



# conference on **ALTERNATIVE** state and local **PUBLIC POLICIES**

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## Alternative Legislation

### Displaced Homemakers Bill

A bill sponsored by Delegate Helen Koss in the Maryland legislature would provide job training, health counseling, placement services and educational programs to "displaced homemakers" — persons over 35 who have worked without pay as homemakers for their families and who find themselves "displaced" through divorce, death of spouse, or other loss of family income. Most of the beneficiaries would be women who need job training based on the skills they have acquired as homemakers, and who are ineligible for welfare, pension plans or social security because they have not been wage-earners.

The bill provides for a multi-purpose service center in each county and in the city of Baltimore, with job training including, but not limited to: lay advocates, home health technicians and health care counselors.

Each center would include a well-woman health clinic, based on preventative health care and consumer health education. Educational Programs, with courses that offer academic credit through community colleges, would include money management classes. A copy of the bill is available from the National Conference Center.

### Consumer Cooperatives Enablement

To remedy the ambiguous legal status of cooperatives in Texas, H.B. 643 was passed and signed into law by the Governor last year. The Cooperative Association Act grants full legal status to cooperatives, sets standards for voting, record keeping, officers, meetings, directors, membership, and the allocation and distribution of net savings. Representatives Bill Blythe of Austin and Sam Hudson of Dallas sponsored the legislation.

### Massachusetts CDFC

In the next several months, if everything goes according to plan, a state-owned development bank will begin providing investment capital to community development corporations throughout Massachusetts.

Called the Massachusetts Community Development Finance Corporation (CDFC), the new bank is empowered to buy stock in any enterprise that is owned in common by the residents of a given geographical area.

The bill creating the CDFC passed the legislature virtually at the last minute — 8:46 pm, December 31, 1975, as the legislative session was coming to a close. No money for it has yet been allocated, but an ap-

## June 10-13 Austin Conference

The second annual conference of the National Conference on Alternative State and Local Public Policies is set for June 10 through 13, in Austin, Texas. It will be held on the extensive campus of St. Edward's University which dramatically overlooks the city of Austin. Expectation surrounding the conference is high because of the widespread impact of the first conference held June 1975 in Madison, and the successful experiences of approximately 1000 participants in the regional conferences held since then. Calls, letters and pre-registrations began coming into the National Conference Center in Washington even before the first mailing went out. In March an invitational letter and draft agenda was sent to some 4000 people currently on the National Conference mailing list. The final Conference Call and Agenda is scheduled to go out in April.

Coming in the midst of a presidential primary year — and just weeks prior to the national conventions — this conference promises to be of special importance. Everyone interested in programmatic alternatives on the state and local level — whether elected official or activist citizen — will want to be on hand to discuss the issues that will be of added significance this year.

Austin City Mayor Jeff Friedman will open the second annual conference on Thursday evening, June 10, after registration which will begin at 6 P.M. National Conference Director Lee Webb will lead off with an in-depth analysis of "New State and Local Politics:



Lessons of the Past Year." To high-light the opening session, a leader of the New Democratic Party of Canada will address the conference on "A Democratic Economy: the NDP's Program." A party at the campus Rathskeller will follow

## Economic Themes

While the conference will offer a unique overview of the latest programmatic developments in state and local government, the numerous workshops will focus on economic issues. General questions of strategy will sharpen plenary discussions of alternative economic programs that would allow some control over local economies. On Friday morning, June 11, the first of these sessions will be on "Public Control of Public Monies." Workshops will follow on specific topics such as public ownership of utilities, public banks, tax reform, pension funds, public control of natural resources, and state insurance companies. Public officials, analysts and planners have been selected to lead each workshop on the basis of their experience in running such programs, or other expertise on the subject.

Friday afternoon's plenary session will be on "Public Control of Development and Growth," led by a panel of nationally known public officials. Workshops will feature presentations on growth control strategies, development corporations, urban and community development, water and land use control. Especially provocative will be workshops on community response to business requests for tax subsidies, and the issue of public employee unions and organizing. All workshops will be small enough for maximum participation.

## Faulk To Keynote

Keynoting Friday evening will be John Henry Faulk, eminent story-teller in the tradition of Will Rogers and Mark Twain. Faulk's social satire and political wit brought him national broadcasting fame before the blacklisting of the mid-50's. His celebrated lawsuit against those who drove him from the air was recently dramatized in the CBS television movie, adapted from his book, *Fear On Trial*. Major speeches by outstanding personalities in the state and local political arena are planned as well. They will speak on the issue of "State and Local Politics: New Directions and New Opportunities," "Successes and Problems in Practice," and "The National Dimension of a New State and Local Politics." Colorado State Treasurer Sam Brown, who is a member of the Na-

## Alternative Legislation Briefs Continued . . .

propriation of \$10 million will be included in the Dukakis administration's 1976-77 budget, due to be voted on in May or June.

