this is

accomplished by the heavy weight placed on population in the distribution formula. This may not always be the case in practice.

The Act causes certain inequities in distribution. Two cases are worth noting. The first case is a community that has a high fiscal capacity (i.e., high property values) and little commercial property. Such a community would be a net beneficiary of the law when, in fact, they should be a net loser since they are already able to pay for their services.

The second is one where a municipality has a great deal of commercial/industrial property but few residents. If the commercial/industrial property continues to grow, the situation becomes unfair to those businesses who planned to locate there, in as much as they will experience relatively high taxes from which they receive no benefits. In this case, the plan may be hindering the economic growth.

Some growing communities have fought the Act claiming no real benefit from it and have brought the issue to court. The courts have ruled, however, that the redistribution formula has allowed expansion of the areas greenspace and, therefore, gives benefit to all communities affected.

A final criticism of the Act is that it does not establish guidelines on how the redistributed money should be spent. Opponents to the Act claim that it does not, therefore, effectively meet its goals of alleviating fiscal disparities. Unfortunately, little data has been accumulated on the spending of redistributed money.

Reschovsky and Knäff, in "Tax Base Sharing; An Assessment of the Minnesota Experience", have compiled some data on the effectiveness of redistribution. Table 9 shows distribution to municipalities based on the percentage of families with less than \$3,000 in income for the years 1974 and 1975. In both years, municipalities with between 10 and 15 percent families below \$3,000 received the greatest per capita gain. Cities with more than 20 percent in this category also gained in both years. Cities with 15 to 20 percent did not fare as well. In 1974, they received only \$7 per capita and in 1975 actually contributed \$5 per person. Thus, the Act does redirect monies away from cities with the lowest percentage of poor but it is not always consistent in behavior.

TABLE 9

Number of municipalities classified by percentage of families with less than \$3,000 income and net gain or loss of base

1974							1975						
% families with income less than \$3,000	# of municipalities	Per capita gain or loss					# of municipalities	Per capita gain or loss					Average gain or loss of base*
		Less than \$-100	\$-100 to \$0	\$0 to \$40	\$40 to \$80	More than \$80		Less than \$-100	\$-100 to \$0	\$0 to \$40	\$40 to \$80	More than \$80	
Less than 5	56	5	21	12	10	8	56	10	15	9	9	13	\$-63
5-10	64	5	12	16	26	5	64	7	9	11	25	12	\$-14
10-15	41	2	3	15	17	4	41	2	4	8	18	9	\$ 67
15-20	21	1	2	8	7	3	21	2	2	2	12	3	\$ -5
More than 20	13	1	0	7	4	1	13	1	0	2	7	3	\$ 49
Total	195	14	38	58	64	21	195	22	30	32	71	40	

*Municipal populations were used as weights in calculating averages.

Source: Reschovsky and Knaff, "Tax Base Sharing; An Assessment of the Minnesota Experience", Journal of the American Institute of Planners, Oct. 1977

Table 1.0 shows the average gains and losses in cities with varying percents of population over 65 years of age. In both years, all municipalities with over 10 percent over 65 averaged as net gainers, while those with less became net losers. In 1975 they gained more than in 1974.

TABLE 10

Number of municipalities classified by percentage of population over 65 years of age and net gain or loss of base

1974							
% population over 65 years of age	# of municipalities	Per capita gain or loss					Average gain or loss of base*
		Less than \$-100	\$-100 to \$0	\$0 to \$40	\$40 to \$80	More than \$80	
Less than 2	15	1	6	3	2	3	\$-16
2-6	79	6	20	21	27	5	\$-25
6-10	66	4	10	19	25	8	\$-22
10-15	25	3	2	11	6	3	\$ 43
More than 15	10	0	0	4	4	2	\$ 26
Total	195	14	38	58	64	21	

1975							
# of municipalities	# of municipalities	Per capita gain or loss					Average gain or loss of base*
		Less than \$-100	\$-100 to \$0	\$0 to \$40	\$40 to \$80	More than \$80	
15	2	5	3	1	4	\$-25	
79	13	13	15	24	14	\$-54	
66	4	8	7	35	12	\$-29	
25	3	3	7	6	6	\$ 59	
10	0	1	0	5	4	\$ 73	
195	22	30	32	71	40		

* Municipal populations were used as weights in calculating averages.

