

Ecological Urbanism<sup>1</sup>  
 Redistribution of, Cost of, and the Governance Structure of the New Urbanism  
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The State of South Carolina, like other states in the Union, have made many attempts to control, at the local level, the taxing authority and taxing schemes of local governments. This, in addition to a decade of mandates from the Federal to the State to the Local mentality of the late 80's and 90's, in which local governments were stuck with costs and service proviso's without the accompanying dollars, have come to light in the recent economic times, as burdensome and in some cases, a cause for a bankrupt service delivery by local governments. The past 50 years exile from the inner city to the suburbs and exurbs, accelerated by cheap petrol and cheap money, also created a very fractionalized and specialized form of local government. In fact, the number of special districts (water authorities, sewer authorities, fire districts, and the like), have almost doubled in number since 1962.

	<u>1962</u>	<u>2007</u>
Cities and Townships	35,142	36,011
Counties	3,044	3,033
Special Districts	18,322	37,381
Schools	<u>34,678</u>	<u>13,051</u>
All	<u>91,186</u>	<u>89,476</u> <sup>2</sup>

In a recent article entitled "The Metro Moment." Brookings Institutes own Bruce Katz outlines a potential path forward in the necessary re-organization of local governments. Specifically, Katz implores State governmental authorities to overhaul the "bloated network of local governments (all created by state law) so that they align more closely with the metropolitan geography of the economy and set the conditions for market growth and innovation." What is the GDP impact of these local governments?

Local Government "expenditures" are \$1,525,819,476,000  
 almost equal to the US Federal Gov't Budget of which Cities/Townships are 34%  
 US Census, 2007

Local Gov't Payroll: 11% of non-farm payrolls  
 Local Gov't Exp: 8.80% of national output  
 Local Gov't Employees 14.4m of which 8m are in Education  
 US Dept of Labor

<sup>1</sup> Demetri Baches, Metrocology, 2010

<sup>2</sup> (US Census 2007)

But, what is economic geography? It is one where goods, people, capital and energy flow seamlessly across the metropolitan (city and suburb, exurb and rural town) landscape (Katz, 2010). This, argues Katz, is true economic geography. And the 100 top Metro Areas are substantial to the US Economy.<sup>3</sup>

US 100 Largest Metro Areas Represent:

12% of US Land Area  
68% of US Jobs  
75% of US Output  
65% of US Population  
85% of US Immigration pop.  
77% of US Minority pop  
55% of US Carbon Emission

Brookings Intstitute, MetroPolicy Report

Underlying Mr. Katz's plea is his insistence that the top 100 metropolitan economies are often mired in the hodgepodge network of local government and its "inefficient administrative geography of government" and it is mismatched with "real metro-scaled economy of innovative firms, risk taking entrepreneurs, and talented workers," then the overall economy suffers. Specifically, jobs suffer, which is a nice way of saying that wealth creation, consumption, and investment class are not possible without them. These jobs, especially the "super-powered" jobs and the creation of same, are found in powerful [sic] metropolitan economies.<sup>4</sup>

In order to achieve this, Katz recommends three (3) steps be taken by State Government and they are:

1. Move to consolidate units of local governments, starting with school districts and special-purpose districts
2. Move to delegate traditional state functions to entities that govern at the metropolitan scale
3. Promote a new generation of inter-jurisdictional collaboration to gain efficiencies.

I have argued in the recent past, that Government, especially local government is in need of focus. Focus on the services we deliver, why we still deliver them, and their cost.<sup>5</sup> In this presentation, I have discussed the issues inherent to Governance Structures, Redistribution of Revenues (tax schemes) and the cost of the public good in these governance and tax structures. My fellow presenters have painted the picture of

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<sup>3</sup> This and other excellent data driven ideas for moving ahead can be found in the 2010 "State of Metropolitan America" by the Brookings Institute.

<sup>4</sup> [www.brookings.edu/opinions/2010/0416\\_state\\_governance\\_katz](http://www.brookings.edu/opinions/2010/0416_state_governance_katz)

<sup>5</sup> "Getting our Heads out of the Sand," Scott F. Dadson, City Manager, City of Beaufort, SC, 072009

resiliency that we must strive for as we balance the human and natural habitats here in the Lowcountry of Beaufort County. In order to create this, we need to consider the “Creative Destruction of the Local Government Model” as we know it today. We must be willing to burn a few traditions and mind sets in order to move forward, with a sense of renewal that is necessary to balance our world.