"The breakthrough this legislation represents," says University of Massachusetts professor David Smith, one of the bill's principal drafters, "is that ten million dollars of state money will be going to publicly owned enterprises."

"And it was the only piece of legislation enacted last year," Smith adds, "that was supported by both the governor's office and the legislative leadership."

The CDFC is unique both in its focus on community development corporations and in the fact that it offers equity capital rather than loans.

"Equity" investment, typified by stock purchases, means that the investor gets a return when and if the enterprise begins making money.

As the first publicly supported equity finance vehicle in the country, the CDFC may serve as a model both for other states and the federal government. Representative Michael Harrington (D-Mass.) is already proposing a series of federally supported regional development banks modeled in part after the CDFC.

—John Case

## Public Utilities Reform

Numerous changes in Pennsylvania laws to strengthen the independence and powers of the state Public Utility Commission were included in a 75 page report of the Pennsylvania Senate's Committee on Consumer Affairs. Under the leadership of its chairman, Senator Franklin L. Kury, the Committee recommended a series of steps to stop possible conflict of interest by commissioners or staff members of the P.U.C. Also included were recommendations to reduce their terms from 10 years to 6, to set aside monies for independent consultants, to require public hearings before rate approval, and to establish an Office of Consumer Advocate in the State Department of Justice. Copies of the report can be obtained from the Senate Committee on Consumer Affairs, Harrisburg, Pa.

## Utility Consumer Rights

Senate Bill 74 would amend the Virginia statutes to give certain rights to utility consumers. It is modeled after similar legislation passed in Michigan and Wisconsin and provides utility consumers a right to due process and a fair hearing in billing disputes or threatened disconnection of services.

The Utility Consumer Bill of Rights is part of the legislative program of the Consumer Congress of the Commonwealth of Virginia. Their 1975 Legislative Program Manual is available from Consumer Congress, 701 East Franklin St., Richmond, VA. 23219.

## State Banks

Interest in the notion of state-owned banks continues to grow. Currently, there is only one state-owned bank — in North Dakota. It was founded in 1919, when prairie populists operating under the rubric of the Non Partisan League captured the state government. The bank is efficiently run, uncorrupt, and makes a healthy profit for the state treasury.

Impressed by the success of the Bank of North Dakota and by the concept that the public should have greater control over the investment of capital, legislators in other states are introducing bills to create their own public banks.

In Massachusetts, Senator Chet Atkins introduced a state bank bill in the 1976 session. In Oregon, a state bank bill was introduced in 1975 by Rep. George Starr. A state bank patterned directly after the legislation creating the Bank of North Dakota was introduced in 1975 by Washington State Rep. Michael Parker. Florida Rep. Ray C. Knopke introduced legislation in the 1976 session to establish a select joint legislative committee to study the feasibility of creating a state-owned bank. Similar legislation to establish a Commission on the Establishment of a Municipal Bank has been introduced in the District of Columbia by city council member Nadine Winter.

Greatest progress toward passage of a state bank bill has been in New York. A bill to



create the New York state bank, introduced by Assembly Speaker Stanley Steingut in the spring of 1975, passed the Democratically-controlled Assembly, but was stalled in the Republican-controlled Senate. Steingut is pushing the bill again this year. If passed, the New York state bank would almost immediately become one of the largest banks in the state, in terms of deposits.

—Derek Shearer

### Land Reform

One of the most significant land reform bills in the country has been introduced into the California legislature by Assemblyman Art Torres. A freshman legislator, Torres formerly worked as a legal advisor and organizer with Cesar Chavez and the United Farmworkers. He brings to the legislature many of the concerns of the farmworkers. One of the oldest dreams of farmworkers — and of increasing numbers of young people — is to own their own small farm. The rising price of land as suburbanization spreads, and as corporate agribusinesses expand, has prevented this dream from becoming reality. The Torres bill is modeled after the successful Saskatchewan Land Bank Commission.

### Automobile Insurance Corporations

A bill to form a Louisiana Automobile Insurance Corporation has been drafted by the Louisiana Commissioner of Insurance, Sherman A. Bernard. It would operate and administer a universal, compulsory automobile insurance plan which would be the exclusive automobile insurance company in the state. Bernard has also prepared an extensive favorable study of the Manitoba Automobile Insurance Plan. Both the bill and the study are available from the National Conference Center.

A bill to create a Michigan Insurance Authority has been prepared in draft form by State Representative Perry Bullard. Under this bill, the Michigan Insurance Authority would be empowered to provide automobile insurance and also life, disability, and property in-

surance. The Authority would be run by a five person Board appointed by the Governor. Rep. Bullard based much of the first draft of his bill on the successful provincial automobile insurance corporations in Manitoba and Saskatchewan, Canada. Additional revision of the draft bill is being planned partly on the basis of a projected trip by Rep. Bullard to Saskatchewan where he will interview officials of the Saskatchewan Insurance Corporations and observe the plan in operation.

