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

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

Fifth Annual Report

January 31, 1964 Washington D.C.
ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
(Memberhip during 1963 and as of December 31, 1963)

Private Citizens:
  Frank Bane, Virginia, Chairman
  Don Hummel, Arizona, Vice Chairman
  Howard R. Bowen, Iowa

Members from United States Senate:
  Sam J. Ervin, Jr., North Carolina
  Karl E. Mundt, South Dakota
  Edmund S. Muskie, Maine

Members from United States House of Representatives:
  Florence P. Dwyer, New Jersey
  L. H. Fountain, North Carolina
  Eugene J. Keogh, New York

Executive Branch, Federal Government:
  Anthony J. Celebrezze, Ohio, Secretary of Health, Education, and Welfare
  C. Douglas Dillon, New Jersey, Secretary of the Treasury
  Robert C. Weaver, New York, Administrator, Housing and Home Finance Agency

Governors:
  John Anderson, Jr., Kansas
  Carl E. Sanders, Georgia
  Terry Sanford, North Carolina
  Robert E. Smylie, Idaho

Mayors:
  Richard Y. Batterton, Denver, Colorado; succeeded by
    Arthur L. Selland, Fresno, California
  Neal S. Blaisdell, Honolulu, Hawaii
  Arthur Naftalin, Minneapolis, Minnesota
  Raymond R. Tucker, St. Louis, Missouri

Members from State Legislative Bodies:
  Harry King Lowman, Representative, Kentucky
  Graham S. Newell, Senator, Vermont
  John E. Powers, Senator, Massachusetts

Elected County Officials:
  Edward Connor, Wayne County, Michigan
  Clair Donnenwirth, Plumas County, California
  Barbara A. Wilcox, Washington County, Oregon

1/ Resigned from the Commission November 1963
2/ Deceased December 1963
3/ Term expires January 1964
ADVISORY COMMISSION
ON
INTERGOVERNMENTAL
RELATIONS

FIFTH ANNUAL REPORT

JANUARY 31, 1964

WASHINGTON, D. C.

M-22
STAFF
(As of December 31, 1963)

Wm. G. Colman, Executive Director
   Elizabeth C. Green, Administrative Assistant
   Ann C. Mooers, Secretary
   Francis X. Tippett, Statistical Assistant
   Joan E. Lief, Librarian
   Joseph O. Mott, Clerk-Typist
   Dorothy K. Stackhouse, Typist

L. Laszlo Ecker-Racz, Assistant Director (Taxation and Finance)
   Selma J. Mushkin, Senior Analyst
   Jacob M. Jaffe, Senior Analyst
   Robert K. Kinsey, Analyst
   Kathleen Y. Orringer, Secretary
   Verlie Peters, Stenographer
   Lois L. Blaxton, Typist

Norman Beckman, Assistant Director (Metropolitan Areas)
   Albert J. Richter, Senior Analyst
   Bruce D. McDowell, Analyst
   Frances D. Buckler, Secretary
   Nancy B. Boyles, Stenographer

Melvin W. Sneed, Assistant Director (Governmental Structure and Functions)
   Stuart Urbach, Senior Analyst
   William P. Maxam, Analyst
   Esther Fried, Secretary
   Joanne Trundle, Stenographer
CONSULTANTS

William Anderson, Professor Emeritus of Political Science,
University of Minnesota
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The State University
Frederick L. Bird, Financial Consultant, Newtown, Connecticut
Charles F. Conlon, Executive Director, Federation of Tax
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Columbus, Ohio
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University
Morton Grodzins, Professor of Political Science, University
of Chicago
Frank C. Moore, Chairman, Advisory Board of the Office for
Local Government, State of New York
C. H. Morrissett, State Tax Commissioner, Commonwealth of
Virginia
Roy H. Owsley, former Consultant to the City of Louisville,
Kentucky
Mark Perlman, Professor of Economics, University of Pittsburgh
James K. Pollock, Murfin Professor of Political Science, University
of Michigan and former Vice Chairman of the Commission
Ralph E. Rechel, Transportation Consultant, Washington, D. C.
H. Clyde Reeves, Vice President, University of Alabama and former
Commissioner of Revenue, Commonwealth of Kentucky
Carl Shoup, Professor of Economics, Columbia University
Ronald B. Welch, Assistant Executive Secretary, Property Taxes,
State Board of Equalization, Sacramento, California
Ray W. Wilson, former City Manager, Phoenix, Arizona
Reuben A. Zubrow, Professor of Economics, University of Colorado
January 31, 1964

Dear Mr. President:

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

Respectfully submitted,

[Signature]
Frank Bane
Chairman

The President,
The White House
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Appendix A--Actual and Estimated Obligations, Fiscal Years 1963, 1964, and 1965
I. SOME HIGHLIGHTS IN FEDERAL-STATE-LOCAL RELATIONS IN 1963

Following is a summary of some of the more significant developments affecting relationships among Federal, State, and local governments during the past year.

Civil Rights

The major intergovernmental issue confronting the Nation during 1963 was that of civil rights. Depending upon the way the general civil rights issue is considered, the relative roles of National, State, and local governments can be termed either the major--or an incidental and subsidiary--question.

In any event, a number of intergovernmental questions have been involved--e.g., the constitutionality of State "trespass" laws by business establishments desiring to choose and restrict their clientele; the constitutionality of State "public accommodation" statutes in terms of their effect upon private property; the use of literacy and other tests in adjudging qualifications for voters for national office; and the question of integrated or segregated facilities financed in part by Federal grant-in-aid funds.

Legislative Apportionment

Repercussions from the decision of the U. S. Supreme Court in Baker v. Carr in April 1962 were wide and rapid. Litigation with regard to the apportionment of State legislatures was initiated in State or Federal courts or both in approximately 40 States. A considerable number of State legislatures passed reapportionment acts, and several major questions are pending before the U. S. Supreme Court. These include, primarily, the question of the extent to which factors other than population may be employed in apportioning seats in one or both houses of a State legislature without running counter to the "equal protection" clause of the 14th Amendment. Significant additional and related issues have been catalyzed by the Supreme Court decision in Baker v. Carr.

The extent to which the equal protection clause of the 14th Amendment applies to actions of State legislatures in establishing boundaries of Congressional districts is pending before the Supreme Court in the case of Wesberry v. Sanders. On the one hand, it is argued that the "equal protection" concept is just as valid with regard to voting for representatives to Congress as for State legislatures. On the other hand, it is argued that the 14th Amendment constitutes a restriction upon the manner in which States regulate their internal affairs and does not apply to a function upon which the Congress, if it chose, could legislate explicitly. The Constitution leaves the matter of
Congressional districting up to the Congress. (Article 1, Sec. 4 of the Constitution states "the times, places, and manner of holding elections for Senators and Representatives shall be prescribed in each State by the legislature thereof, but the Congress may at any time by law make or alter such regulation...")