So, the Act does distribute monies in favor of the poor and elderly, but it has not always been perfect in its allocation. This is due to the special cases examined earlier.

Some other information during these years also indicates trends in the distribution. In 1974, \$137 million, or 7 percent of the total commercial/industrial property values, was shared. By 1975 the figure grew to \$188 million, or 9 percent of the value. Of the 195 municipalities, 142 experienced net gains,

Source: Reschovsky and Knaff, "Tax Base Sharing; An Assessment of the Minnesota Experience", Journal of the American Institute of Planners, Oct. 1977

53 saw net losses. Figure 1 shows the locations of these communities. As expected, it is those communities on the urban fringe that, for the most part, are the net contributors.

In terms of meeting leapfrog zoning problems, Honey provides some qualitative analysis from independent survey data. Four of the survey's fifteen questions are significant.²⁵

1. Did the Fiscal Disparity Act reduce your municipality's incentives for attracting commercial or industrial land uses?

Gainers tended to answer, yes.
Losers tended to answer, yes.

2. Is your municipality more selective now, of the kinds of commerce or industry it solicits or approves?

Losers were more likely to answer, yes.

3. Has your municipality reduced the amount of land zoned, commercially or industrial?

Both groups predominantly answered, no.

4. Has the legislation made orderly growth more likely for your municipality?

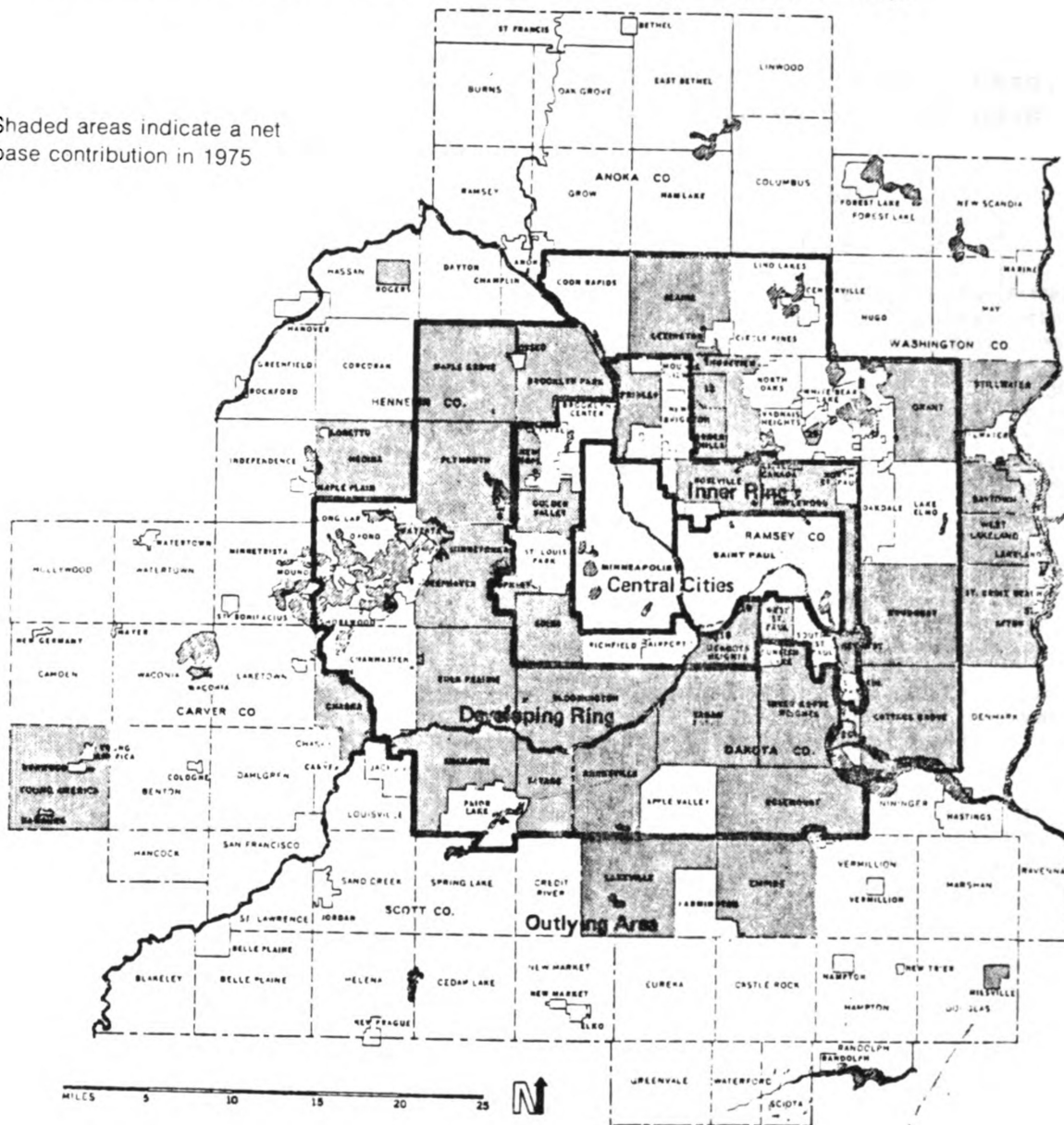
Generally gainers answered, no.
Losers had a split answer.