As we debate the issues of the public good, I would suggest that there are several things that we must be willing to put on the table, engage a dialogue and move forward with if we are to achieve a resilient state. We need to address the issues of Governance Structures and the Public Good; Redistribution of Revenue via the Public Good<sup>6</sup>; Cost of the Public Good. They are as follows:

1. A New Charter (a new set of rules in which to engage).
  - a. Consolidation, Delegation, and Collaboration
  - b. Coding for the human habitat
  - c. Economic gardening
  - d. Service delivery methods of state services at the local level
  - e. Proper redundancy
  - f. Boundary’s and Centers
2. The Ecological Urban Framework for Growth
  - a. Regional Framework based on the Transect
  - b. Growth that is mutually supportive and internally coherent balanced in our Lowcountry environment
  - c. Metropolitan Planning Commission
  - d. Redevelopment and Traditional Neighborhood Planning Principles, the ultimate recycling
    - i. initiatives to invest in older communities
    - ii. redevelop brown fields
    - iii. invest in abandoned buildings
  - e. Adequacy of infrastructure and facilities
  - f. Matching Revenue Schemes with Service Deliverables
3. Service Delivery Platform (or, how and who will get what done, under which structure and with who’s money).
  - a. Home Rule v. Dillon Rule
  - b. Tax Sharing
    - i. Strong Towns and Cities
    - ii. Thinner County which concentrates on interconnectivity
    - iii. Neighborhood Schools
  - c. Strong regional framework
    1. regional partners
    2. regional fiscal impact analysis
    3. regional infrastructure plan

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<sup>6</sup> “...most government’s transfers are not from the rich to the poor. Instead, government takes from the relatively unorganized and gives to the relatively organized. The most important factor in determining the pattern of redistribution appears to be political influence...,” “Redistribution” by Dwight R. Lee, p. 437, “The Concise Encyclopedia of Economics,” Edited by David Henderson, 2008

#### 4. local capital improvement plan

I would also add, to the debate of governance structures and tax redistribution schemes, Bruce Katz's suggestions of consolidation, delegation, and collaboration.

Disclaimer: This paper represents the views of its writer only. It does not intend to represent the views of the City of Beaufort, its employees, elected officials, officials, or citizens.



## Tax-Base Sharing

The drive for increased property tax revenue, and in some cases sales tax revenue, can lead local governments to make land use decisions that conflict with other planning and economic development goals. A community might reject much needed affordable housing in favor of expensive homes, for example, or forego office buildings with high-paying jobs in favor of big box retail stores with low-wage jobs, in anticipation of generating more tax revenue with a comparatively smaller burden on public services.

The quest for revenue-generating development creates competition among neighboring jurisdictions, which may engage in bidding wars to offer developers the biggest tax breaks or least stringent environmental regulations. From a regional perspective, providing subsidies for businesses that have already decided to locate in the area is unnecessary and even destructive. A big box store, for example, will cannibalize sales from existing local businesses and shopping centers and, for the region as a whole, there will be no net gain in economic activity.

In metro areas, the "fiscalization of land use" or "cash box zoning," as this problem is known, fosters sprawl and polarization. Some jurisdictions are winners; others are losers. New suburbs on the urban fringe with extensive new commercial development and relatively affluent homes will have high quality public services with a relatively low tax rate. The central city and older suburbs, with declining commercial centers and lower-income families, will be forced to impose higher tax rates and deliver poorer quality services. This disparity tends to snowball and engender a cycle of sprawl as more middle-income families flee to the suburban fringe.

Regional tax-base sharing offers one way to alleviate this problem. Under tax-base sharing, all of the municipalities within a metropolitan area agree to share tax proceeds from new development. This eliminates interregional competition; facilitates other planning goals such as preserving open space or maintaining a vibrant downtown; encourages suburbs and central cities to cooperate on regional economic development goals; and leads to a more equitable distribution of tax burdens and public services.

State legislation is generally required to implement regional tax-base sharing. Two regions of the U.S. have adopted this approach: the Twin Cities metropolitan area in Minnesota and the Hackensack Meadowlands area in New Jersey. In 2002, the California state legislature considered a bill that would establish tax base sharing in the Sacramento metro area.

(Note: Some states have adopted tax-base sharing for public school funding, which reduces interregional competition for commercial development as well as disparities in education spending between poor and rich districts. See our [Equity in School Funding Section](#) [1] for more.)

### **More Information:**

- [Growing Smart Legislative Guidebook \(Chapter 14: Devices and Tax Relief Programs\)](#) [2]- This resource from the American Planning Association examines how competition for tax base