The manner in which seats on city councils and county boards of supervisors are apportioned has also been challenged in a number of States subsequent to Baker v. Carr. In a few instances, mostly pursuant to decisions of State courts, the apportioning of such legislative bodies has been altered in order to correct "invidious discrimination."

**Federal Grants-in-Aid**

The first session of the 88th Congress enacted the following new major Federal grant programs: (1) assistance for facility construction at schools of medicine, dentistry, and other health professions (P.L. 88-129); (2) assistance in the construction of community mental health facilities (P.L. 88-164); (3) expanded assistance in the prevention and treatment of mental retardation in children (P.L. 88-164); (4) expanded assistance to the States for the conduct of vocational education (P.L. 88-210); (5) assistance in the construction of college and university buildings (P.L. 88-204); and (6) assistance in combating air pollution (P.L. 88-206).

Four trends are discernable in this new Federal grant-in-aid legislation: (a) recognition of variations in State fiscal capacities in the distribution of grant funds; (b) an increasing emphasis on "project grants"; (c) provision by the Congress of safeguards against possible arbitrary exercise of administrative powers by Federal agencies in the administration of grant-in-aid programs by providing in the statute for judicial review of administrative actions taken; and (d) increasing sentiment in favor of a periodic five-year review of grants-in-aid—a proposal originated by the Advisory Commission in 1961.

**State Government Concern with Urban Problems**

In 1963, all of the 50 States were in legislative session at one time or another—most of them in "regular" session. The volume of legislation enacted and the degree of legislative attention directed to problems of the large urban areas exceeded that of any comparable period in the past. A wide range of legislation was enacted, designed to provide State assistance, to facilitate local efforts, and otherwise to demonstrate the concern of the State government with both existing and emerging problems of the metropolitan areas. State legislative action was especially noteworthy in liberalizing annexation laws, extending
general authority for interjurisdictional contracting and joint enter-
prises, providing standards for and generally regulating the creation
of new municipal incorporations and in providing financial aid and
regulatory authority to meet urban water and sewage needs. Although
reapportionment agitation and public criticism of legislatures for
previous inattention to these problems may have been responsible to
some extent, it would appear that the primary factor was in the growth
of the problems themselves and the pleas of local government officials
for State action.

State Taxation of Interstate Commerce

The House Judiciary Committee made further progress in its study
of the jurisdiction of the States over the taxation of income derived
from and sales involved in interstate commerce. During the year the
Committee circulated to a wide range of businesses a comprehensive
questionnaire to probe in depth the scope and magnitude of the problem.
The time limit for the Committee's report to the Congress was extended
by an additional year to the first session of the 89th Congress.
II. CHANGES IN COMMISSION MEMBERSHIP AND STAFF

During 1963 the following changes occurred in Commission membership:

Arthur Selland, Mayor of Fresno, California, was killed in an automobile accident in December. He was an able member of the Commission and will be sorely missed. One of the consultants to the Commission--Ted G. Driscoll, former Director of the Washington Office of the Council of State Governments--passed away in October.

Senators Ervin, Muskie, and Mundt were reappointed to new terms by the Vice President, and Congressman Fountain, Congresswoman Dwyer, and Congressman Keogh were reappointed to new terms by the Speaker of the House. Governor Carl E. Sanders of Georgia was appointed to the place formerly occupied by Governor DiSalle of Ohio; Governor Terry Sanford of North Carolina, who was appointed to the place formerly occupied by Governor Hollings of South Carolina, resigned in November 1963. Harry King Lowman, Speaker of the House of Representatives in Kentucky, was appointed to the place formerly occupied by Robert B. Duncan, Speaker of the House in the Oregon Legislature, who was elected to the Congress in 1962. Speaker Lowman's term on the Commission will expire concurrently with the expiration of his term in the Kentucky Legislature in early January 1964. The term of Richard Batterton as Mayor of Denver expired in July and he was replaced on the Commission by the late Arthur Selland. The current membership of the Commission is presented on the inside front cover.

During the year, Governor Anderson of Kansas, a member of the Commission, was elected Chairman of the Governors' Conference and Mayor Selland had been elected President of the U. S. Conference of Mayors. Upon his death, he was succeeded in this position by Mayor Tucker of St. Louis, also a member of the Commission.

The following changes occurred in the professional staff of the Commission: (1) Miss Selma Mushkin rejoined the Commission staff following a year's leave of absence during which time she served on the staff of the Organization for Economic Cooperation and Development in Paris; (2) Mrs. Sally Shames resigned to accept a position at George Washington University and was succeeded by Mr. Bruce McDowell who came to the Commission from the staff of the Maryland National Capital Park and Planning Commission.

The complete staff of the Commission, including consultants, is shown on pp. ii and iii.
III. APPROPRIATIONS AND BUDGET

For the period July 1, 1962 through June 30, 1963, the Commission operated on an appropriation of $375,000. For the fiscal year ending June 30, 1964, $385,000 was requested and appropriated by the Congress. The increase over the preceding year was necessitated by the Federal pay increase act of 1962.

The breakdown, by object of expenditure, of the Commission's budget for FY 1964 is as follows:

<table>
<thead>
<tr>
<th>Object of Expenditure</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel compensation</td>
<td>$272,000</td>
</tr>
<tr>
<td>Personnel benefits</td>
<td>20,000</td>
</tr>
<tr>
<td>Travel and transportation of persons</td>
<td>27,000</td>
</tr>
<tr>
<td>Transportation of things</td>
<td>1,000</td>
</tr>
<tr>
<td>Rent and utilities</td>
<td>1,000</td>
</tr>
<tr>
<td>Communications</td>
<td>5,000</td>
</tr>
<tr>
<td>Printing and reproduction</td>
<td>30,000</td>
</tr>
<tr>
<td>Other services</td>
<td>22,000</td>
</tr>
<tr>
<td>Supplies and materials</td>
<td>6,000</td>
</tr>
<tr>
<td>Equipment</td>
<td>1,000</td>
</tr>
</tbody>
</table>

Total obligations $385,000

Actual and estimated obligations by specific objects of expenditure for the fiscal years, 1963, 1964, and 1965 are shown in Appendix A.