From these questions it appears that losers in the scheme have become more selective in development, while at the same time losing their ability to attract industrial land uses. Losers were also more likely to perceive the legislation as contributing to orderly growth. Plainly, communities losing in the scheme have

²⁵Honey, "Locational Equity, Land Use, and Minnesota's Fiscal Disparity Act"

FIGURE I
Net effects of tax base sharing on municipalities by development rings

Note: Shaded areas indicate a net base contribution in 1975



Source:Rechovsky and Knaff:"Tax Base Sharing: An Assessment of the Minnesota Experience"

become more restrictive in their development and are still likely to compensate for high land use development. Reschovsky and Knaff compiled the data in Table 11. This table shows that in both 1974 and 1975 communities with the highest fiscal capacity had been net contributors.

TABLE 11

Number of municipalities classified by size of fiscal base, per capita base contribution, and net gain or loss of base

1974								1975							
Fiscal capacity: per capita prop- erty tax base	# of municipalities	Per capita contributions					Average contribu- tions*	# of municipalities	Per capita contributions					Average contribu- tions*	
		Less than \$10	\$10 to \$40	\$40 to \$80	\$80 to \$150	More than \$150			Less than \$10	\$10 to \$40	\$40 to \$80	\$80 to \$150	More than \$150		
Less than \$5,000	9	3	3	2	1	0	\$ 21	9	4	2	2	0	1	\$ 30	
\$ 5,000-\$7,500	52	10	22	13	5	2	\$ 45	39	3	13	12	8	3	\$ 74	
\$ 7,500-\$10,000	58	9	19	14	9	7	\$ 55	58	8	17	12	13	8	\$ 52	
\$10,000-\$15,000	56	16	15	8	12	5	\$106	64	13	18	11	10	12	\$177	
More than \$15,000	20	10	5	2	0	3	\$161	25	12	4	3	2	4	\$223	
Totals	195	48	64	39	27	17		195	40	54	40	33	28		

1974								1975							
Fiscal capacity: per capita prop- erty tax base	# of municipalities	Per capita gain or loss					Average gain or loss of base*	# of municipalities	Per capita gain or loss					Average gain or loss of base*	
		Less than \$-100	\$-100 to \$0	\$0 to \$40	\$40 to \$80	More than \$80			Less than \$-100	\$-100 to \$0	\$0 to \$40	\$40 to \$80	More than \$80		
Less than \$5,000	9	0	0	1	0	8	\$ 187	9	0	0	1	0	8	\$ 238	
\$ 5,000-\$7,500	52	0	4	10	25	13	\$ 44	39	1	2	5	13	18	\$ 54	
\$ 7,500-\$10,000	58	6	14	17	21	0	\$ 14	58	7	9	11	18	13	\$ 46	
\$10,000-\$15,000	56	5	18	15	18	0	\$ -55	64	10	15	10	28	1	\$-106	
More than \$15,000	20	3	2	15	0	0	\$-127	25	4	4	5	12	0	\$-175	
Totals	195	14	38	58	64	21		195	22	30	32	71	40		

Source: Reschovsky and Knaff, "Tax Base Sharing; An Assessment of the Minnesota Experience"

Since losers are more likely to be communities with high fiscal capacities, tax base sharing may widen the gap between rich and poor by almost allowing the richer communities even greater control over incoming developments. Yet, the act has shown a propensity in redistribution towards the poor and elderly and has reduced overall competition for development allowing fiscally weaker communities to more effectively attract development.

Regional reorganization has been seen as an attempt to provide more equitable services within a metropolitan area. Support for regionalism was shown to be derived from two independent sources; funding inequalities or fiscal disparities, and Federal incentives, legislation and grant programs requiring regional organization.

The nature of these incentives is that there is no clear cut methodology to deal with them in a comprehensive manner. Fiscal disparities warrant both redistribution of tax monies and regional growth policies. Federal programs create regional organizations that may or may not deal with disparity issues, and do not necessarily coincide with the region created by disparities. Regional theorists are unable to agree upon a best method of solution in terms of both jurisdiction and administration. As a result, regional program alternatives have not been few. They range from the one-government approach to a continuation of the present system.

Minnesota dealt with the dualistic problem by developing the Metropolitan Council and a tax base formula. The Metropolitan Council is a piggyback organization for Federal and local programs that has both review and implementation power over many of the region's growth issues, while the tax base sharing formula was designed to alleviate fiscal disparities and fiscal competition. The tax base sharing scheme was shown to be somewhat effective in application.

Although some of the data presented in this paper is old, the status of metropolitan areas does not appear to have improved since the 1970 census. Conversely, slow growth, high inflation, and a tendency towards tax reforms in many states has made the provision of services even more difficult. Since Federal programs are being reduced across the board, communities are more likely to conform to regional requirements in their grant programs when fulfilling these requirements presents their proposals in a more positive light during the review process. Thus, regionalism is likely to continue as an alternative solution to metropolitan problems.

APPENDIX I
STATISTICAL TABLES

TABLE 4
Selected Metropolitan Population Characteristics, 72 Largest SMSA's, 1960-1970