Toward the end of the year, the Commission was requested by the Executive Branch of the Federal Government to undertake projections of State and local government expenditures over the next decade, as a part of an overall study being undertaken within the Executive Branch of projected rates of growth of the national economy as a whole. Twenty-five thousand dollars was transferred to the Commission in December 1963, to which the work involved in this project will be charged.
IV. PROGRESS IN IMPLEMENTING PREVIOUS RECOMMENDATIONS OF THE COMMISSION

Since it exists as a continuing, rather than a temporary body, the Commission is able to approach its work selectively and to consider problems in depth. It feels no compulsion to cover the whole subject of intergovernmental relations within a fixed span of time. The Commission recognizes that its own value and place in the federal system will be determined by its ability to make constructive contributions. It cannot expect continuance and support over an indefinite period unless its actions produce significant improvement in relationships among Federal, State, and local agencies of government. Therefore, the Commission considers the function of implementation just as important as the research and study function and devotes a significant share of its energies to stimulating and encouraging the adoption of its recommendations at National, State, and local levels of government.

Following is a summary of developments at the different levels of government during the period covered by this report with respect to recommendations submitted by the Commission.

A. National Government

1. Financial support on a continuing basis to metropolitan area planning agencies.

   In its report--Governmental Structure, Organization, and Planning in Metropolitan Areas--the Commission expressed the view that Federal grants to metropolitan planning agencies under Section 701 of the Housing Act would be more effective if provided on a continuing, rather than a project basis. Bills were introduced in the second session of the 87th Congress to carry out that recommendation (S. 7362 and H. R. 11795). Subsequently, the Housing and Home Finance Agency determined that continuity of financial support of the kind recommended by the Commission could be provided under existing legislation. As a result, the Commissioner of the Urban Renewal Administration, in a directive dated August 23, 1963, authorized the use of Section 701 funds by metropolitan or regional planning agencies on a continuing, as well as a project basis.

2. Review by a metropolitan planning agency of applications for certain Federal grants-in-aid within the area.

   In its report, Governmental Structure, Organization, and Planning in Metropolitan Areas, the Commission recommended that the coordination of Federal programs providing financial assistance for physical facilities within metropolitan areas be improved. Specifically, it recommended that certain Federal grants-in-aid--i.e. highway, public
housing and hospital construction, waste treatment works and urban
renewal projects--be reviewed and commented upon by an areawide plan-
ing agency prior to final consideration by the Federal agency concerned.
The Commission expressed the view that as a minimum this requirement
would assure an improved interchange of information with regard to
federally financed physical facilities within metropolitan areas and
desirably would strengthen public works planning in the metropolitan
areas with consequent economies in expenditures of Federal, State, and
local funds.

Bills to carry out this recommendation were introduced in
the second session of the 87th Congress (S. 3363 and H. R. 11799), but
no action was taken. They were reintroduced in the first session of
the 88th Congress as S. 855 (Muskie, D., Me.), H. R. 1910 (Dwyer, R.,
N. J.) and H. R. 2168 (Rains, D., Ala.).

The Senate Subcommittee held hearings on S. 855 in May
1963. In November 1963, the Subcommittee agreed to report the bill
favorably with some amendments to the full Senate Committee on Govern-
ment Operations.

3. Coordination of State and Federal inheritance, estate,
and gift taxes.

To carry out the recommendations made in the Commission's
report, Coordination of State and Federal Inheritance, Estate and Gift
Taxes, the following bills were introduced in the first session of the
88th Congress: H. R. 5039 (Keogh, D., N. Y.), H. R. 6206 (Fountain, D.,
N. C.), H. R. 6207 (Dwyer, R., N. J.). These bills are still pending
before the House Ways and Means Committee. The Commission's recommenda-
tion that the estate tax credit be revised has been endorsed by the
Governors' Conference, National Association of Counties, American Munici-
pal Association, National Legislative Conference, National Association
of Attorneys General, Executive Committee of the National Conference of
State Legislative Leaders, and National Association of State Auditors,
Comptrollers, and Treasurers.

4. Modification of Federal grants-in-aid for public health
services.

To carry out the Commission's recommendation for increased
flexibility at the State level in the handling of certain public health
grants-in-aid and to provide for a uniform apportionment and matching
formula for such grants, the following bills were introduced in the
first session of the 88th Congress: H. R. 2487 (Dwyer, R., N. J.),
H. R. 6195 (Fountain, D., N. C.), S. 1051 (Muskie, D., Me. and cosponsors,
Bartlett, D., Alaska; Ervin, D., N. C.; McCarthy, D., Minn.; McGee, D.,
Wyoming; Moss, D., Utah; Mundt, R., S. D.; Nelson, D., Wisc.; Pearson, R.,
Kansas; Prouty, R., Vt.; Randolph, D., W. Va.; Tower, R., Texas; Williams, D., N. J.). These bills are still pending before the House Committee on Interstate and Foreign Commerce and the Senate Committee on Labor and Public Welfare.

The Commission's proposal has been endorsed by the Governors' Conference; Executive Committee of the National Conference of State Legislative Leaders; National Association of State Budget Officers; Midwestern Regional Conference of the Council of State Governments; National Association of Counties; American Municipal Association; National Legislative Conference of the Council of State Governments; and National Association of Attorneys General.

5. State and local taxation of privately owned property located on Federal areas.

The Commission issued a report on this subject in 1961 and recommended that Federal agencies be authorized to retrocede existing Federal legislative jurisdiction to State governments with respect to various Federal lands and properties. The Commission endorsed also a legislative proposal along these lines which had been developed earlier by an interdepartmental committee of the Federal Government in cooperation with the Council of State Governments.

Legislation to carry out this proposal is embodied in S. 815 (McClellan, D., Ark.) and companion bills, H. R. 4068 (Schwengel, R., Iowa) and H. R. 4433 (Dawson, D., Ill.).

This legislation was first introduced during the Eisenhower Administration and has been strongly supported by the present Administration. The Council of State Governments, American Municipal Association, National Association of Counties, and National Association of Attorneys General have all taken positions in support of the pending legislation.