Region and SMSA	Central City Population as Percent of Total SMSA		% Population Growth 1960-1970	
	1960	1970	Central City	Outside Central City
NORTHEAST	36.1%	30.6%	-6.6%	22.7%
Hartford, Conn.	23.5	19.3	-2.6	24.9
Wilmington, Del.	23.1	16.1	-16.1	31.5
Washington, D.C.	37.0	26.4	-2.0	61.8
Baltimore, Md.	52.1	43.7	-3.1	34.7
Boston, Mass.	22.4	19.0	-8.1	13.4
Springfield, Mass.	32.8	28.1	-6.1	17.0
Jersey City, N.J.	45.2	42.8	-5.6	4.2
Newark, N.J.	24.0	20.6	-5.6	14.8
Pat.-Cliff.-Pas., N.J.	23.6	20.8	1.0	18.6
Albany-Schen.-Troy, N.Y.	42.4	35.5	-8.4	22.8
Buffalo, N.Y.	40.8	34.3	-13.2	14.5
New York City, N.Y.	72.8	66.2	1.1	25.6
Rochester, N.Y.	43.5	33.6	-7.0	41.7
Syracuse, N.Y.	38.3	31.0	-8.7	26.2
Allentown-Beth.-Easton, Pa.	43.8	39.0	-1.5	19.7
Harrisburg, Pa.	21.4	16.6	-14.6	17.3
Philadelphia, Pa.	46.1	40.4	-2.7	-22.6
Pittsburgh, Pa.	25.1	21.7	-14.0	4.5
Providence, R.I.	26.9	23.3	-13.6	15.3
MIDWEST	50.2	44.9	-0.3	25.5
Chicago, Ill.	57.1	48.2	-5.2	34.3
Gary-Hammond-E. Chi., Ind.	60.6	52.1	-5.0	26.6
Indianapolis, Ind.	70.6	67.1	11.7	38.6
Wichita, Kansas	52.2	52.8	8.6	-11.1
Detroit, Michigan	44.4	36.0	-9.5	26.4
Flint, Michigan	47.3	38.9	-1.9	36.3
Grand Rapids, Michigan	38.4	45.0	11.5	20.0
Minneapolis-St. Paul, Minn.	53.7	41.0	-6.6	55.9
Kansas City, Mo.	43.5	40.4	6.7	21.0
St. Louis, Mo.	35.6	26.3	-17.1	26.5
Omaha, Neb.	65.9	64.3	15.2	23.3
Akron, Ohio	48.0	40.5	-5.2	26.2
Cincinnati, Ohio	36.6	32.7	-6.9	21.8
Cleveland, Ohio	45.9	36.4	-14.3	27.1
Columbus, Ohio	62.4	56.9	14.5	32.8
Dayton, Ohio	36.1	28.6	-7.1	30.6
Toledo, Ohio	50.4	55.4	20.7	-1.2
Youngstown-Warren, Ohio	44.5	37.9	-10.1	17.7
Milwaukee, Wisconsin	58.0	51.1	-3.3	-27.7
SOUTH	61.5	56.0	12.4	36.2
Birmingham, Ala.	47.3	40.7	-11.7	15.3
Mobile, Ala.	55.8	50.4	-6.3	16.2
Jacksonville, Fla.*	100.0	100.0	16.1	-100.0
Miami, Fla.	31.2	26.4	14.8	45.0
Tampa-St. Pete., Fla.	59.1	48.8	8.3	64.0
Atlanta, Ga.	47.9	36.7	2.0	68.6
Louisville, Ky.	53.9	43.7	-7.5	39.0
New Orleans, La.	66.2	56.7	-5.4	61.8
Greensboro-W.S.-H.P., N.C.	56.3	56.3	16.2	15.9
Oklahoma City, Okla.	63.4	57.2	13.0	46.3
Tulsa, Okla.	62.5	66.2	26.7	-7.6

Region and SMSA	Central City Population as Percent of Total SMSA		Percent Population Growth 1960-1970	
	1960	1970	Central City	Outside Central City
Knoxville, Tenn.	30.4	43.6	56.1	-11.9
Memphis, Tenn.	73.8	55.6	25.3	-17.2
Nashville-David., Tenn.	66.2	82.8	12.1	45.7
Dallas, Texas	60.7	64.3	24.2	61.8
Fort Worth, Texas	62.2	51.6	10.4	69.9
Houston, Texas	66.1	62.1	31.4	56.7
San Antonio, Texas	82.1	75.7	11.3	63.4
Norfolk-Port., Va.	72.7	61.6	-0.4	65.8
Richmond, Va.	50.4	48.2	13.5	24.3
WEST	45.1	40.5	24.3	46.6
Phoenix, Ariz.	66.2	60.1	32.4	72.0
Anaheim-S.A.-G.G., Cal.	41.0	31.4	64.4	134.4
Fresno, Cal.	36.6	40.2	23.9	6.5
Los Angeles-L.B., Cal.	46.8	45.1	12.5	20.0
Sacramento, Cal.	30.6	31.8	32.7	25.9
San Bernardino-R., O., Cal.	27.5	27.0	38.4	42.2
San Diego, Cal.	55.5	51.3	21.6	43.8
San Francisco-Oak., Cal.	41.8	34.6	-2.8	31.9
San Jose, Cal.	31.8	41.9	118.3	41.3
Denver, Colo.	53.1	41.9	4.2	63.7
Honolulu, Hawaii	58.8	51.6	10.4	47.6
Portland, Ore.	46.0	37.9	2.6	39.5
Salt Lake City, Utah	42.3	31.5	-7.2	47.8
Seattle-Everett, Wash.	54.0	41.1	-2.2	64.3
TOTAL (unweighted average)	48.4	46.0	4.5	32.4

Source: Sacks and Callahan "Central City Suburban Fiscal Disparity"

TABLE 6

Percent of Households with incomes under \$3000 and over \$10,000, 72 Largest SMSA's, 1970

Region and SMSA	under \$3000			over \$10,000		
	OC 16%	OOC 9%	OC-OOC ratio 177	OC 33%	OOC 46%	OC-OOC ratio 72
NORTHEAST						
Hartford, Conn.	11	5	220	37	52	71
Wilmington, Del.	22	11	200	21	35	60
Washington, D.C. -	12	7	171	44	49	90
Baltimore, Md. -	20	7	286	22	37	59
Boston, Mass. -	19	5	380	28	49	57
Springfield, Mass.	16	13	123	27	31	87
Jersey City, N.J.	14	13	108	32	38	84
Newark, N.J. -	10	5	200	35	55	62
Patterson-Cif.-Pas., N.J. -	14	7	200	35	55	63
Albany-Schen.-Troy, N.Y.	14	10	140	48	59	81
Buffalo, N.Y. -	17	9	189	30	47	64
New York City, N.Y. -	14	7	200	39	60	65
Rochester, N.Y. -	14	8	175	41	57	72
Syracuse, N.Y.	15	11	136	35	44	86
Allentown-Beth.-Easton, Pa.	14	11	127	35	44	80
Harrisburg, Pa.	18	10	180	31	41	76
Philadelphia, Pa. -	17	9	189	32	47	68
Pittsburgh, Pa. -	19	12	158	29	38	81
Providence, R.I. -	20	13	154	28	39	72
MIDWEST	16	10	166	35	46	76
Chicago, Ill. -	14	6	233	41	62	66
Gary-Hammond-E. Chi., Ind.	13	9	144	32	40	80
Indianapolis, Ind. -	13	12	108	41	39	105
Wichita, Kans.	15	12	125	31	31	100
Detroit, Mich. -	14	6	233	38	51	75
Flint, Mich.	14	11	127	37	37	100
Grand Rapids, Mich.	17	10	170	34	43	79
Minneapolis-St. Paul, Minn. -	15	6	250	38	57	67
Kansas City, Mo. -	20	10	200	30	46	65
St. Louis, Mo. -	22	11	200	24	44	55
Omaha, Neb.	13	11	118	42	44	95
Akron, Ohio	14	10	140	37	44	84
Cincinnati, Ohio -	21	11	191	29	43	67
Cleveland, Ohio -	17	7	243	30	55	54
Columbus, Ohio -	16	10	160	33	47	64
Dayton, Ohio -	16	10	160	37	47	79
Toledo, Ohio	17	12	143	37	40	83
Youngstown-Warren, Ohio	16	10	160	30	38	83
Milwaukee, Wisc. -	13	7	186	35	55	65
SOUTH	21	18	117	28	32	88
Birmingham, Ala.	25	23	109	22	24	92
Mobile, Ala.	20	23	87	31	20	155
Jacksonville, Fla.	17	0	0	31	0	0
Miami, Fla. -	25	16	156	22	36	61
Tampa-St. Pete., Fla. -	26	22	118	33	11	300
Atlanta, Ga. -	18	10	180	34	48	70
Louisville, Ky. -	20	10	200	28	43	65
New Orleans, La. -	22	13	169	28	41	68
Greensboro-W.S.-H.P., N.C.	15	14	107	39	46	85
Oklahoma City, Okla.	20	15	133	28	30	93
Tulsa, Okla.	18	23	78	32	22	145
Knoxville, Tenn.	27	19	142	19	28	68
Memphis, Tenn.	20	26	77	31	25	119