6. Intergovernmental responsibilities for water supply and sewage disposal in metropolitan areas.

In 1962 the Commission issued a report on this subject and recommended that the Federal Water Pollution Control Act be amended (a) to increase the ceiling for sewage treatment grants for a single project from $600,000 to $1 million; (b) to authorize a ceiling of $4 million instead of the $2,400,000 for combined sewage treatment projects serving several communities; and (c) to authorize a 10 percent Federal financial incentive for those treatment works consistent with a comprehensive areawide plan for urban development. Legislation to carry out these proposals are embodied in S. 649 (Muskie, D., Me.; Bayh, D., Ind.; Clark, D., Pa.; Douglas, D., Ill.; Engle, D., Cal.;
Legislation to carry out the Commission's recommendations for amending the Public Facility Loan Program (a) to remove population ceilings and permit joint action by communities in meeting water and sewer needs, (b) to tighten eligibility requirements for use of wells and septic tanks under the FHA mortgage insurance program, and (c) to provide insurance for site preparation and development costs of water and sewer lines and systems has been embodied in H. R. 9080 (Dwyer, R., N. J.).

The Commission also recommended that the President direct the appropriate Federal departments and agencies to evaluate present enforcement powers and financial incentives to control industrial pollution in order to determine how their effectiveness may be improved through changes in procedures, policy or statutory revision, and the roles of State and local governments in such a program. In response to this recommendation, the Public Health Service of the Department of Health, Education, and Welfare contracted with the Institute of Public Administration to evaluate possible measures for providing financial and other appropriate incentives to encourage industrial pollution abatement, including the appropriate roles for Federal, State, and local governments. The report of the Institute is expected early in 1964.

B. State and Local Government

During 1962 and 1963 the Commission distributed widely to State and local officials a variety of recommendations for State legislative action designed to improve State-local and interlocal relations. These legislative proposals of the Commission were in the form of draft bills, developed pursuant to policy recommendations adopted by the Commission in its several reports.

For the most part the draft bills developed by the Commission have met with the approval of the Committee of State Officials on Suggested State Legislation of the Council of State Governments and have been included in the annual Programs of Suggested State Legislation
transmitted by the Council to the Governors and legislative bodies of the several States. In the following summary of 1963 enactments relative to the recommendations of the Commission, an effort is made to identify the legislation which incorporated either substantially all or a significant part of the draft language proposed by the Commission.

1. Permissive authority for interlocal cooperation and other local government action to meet local problems--particularly those in metropolitan areas.

(a) Legislation authorizing local units of government to contract with one another for the performance of governmental functions was enacted by the legislatures of nine States--Idaho, Maine, Nebraska, New Hampshire, North Dakota, and Vermont. In addition, previously existing authority for such cooperation was significantly broadened in New York, Oregon, and West Virginia. Of the foregoing enactments, those of Idaho, Maine, and Nebraska contained most, or the significant portion of the language of the draft bills developed by the Commission.

(b) Legislation to authorize the formal transfer of functions from cities to counties or vice versa was enacted in Idaho and Tennessee. The Idaho act followed rather closely the draft bill of the Commission.

(c) Authorization for the creation of planning commissions in metropolitan areas was enacted in six States--Hawaii, Iowa, Maryland, Nebraska, North Dakota, and Oklahoma.

(d) Authorization to local units of government in metropolitan areas to establish metropolitan area charter commissions was enacted in Oregon. The Oregon enactment followed rather closely the policy recommendations of the Commission contained in its report, *Governmental Structure, Organization, and Planning in Metropolitan Areas*.

(e) Optional forms of municipal or county government were authorized by the States of Hawaii, Massachusetts, New Hampshire, New Mexico, New York, Vermont, and Washington. The enactments in New Mexico and Massachusetts were in the form of constitutional amendments and further action must be taken before they become effective.

(f) The Commission's recommendation that local governments be provided with "residual powers"--namely all powers not prohibited or reserved by the State--was acted upon in two States. Iowa legislation providing for municipal home rule carried the provision that local powers should be liberally construed by the courts. The Massachusetts enactment followed very closely the language which had been proposed by the
Commission and was in the form of a constitutional amendment which must be approved by a successive session of the legislature before submission to the people for approval.

(g) Legislation authorizing local governments to cooperate in the collection of local taxes was enacted in California and Michigan.

(h) Authorization to exercise planning, zoning, and subdivision regulation over fringe areas lying outside municipal corporate limits was enacted in Hawaii, Iowa, Montana, New Mexico, North Carolina, Texas, and Nebraska. 1/

(i) In its 1961 report, the Commission recommended that States liberalize their laws with regard to annexation by municipalities of unincorporated territory. 2/ Seven States—Missouri, Nevada, Nebraska, South Carolina, California, and Wyoming—liberalized their provisions in this regard. One State—Texas—which for years has had the most unrestricted annexation laws of any State tightened up its standards in several respects.

2. Imposition of stricter standards for municipal incorporations.

As pointed out in a report of 1961, many of the so-called metropolitan problems deriving from a multiplicity of local governments in metropolitan areas have as their root the ease with which new municipal incorporations are formed. The Commission recommended that State governments impose considerably stricter standards on the formation of municipalities. The 1963 sessions of nine States took action in this regard, five of them adopting in part language proposed in the Commission's draft bill on this subject—California, Georgia, Kansas, New Mexico, and Washington. Nevada, Ohio, and Texas also strengthened State standards with regard to municipal incorporations.

3. Establishment of a State office of local affairs.

In a 1961 report, the Commission recommended the establishment of a State office to maintain continuing attention, assistance, and review with regard to problems of local governments, particularly those in the large metropolitan areas. 3/ In 1963 such State offices were

1/ As recommended by the Commission in its report, Alternative Approaches to Governmental Reorganization in Metropolitan Areas.
2/ Governmental Structure, Organization, and Planning in Metropolitan Areas.
3/ Ibid.
created in Tennessee and Washington. The statutory language used in these two States followed in many respects the provisions of the Commission's draft bill.

4. **Investment of idle cash balances.**

Existing authority of local governments to invest idle funds so as to earn interest on such funds in lieu of keeping them on demand deposit was significantly broadened in Montana and Oklahoma. New legislation authorizing such investment was enacted following a protracted legislative struggle in Iowa. It follows to some extent the draft language recommended by the Commission. The Treasury Department, in cooperation with Commission staff, developed and printed a brochure describing the Federal securities available for investment of short-term cash balances of local and State governments, which has been distributed in quantity to State and local officials.

5. **State government action to acquire and preserve "open space."**

Legislation designed to facilitate the acquisition of "open space" in and around metropolitan areas was enacted in Florida, North Carolina, New Hampshire, and Connecticut and expanded in New York.

6. **State financial and technical assistance to urban areas for mass transportation.**

Nine States enacted legislation demonstrating concern by the State government with the problem of mass transportation in metropolitan areas: Florida, Iowa, Maine, Michigan, Minnesota, New Hampshire, Ohio, Pennsylvania, and Tennessee.

* * *

In summary, recommendations and draft legislation developed by the Commission for the improvement of State-local relations over the country received moderate attention and met with appreciable success in the 1963 State legislative sessions. About 15 to 20 legislative enactments in 12 States appear to be directly attributable in whole or in part to the proposals of the Commission. Indirectly, effects which policy recommendations of the Commission may have had upon State legislation in a considerable number of additional States are impossible to measure. However, the Commission has been encouraged by the increasing demand for its reports which come from State legislative committees, legislative research agencies, and various agencies in the executive branches of State government.
In addition, the activities of the Commission receive wide coverage in the publications of State leagues of municipalities and leagues of counties, as well as in publications of national organizations of State and local government such as the Council of State Governments, the American Municipal Association, the U. S. Conference of Mayors, the National Association of Counties, and the National Association of Tax Administrators.
V. NEW REPORTS AND RECOMMENDATIONS ADOPTED BY THE COMMISSION DURING THE YEAR

A. Transferability of Public Employee Retirement Credits Among Units of Government

1. Background

In its study of this subject, the Commission concluded that State and local governments should take the initiative in consolidating and coordinating the numbers of public employee retirement systems now in existence--with a view to enhancing the mobility of public employees from one unit of government to another. The Commission found that more than two-thirds of the 2,200 State and local systems have a membership of less than 100.

2. Recommendations

At its 13th meeting in March 1963, the Commission considered a comprehensive report on this subject, including the following recommendations:

a. Public employees of all units of government should be provided coverage by a staff retirement system;

b. States, in which numerous small public employee retirement systems operate, should examine the situation and provide the necessary leadership for merging these systems where feasible;

c. States which do not now have an intrastate reciprocal retirement law should enact such legislation in order to provide for a considerable measure of preservation and continuity of retirement credits for public employees who transfer employment between covered units of government within the State;

d. The employee's benefits should be vested when he has completed a period of service of not more than five years in the system and the employee should be granted a deferred retirement annuity at the normal retirement age, providing he does not withdraw his contributions to the retirement fund when he leaves employment covered by the fund;

e. Units of government not now covered under Social Security should review the situation and give careful
consideration to the possible advantages of extending Social Security to their employees.

B. Industrial Development Bond Financing

1. Background

Local governments in twenty-seven States were authorized to issue bonds to finance industrial plants for lease to private enterprise by the close of 1963. Although the total amount of local industrial development bonds outstanding is still relatively small, this method of attracting industry to a community is rapidly increasing. Four of the States in which local industrial development bond financing is now authorized enacted their programs in 1963.

In recent years, a number of abuses have been identified with industrial development bond financing, often attracting unfavorable public notice to the detriment of the public's regard for local government administration, particularly for the financial administration of the localities which participate in the practice. Some communities have used development bonds to finance enterprises in excess of their employment needs and which impose demands for public services the communities cannot supply without overburdening their taxpayers and saddling them with excessive contingent liabilities in the form of debt service on the bonds. The practice has been subject to other abuses: financing plants for national corporations with adequate credit resources; pirating established firms by one community from another; and enabling specially incorporated areas with relatively few residents to develop tax havens at the expense of neighboring communities. Abuse of the practice for private advantage tends to reflect on the tax exemption of municipal securities generally and has brought forth suggestions that Congress police the practice by Federal legislation.

2. Recommendations

At its 14th meeting on June 27-28, 1963, the Commission adopted a report on this subject including the following recommendations:

It is the Commission's finding that industrial development bond financing tends to impair tax equities, competitive business relationships and conventional financing institutions out of proportion to the contribution it makes to economic development and employment. The Commission recognizes the widespread and growing nature of this practice and the unlikelihood that it can be stopped quickly. It concludes that, if this practice continues, a number of safeguards are absolutely essential to minimize intergovernmental friction, to insure that
government resources used for these purposes bear a reasonable relationship to the public purpose served and that the governmental power employed is not diverted for private advantage. The Commission believes that the need for these safeguards is urgent.

a. The Commission recommends that the States restrict and regulate by law the precise conditions under which local governments may engage in this activity, as follows:

(1) Subject all bond issues to approval by a State supervisory agency;

(2) Restrict authority to issue such bonds to counties and municipalities; deny the authority to special districts;

(3) Give priority to communities with surplus labor, outside the area of the effective operation of conventional credit and property leasing facilities;

(4) Limit the total amount of such bonds which may be outstanding at any one time in the State;

(5) Prohibit such financing for the "pirating" of industrial plants by one community from another.

b. The Commission recommends that local industrial development bond financing be confined to rural areas. States desiring to stimulate employment in urban and industrial areas can accomplish this best by a program of second mortgage loans to supplement local civic and conventional financing or by State guarantees of conventional loans.

c. The Commission finds the industrial development bond device particularly offensive when it is used to finance plants for strong national firms which themselves have access to adequate financing through conventional channels. The abuse is especially glaring when the firm itself acquires the tax exempt bonds issued to finance the plant it occupies, thus becoming also the beneficiary of tax exempt income. Therefore, the Commission recommends that the Congress amend the Internal Revenue Code so that the firms which buy the tax exempt bonds themselves cannot deduct as a
C. The Role of the States in Strengthening the Property Tax

1. Background

The effectiveness of property taxation is and will remain the central tax problem of local governments. Its successful resolution will influence in an important degree the future course of State-local fiscal relations. This in turn depends on the leadership and assistance provided local governments by the States. Property taxes provide nearly half of all State and local tax revenues and seven-eighths of locally collected tax revenues of cities, towns, counties, and school districts. Local governments will necessarily continue to depend upon the property tax for large parts of future revenues needed, and their quest for revenues is expected to continue unabated because most of the forces which have contributed to rising government costs since World War II are likely to persist into the indefinite future.

If this be true, and few if any contest it, then it is vitally important to rid the property tax of the weaknesses which have plagued it but have been tolerated all these years: needless and harmful constitutional and statutory restrictions and prescriptions, unwarranted exemptions, inoperable administrative provisions, and discriminatory valuations for tax assessment purposes. The burdensomeness of the tax and its stultifying effect on business activity will be reduced as these deficiencies are remedied.

Thwarted local efforts in recent years make it clear that without benefit of strong State support, local governments are severely handicapped in property tax reform. Most are too small to afford the organization and technical skill required to appraise and assess the wide variety of highly specialized properties currently used by industry. Sensitivity to intercommunity competition for business restrains tax reform and encourages competitive under-assessment. Moreover, some of the faults of the tax are imbedded in State constitutional and statutory provisions and therefore are mandatory upon local governments.