Region and SMSA	under \$3000			over \$10,000		
	CC	OCC	ratio	CC	OCC	ratio
Nashville-David., Tenn.	20	28	71	29	19	153
Dallas, Texas —	15	15	100	40	30	103
Fort Worth, Texas	19	11	173	32	38	84
Houston, Texas —	16	16	100	30	30	100
San Antonio, Texas —	20	18	111	26	33	79
Norfolk-Port., Va.	26	18	144	23	29	79
Richmond, Va.	22	9	244	25	41	61
WEST	15	12	125	38	40	96
Phoenix, Ariz.	16	17	94	38	33	115
Anaheim-S.A.-G.G., Cal	11	11	100	47	46	102
Fresno, Cal.	20	19	105	32	29	82
Los Angeles, L.B., Cal. —	18	12	150	38	46	121
Sacramento, Cal.	18	11	164	38	38	100
San Bernardino-R., O., Cal. —	16	18	89	37	29	128
San Diego, Cal. —	17	14	121	34	35	97
San Francisco-Oak., Cal.	19	14	136	34	49	69
San Jose, Cal.	12	9	133	49	50	83
Denver, Colo. —	18	10	180	32	40	80
Honolulu, Hawaii	10	6	167	52	51	101
Portland, Ore. —	21	14	150	31	38	82
Salt Lake City, Utah	19	9	211	31	38	82
Seattle-Everett, Wash. —	18	10	180	36	31	116
TOTAL (unweighted average)	17	12	142	33	41	80

Source; Sacks and Callahan, "Central City Suburban Fiscal Disparity"

APPENDIX II
THE TAX BASE SHARING FORMULA

The following simple example will illustrate how a tax base sharing program works. The formulas are patterned after the procedures used in the seven-county Minneapolis-St. Paul area.

Three communities are participating in the program. Community I is an older central city. Community II is a fairly well developed suburb with a diversity of land uses. Community III is a developing suburb with little commercial or industrial tax base. The base year of the program is 1975 and the calculations are for 1976.

Tables 1 through 3 show the calculations of the areawide tax pool and the allocation of the pool among the three communities. Community II is the net loser, having a 1976 tax base \$800,000 lower than its 1976 state equalized valuation (SEV). Communities I and III gained \$200,000 and \$600,000 of tax resources respectively.

After the 1976 tax base is determined, tax rates to raise the amount of revenue each local unit needs must be determined. For this example, it is assumed that the revenue requirements for all municipal and school functions are as follows:

<u>COMMUNITY</u>	<u>REVENUES</u>
I	\$45 Million
II	\$12 Million
III	<u>\$ 4 Million</u>
TOTAL	\$61 Million

These revenue requirements are based upon each community's budget decisions, not on areawide determination. Tables 4 and 5 demonstrate how the tax rates for each community are determined. All taxable properties in each community excluding commercial and

industrial parcels would be taxed at the local millage rates shown in the first part of Table 5. Commercial and industrial properties would be taxed at two rates. A portion would be taxed at the local rate, the remainder at the areawide rate as shown in the second part of Table 5.