A survey of the recent successes and failures in property tax reform in different parts of the country, at both the local and State level, leaves no doubt that the tax is capable of reasonably fair operation and administration, that the rate of progress in this direction is strongly influenced by the degree of responsibility assumed on a statewide basis, and that tax officials, practitioners, and scholars are in general agreement about the lines of action States must take to give soundly based local property tax improvement efforts a reasonable chance to succeed. The details of the prescription for
strengthening the property tax will vary, however, with the tax institutions in each individual State and with the progress toward reform already made.

2. Recommendations

At its 14th meeting held on June 27-28, 1963, the Commission adopted the following recommendations, which call for a variety of administrative and legislative actions by State government.

Reappraisal and Simplification of State Constitutional and Legislative Provisions

a. Each State should take a hard, critical look at its property tax law and rid it of all features which can not be administered as written, encourage taxpayers' dishonesty, force administrators to condone evasion and which, if enforced, would impose an intolerable tax burden. Each State should exclude from its property tax base any component it is unwilling or unable to administer competently.

b. To give legislatures and Governors flexibility and responsibility for producing and maintaining equitable, productive, administrable property tax systems, constitutions should be divested of all details that obstruct sound utilization and administration of the property tax.

c. No new changes in the property tax system, whether by exemption or classification, should be undertaken without weighing the effect on facility of administration. Where administration has been needlessly complicated by such changes in the past, the defects should be eliminated wherever feasible.

d. In any State where the laws governing assessment administration have not been carefully reviewed and recodified in recent years and where ambiguities, inconsistencies and other weaknesses have developed, the laws should receive a thorough re-examination, overhauling and recodification.

e. In the instance of any class of self-assessed personal property, unless the local assessor is given adequate means to audit the declarations of the taxpayers, the property should be assessed by the State or the tax on such property abolished.
f. Both the legislative and executive branches of the State governments should study the property tax as consistently as the other major sources of State-local revenue and treat it as an integral part of overall State and local financial planning. Adequate provision should be made for continuing study and analysis in the research divisions of State tax commissions and tax departments and by the interim tax study committees, legislative councils, and legislative reference bureaus of State legislatures, with workable liaison arrangements.

Eliminating Underassessment

a. The States should eliminate all requirements for fixed levels of assessment except for specifying the minimum assessment ratio (in relation to market value) below which assessments may not drop, and use for equalization and measurement purposes the annual assessment ratio studies conducted by their State supervisory agencies, as follows:

(1) The determined average level of assessment in each of a State's assessment districts would provide the basis for tax equalization in taxing districts located in more than one assessment district and for equalizing State grants for schools and similar purposes.

(2) The determined figures for the market value of taxable property in each taxing district would be the base for all regulatory and partial tax exemption provisions now related to assessed valuations or valuations equalized at fractional levels.

b. In conjunction with adoption of the foregoing course of action, a State should conduct a thorough re-evaluation of all regulatory and partial tax exemption provisions that have been related to assessed valuation, consider the desirability of their continuance from the point of view of sound policy, and for any that may be continued, make such adjustments as are called for by new market value relationships.

c. Because there is a tendency for non-uniformity of assessment to increase when property is assessed at low fractions of full value, it is important to use as
high a floor as is feasible in setting minimum assessment levels.

**Tax Exemption**

a. In order that the taxpayers may be kept informed, each State should require the regular assessment of all tax exempt property, compilation of the totals for each type of exemption by taxing districts, computation of the percentages of the assessed valuation thus exempt in each taxing district and publication of the findings, including the function, scope, and nature of activities so exempted.

b. Outright grants, supported by appropriations, ordinarily are more in keeping with sound public policy and financial management, more economical, and more equitable than tax exemptions and should be used in preference to the latter, with allowance for such exceptions as are clearly indicated by the public interest. No tax exemption for secular purposes should be initiated or continued which would not be justifiable as a continuing State budget appropriation.

c. In the instance of mandatory tax exemptions extended to individuals for such purposes as personal welfare aid (e.g., the aged) and expressions of public esteem (e.g., the veterans) the States should reimburse the local communities for the amounts of the tax "loss."

**Centralization of Assessment and Assessment Supervision**

a. Centralized assessment administration with more inclusive centralization when dictated by efficiency, should be considered for immediate adoption by some States and for ultimate adoption by most States because it offers an uncomplicated and effective means of obtaining uniformly high-standard assessing throughout a State by the use of an integrated professional staff following standard methods and procedures under central direction.

b. The geographical organization of each State's primary local assessment districts should be reconstituted, to the extent required, to give each district the size and resources it needs to become an efficient assessing unit and to produce a well-ordered overall structure that makes successful State supervision feasible.
c. No assessment district should be less than county-wide and when, as in very many instances, counties are too small to comprise efficient districts, multicounty districts should be created.

d. All overlapping assessment districts should be abolished to eliminate wasteful duplication.

e. The State's share in joint State-local assessment administration should be vested in a single agency, professionally organized and equipped for the job, and headed by a career administrator of recognized professional ability and knowledge of the property tax and its administration.

f. In States in which tax administration is coordinated in a central tax department, the agency should be a major division of that department; in States where organization for tax administration is diffused the agency should be given due prominence as a separate department or bureau. Under the latter condition, particularly when strong central executive control is lacking, it may be desirable to have the career administrator serve under a multi-member commission appointed for overlapping terms.

g. The State supervisory agency should be responsible for assessment supervision and equalization, assessment of all State-assessed property and valuation research, with adequate powers clearly defined by law.

h. The State supervisory agency should be empowered to establish the professional qualifications of assessors and appraisers and certify candidates as to their fitness for employment on the basis of examinations given by it or of examinations satisfactory to it given by a State or local personnel agency, and to revoke such certification for good and sufficient cause. No person should be permitted to hold the office of assessor or to appraise property for taxation who is not thus certified.

i. Assessors should be appointed to office, with no requirement of prior district residence, by the chief executives or executive boards of local governments when assessment districts are coextensive with such governments and by the legally constituted governing agencies of multicounty districts; they should be appointed for indefinite
rather than fixed terms; and should be subject to removal for good cause, including incompetence, by the appointing authorities.

j. To avoid obstruction to local recruitment and retention of competent professional personnel, State legislatures should not prescribe or limit the salaries paid certified local assessors and appraisers.

k. State legislatures should prescribe, or authorize the State supervisory agency to prescribe, and in either case authorize the agency to enforce, minimum professional staffing requirements in all local assessment districts. Legislatures should authorize the supervisory agency and any local districts to enter into agreements under which the agency will provide the district with specified technical services.

l. Each State should (1) evaluate the structure, powers, facilities and competence of its present agency or agencies for the supervision of assessment administration; (2) in continuing the existing setup or in creating one more suitable, determine and establish clearly its proper and necessary functions, services and powers and equip it with adequate and appropriate personnel and facilities for meeting its responsibilities; and (3) provide for continuing systematic evaluation by the legislative as well as the executive branch of the usefulness of the agency and the means of improving its utility.

m. In any State establishing professional qualifications for assessors and appraisers, the State supervisory agency should cooperate with educational institutions in planning and conducting pre-entry courses of study, and should conduct or arrange for regular internship training programs.

n. To guard against weak spots among local assessing districts and to assure that assessing throughout the State meets at least acceptable minimum standards, each State should determine by thorough research the minimum level of acceptable assessment performance and require the State supervisory agency to provide for appropriate assessment administration, at district expense, in those local districts that fail to meet the minimum standards.
State-Assessed Property

a. State assessment should be extended to all property of types: (1) which customarily lie in more than one district and do not lend themselves to piecemeal local assessment; (2) which require appraisal specialists beyond the economical scope of most local district staffs; and (3) which can be more readily discovered and valued by a central agency.

b. The division of assessment jurisdiction between State and local agencies should be clear both to taxpayers and assessors.

Studies and Reports

a. The State agency responsible for supervision of property tax administration should be empowered to require assessors and other local officers to report data on assessed valuations and other features of the property tax, for such periods and in such form and content as it prescribes, in adequate detail to serve its needs for supervision and study. The agency should be required to publish meaningful digests of such data annually or biennially.

b. The State supervisory agency should be required to conduct, annually, comprehensive assessment ratio studies, in accordance with sound statistical procedures, of the average level of assessment and degree of uniformity of assessment overall and for each major class of property, in all assessment districts of the State. The agency should be required to publish the findings of each study, both as to the quality and average level of assessment, in clear, readily understandable form.

c. States should take all feasible steps to facilitate the compilation of comparable interstate property tax information by the Bureau of the Census, particularly by improving and standardizing their own collection, compilation and analysis of essential data.

Taxpayer Appeals

a. The present administrative-judicial hierarchy of agencies for assessment review and appeal in most
States should be objectively evaluated and reconstituted, as necessary, to provide the remedies to which taxpayers are entitled, but do not now receive under the uniformity provisions of State laws and the equal protection clause of the Fourteenth Amendment.

b. The review machinery should have a two-level organization, with both the local and State agencies serving only an appellate function and being professionally well staffed for that purpose; the State agency--either an administrative board or a tax court--should be separate from any State agency for property tax administration, should be an appellate body to hear appeals from decisions of local review agencies and from central assessments by the State supervisory agency, and should include a small claims division with simple, inexpensive procedure; appeals from the State agency, but on questions of law only, should be to the supreme court of the State.

c. To aid the taxpayer in providing discrimination in his assessment, (1) the State supervisory agency should be required, following sound statistical procedures, to make and publish the findings of annual assessment ratio studies which, in addition to serving the purposes of supervision and equalization, will inform the taxpayer of the average level of assessment in his district; and (2) the legislature should provide that the assessment ratios thus established may be introduced by the taxpayer as evidence in appeals to the review agencies in the issue of whether his assessment is inequitable.
VI. OTHER REPORTS

In addition to reports containing specific recommendations for administrative or legislative action designed to improve intergovernmental relations, the Commission from time to time issues "information reports" designed to provide helpful data to State and local governments or otherwise to facilitate intergovernmental relations.

One such information report was issued by the Commission during the course of the year dealing with Performance of Urban Functions: Local and Areawide. Designed to encourage a fresh look at the handling of urban services by those concerned with fragmentation and the inefficiency of municipal services in metropolitan areas, the report seeks to answer the question: Are specific urban functions best performed on a local government or areawide basis? Among the 15 urban functions analyzed, the report finds, for example, that substantial savings can be realized from areawide handling of central water supply and sewage disposal facilities. Public school systems, on the other hand, need a minimum enrollment of 1,500 to 2,000 pupils for effective operation, but above that size, increasing economy may be offset by decreasing responsiveness to the public and declining citizen participation.

The same report also provides a fact book of information on the 15 urban services. It describes current practice in administering the services, and the effects of State and Federal programs on standards of service, and specialists' views as to optimum scale of level of service.

Developing and applying seven political and economic criteria for evaluating the performance of urban functions, the report ranks the 15 functions on a scale of "most local" through "most areawide" as follows: fire protection, public education, refuse collection and disposal, libraries, police, health, urban renewal, housing, parks and recreation, welfare, hospitals and medical care facilities, transportation, planning, water supply and sewage disposal, and air pollution control.
VII. CURRENT AND FUTURE WORK PROGRAM

Work is currently under way or planned with respect to the following subjects.

A. Statutory and Administrative Controls Associated with Federal Grants for Public Assistance

Section 2(3) of the statute creating the Commission charges it specifically with giving "critical attention to the conditions and controls involved in the administration of Federal grant programs." The Commission will be studying a number of issues in connection with the conditions and requirements associated with the Federal review and approval of State plans for public assistance activities. This project has been on the work program of the Commission for quite some time, but was held in deferred status during the past year pending the completion of Congressional action on the Welfare Amendments of 1962 to the Social Security Act.

A draft report dealing with this subject will be placed before the Commission in the spring of 1964.

B. Effect of Tax and Expenditure Practices on Location of Industry and Economic Development

Some State and local governments are engaging in competitive fiscal measures calculated to attract industry. Some States and local governments are creating industrial development credit corporations for these purposes. The effect of these competitive practices upon the orderly development of the Nation's economy is actively debated. The study of these practices seeks to ascertain their extent and characteristics and appraise their effects on State and local finances and economic development, in the expectation that some policy guidelines for the consideration of State and local governments can be advanced. This study will complement the Commission's report, Industrial Development Bond Financing, described earlier. A draft report on this subject will be considered by the Commission during calendar year 1964.

C. Jurisdictional Disparities Between Costs and Benefits to Local Governments of Areawide Programs in Metropolitan Areas

While most metropolitan areas in the United States are undergoing rapid overall population growth, the rate of increase is generally greater outside the central cities. Under present circumstances, however, the demand for many services, such as mass transportation, recreation and open space, and water supply and sewage treatment, is areawide, and the benefits derived from them cannot be confined to any single jurisdiction which might provide them.
This study is addressed primarily to the problem of allocating appropriately among local governments the responsibility for supplying or paying for areawide urban services.