Source: "Tax Base Sharing: Spreading the Financial Benefits of New Development", A Report by the Tri-county Regional Planning Commission

Table 1

Calculation of Areawide Pool

	C O M M U N I T Y			
	I	II	III	Total
Population				
1975	134,000	28,000	15,000	177,000
1976	134,500	29,000	16,500	180,000
Total SEV (millions)				
1975	\$695	\$165	\$68	\$928
1976	730	175	70	975
Per Capita SEV				
1975	\$5,187	\$5,893	\$4,533	\$5,243
1976	5,428	6,034	4,243	5,417
Comm-Ind SEV (millions)				
1975	313	66	22	401
1976	328	71	23	422
Change 75-76	15	5	1	21
40% of Change*	6	2	.4	8.4

*This total is the areawide tax pool.

Table 2

Allocation of Areawide Pool

Community	1976	1976	1976	Index*	% Allocated	Areawide Tax Base (Millions)	Allocated Tax Base (Millions)
	Population	Avg. Per Capita SEV	Unit's Per Capita SEV		From Areawide Pool**		
I	134,500	\$5,417	\$5,428	268,455	.74025	\$ 8.4	\$ 6.2
II	29,000	5,417	6,034	52,069	.14358	8.4	1.2
III	<u>16,500</u>	5,417	4,243	<u>42,131</u>	<u>.11617</u>	8.4	<u>1.0</u>
Total	180,000			362,655	1.00000		\$ 8.4

*Index=Pop. x Avg. Per Capita SEV/Unit's Per Capita SEV x 2
 **% Allocated=Unit's Index/Sum of Indices

Table 3

Calculation of 1976 Tax Base

Community	1976		Contribution To		Allocation From		1976		Change 1976 SEV & Base (Millions)
	SEV	(Millions)	Areawide Pool	(Millions)	Areawide Pool	(Millions)	Tax Base*	(Millions)	
I	\$730		\$ 6		\$6.2		\$730.2		+0.2
II	175		2		1.2		174.2		-0.8
III	<u>70</u>		<u>.4</u>		<u>1.0</u>		<u>70.6</u>		<u>+0.6</u>
Total	\$975		\$8.4		\$8.4		\$975		0

*1976 SEV - Contribution + Allocation

Table 4

Total Levy (Millions)	Areawide Allocation ÷ Tax Base	Areawide Levy*	Local Levy**
		(Millions)	(Millions)

Community

I	\$45	.00849	44.61792
II	12	.00689	11.91732
III	<u>4</u>	.01416	<u>3.94336</u>
Total	\$61	.52140	60.47860

$$\frac{\text{Total Levy} \times (\text{Areawide Allocation/Tax Base})}{\text{Total Levy} - \text{Areawide Levy}}$$

Table 5 Calculation of Tax Rates

1. Local Tax Rate on Non-Commercial Industrial Properties

Local Levy (Millions)	Local Tax Base (Millions)	Levy/ Base	Local Millage Rate
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Community

I	44.61792	724	.06163	61.63
II	11.91732	173	.06889	68.89
III	<u>3.94336</u>	<u>69.6</u>	.05666	56.66
Total	60.47860	966.6		

2. Tax Rates on Commercial - Industrial Properties

Contribution To Areawide Pool (Millions)	1976 Comm-Ind SEV (Millions)	Contribution As % Comm-Ind SEV (Millions)	Areawide Levy (Millions)	Area- wide Pool	Levy/ Pool	Areawide Mllage Rate
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Community

I	6	328	1.829	.38208	-	-
II	2	71	2.817	.08268	-	-
III	<u>.4</u>	<u>23</u>	1.739	<u>.05664</u>	-	-
Total	8.4	422		.52140	<u>8.4</u>	<u>.06207</u>
						62.07

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