It is expected that the primary audience for this Commission report will be local political officials and the heads of various Federal, State, and local functional agencies, who could use the resulting cost-benefit methodologies as a basis for negotiating agreements among local jurisdictions for the sharing of costs of areawide programs and services.

This project is being conducted by Benjamin Chinitz of the University of Pittsburgh, under contract to the Commission.

D. Role of Equalization in Federal Grants

The objective of the project is to appraise the extent to which differences in the respective States' fiscal capacities and program needs should receive recognition in the allocation of Federal grants among the States. It covers an analysis of the distribution of grant funds under existing programs, individually and collectively, in relation to total State-local expenditures for the individual programs as well as their collective impact on State-local finances and program levels. The distribution among the States will be examined also in terms of the fiscal ability and tax effort indexes developed in the Commission's staff study, Measures of State and Local Fiscal Capacity and Tax Effort. These analyses might possibly provide policy guidelines for the scope of equalization in grants-in-aid collectively and for different categories of programs.

A draft report dealing with this subject was given preliminary consideration by the Commission at its 15th meeting held on September 26-27, 1963. It will be before the Commission for formal action at about the time this Fifth Annual Report goes to press.

E. Intergovernmental Problems Arising from Economic and Racial Disparities Between Central City and Suburban Populations

This study will analyze 1960 Census data to determine the nature and extent of economic, social, and racial disparities between central cities and their suburbs. Significant relationships between these disparities, national goals of social and economic welfare, and public service needs will then be drawn. Finally, the study will explore possible changes in public policy which might be considered in the light of facts and trends in this field.
This project is being conducted by Mrs. Marjorie C. Brazer, under contract to the Commission, and a draft report will be presented to the Commission during the first half of 1964.

F. Intergovernmental Problems in Relocation of Families and Businesses as a Consequence of Governmental Programs

As urban development activities expand through actions of all three levels of government, there is increasing need to relocate persons and businesses displaced by the taking or upgrading of property. This need is being met in varying degrees and in different ways for different governmental programs. At the Federal level, for example, the Urban Renewal Administration requires the provision of safe, decent, and sanitary housing for displacees. The new Highway Act amendments provide for Federal sharing in financing of voluntary State relocation programs for persons and businesses displaced by acquisition of highway rights-of-way. Other Federal programs provide varying degrees of financial and advisory assistance to those so affected. Likewise, State and local programs vary.

The purpose of this study is to identify the nature and seriousness of relocation problems, including the lack of uniformity among governmental programs; appraise the pertinent governmental policies and programs; and suggest ways in which these policies and programs can be strengthened to help Federal, State, and local governments deal effectively and equitably with relocation. Emphasis will be on the intergovernmental aspects of relocation problems and the proposed changes in governmental programs and policies.

G. Special Purpose Districts

The 1962 Census of Governments tallied 18,323 special districts, as defined by the Bureau of the Census, in the United States. The number of special districts exceeds the total number of units of general local government in the country, and increased approximately 50 percent since 1952. The Commission directed the staff to undertake a study of special districts because of its concern with the possible fragmentation, inefficiency, and lack of responsibility that might be created because of the use of special districts. The report will include an analysis of the impact of special districts on the effectiveness of local government in metropolitan and rural areas, as well as a discussion of the relative advantages and disadvantages derived from the use of special districts. It will be considered by the Commission during calendar year 1964.
H. **Organization and Planning Requirements in Federal Programs of Financial Aid for Urban Development**

This study reviews current requirements contained in 43 Federal financial aid programs for the physical development of urban areas with respect to their overall impact on the effectiveness of local government organization and local government planning processes, and the extent of interagency coordination in the administration of these Federal aids. The purpose of the study is to provide a factual basis for implementing, through appropriate legislative and administrative adjustments in the Federal programs, the following previously adopted Commission policies: (1) strengthen general purpose units of local government; (2) encourage joint participation in Federal aid projects by two or more local governments in the same urban area; (3) promote effective urban planning by local governments; and (4) establish a unified urban development policy which will promote interagency coordination within the Federal Government.
VIII. OTHER COMMISSION ACTIVITIES

The Commission performed a number of other activities in 1963 designed to carry out its statutory responsibilities for technical assistance in the review of proposed legislation and encouraging discussion of emerging public problems. Commission members and staff made presentations at the 1963 conventions of the major organizations of governmental officials as well as other groups concerned with intergovernmental aspects of public policy issues, taxation and finance, and urban area problems.

Comments and advice were rendered to the Executive Branch and Congress on various legislative proposals. Other activities included assistance to the President's Appalachian Regional Commission in developing a number of organizational alternatives for administering a comprehensive economic development program for the Appalachian Region and for identifying issues to be explored in the conduct of a regional planning effort. Pursuant to a resolution of the Governors' Conference requesting the President to improve the coordination of Federal and State planning, the Commission staff worked with Federal and State representatives on specific measures to improve the exchange of information on Federal and State planning for public works and capital improvements. A number of presentations have been made to Federal Executive Boards made up of the heads of the regional offices of the Federal departments and agencies in major U. S. cities on the work and findings of the Commission with emphasis on the constitutional and financial role of State and local governments in our federal system.
## APPENDIX A

OBLIGATIONS OF THE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS FOR FISCAL YEARS 1963, 1964, and 1965

<table>
<thead>
<tr>
<th>Object Classification (In thousands of dollars)</th>
<th>FY 1963</th>
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<th>FY 1965</th>
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<tr>
<td>Personnel Compensation</td>
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<td>$274</td>
<td>$289</td>
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<tr>
<td>Personnel Benefits (retirement, health, insurance, FICA)</td>
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<td>20</td>
</tr>
<tr>
<td>Travel and transportation of persons</td>
<td>28</td>
<td>27</td>
<td>28</td>
</tr>
<tr>
<td>Transportation of things</td>
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<td></td>
</tr>
<tr>
<td>Rent, utilities and communications</td>
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<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Printing and reproduction</td>
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<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Other services</td>
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<tr>
<td>Services of other agencies</td>
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<td>14</td>
</tr>
<tr>
<td>Supplies, materials</td>
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<tr>
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<td><strong>$387 1/</strong></td>
<td><strong>$395</strong></td>
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1/ Includes $2,000 reimbursement for a Commission employee detailed to another agency.


1 Single copies of reports may be obtained from the Advisory Commission on Intergovernmental Relations, Washington, D. C. 20575, except those marked with an asterisk (*) which may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D. C. 20402.