### Controlling Corporations

A model bill aimed at making corporations more socially responsible has been drafted by Professor Christopher Stone of the University of Southern California Law School. The draft legislation is an attempt to put into practice many of the ideas in Stone's book, *Where the Law Ends — The Social Control of Corporations*, (Harper & Row, 1975).

Stone argues that the law has treated giant corporations as if they were persons. Businesses are threatened with fines, which usually do not deter socially irresponsible behavior. A company may pollute a river or produce an unsafe product, and it will pay the fine if caught. Rarely, if ever, do corporate officials go to jail. The model bill, titled "A Model Code for Corporate Rehabilitation" — would put offending corporations on a sort of probation. In some cases, Special Public Directors (SPD's) would be appointed to sit on the corporate boards. For example, a public health officer might be placed on the board of a corporation that polluted the atmosphere, or a member of Common Cause on the board of a corporation that bribed politicians.

A number of state legislators from such states as Texas and Minnesota have expressed interest in introducing Stone's bill next year. Copies of the model bill are available from Prof. Chris Stone, Law School, University of Southern California, University Park, Los Angeles, CA 90007.

tional Conference Steering Committee, will host the evening session.

On Saturday, June 12, the two plenary themes will be "Making Government More Responsive to People's Needs," and "The New Issue-Oriented Politics." A variety of workshops will include job restructuring, environmental concerns, initiative and referendum campaigns, and model state and local political organizations. Task Force meetings and regional planning caucuses will be scheduled on Saturday and Sunday. And Sunday, June 13, will be an important wind-up day, where priorities for the coming year will be set by the conference participants.

A working group from the South-West regional conference, which was held last December in San Antonio, as well as Austin Mayor Jeff Friedman and some members of the Austin City Council, are helping with conference arrangements. Plans are underway for an especially fun-filled evening of entertainment, music and dancing on Saturday, June 12. There will also be free time for memorable visits to such nationally important attractions as the Lyndon B. Johnson Library, The University of Texas campus and the Texas State Capitol. Early registration is urged for those who would like to use the excellent and low-cost campus housing.

### Pre-Registration

#### Second Annual National Conference

June 10-13

St. Edward's University, Austin, Texas

\_\_\_\_ I would like to attend the Austin Conference.

\_\_\_\_ Enclosed is my pre-registration fee of \$7.50 payable to Conference on Alternative State and Local Public Policies.

\_\_\_\_ Please reserve \_\_\_\_ copies of the second annual *Public Policy Reader* which will be available at the conference.

\_\_\_\_ I will need housing. Please reserve University accommodations.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_ Phone \_\_\_\_\_

Organization or Position \_\_\_\_\_

Others who would be interested in receiving information about the National Conference:

\_\_\_\_\_  
\_\_\_\_\_



## Worker-Owned Enterprises

Michigan State Representative Perry Bullard is preparing legislation to facilitate the development of worker-owned and controlled enterprises. This legislation would establish a special status for such corporations, providing for tax relief, and loans and technical assistance from the state development authority. Rep. Bullard is now researching this legislation and hopes to have it completed within the year. More information on corporate law as it relates to worker-controlled enterprises is needed, especially in areas where the law discriminates against such entities. Rep. Bullard is soliciting ideas and input on this legis-

lation. He can be reached at State Capitol, Lansing, MI 48901.

## Jobs for Artists

An amendment to the 1965 Arts and Humanities Act offered by Congresswoman Bella Abzug, initiates an emergency program for employment of artists — painters, musicians, actors, writers and others — by the National Endowment for the Arts. The hiring would be authorized during any fiscal year in which the national unemployment rate exceeds 6½%. The measure, which would provide for direct grants-in-aid to states, specifies that its program be coordinated with CETA and other public employment programs.

## Public Power

### Support

Voters in Barre, Vermont approved March 3 a \$20,000 study on the feasibility of acquiring and operating, as a municipally owned utility, the local facilities of the Green Mountain Power Co. Support for the feasibility study was organized by the Barre Alliance, a citizens' group affiliated with the state wide Vermont Alliance. The Barre action follows similar action taken by the voters of Springfield, VT a year ago.

In nearby New York, the citizens of Sherill will vote on March 30 on a \$1.5 million revenue bond that would authorize the creation of a municipal utility and acquire the local electric facilities of the privately-owned Sherill-Kenwood Power and Light Co. A recently completed feasibility study indicated that the power rates could be reduced approximately 47% under a municipally owned system.

### Set Back

A proposal to place a referendum question concerning a feasibility study of municipal ownership of Madison Gas and Electric Company (MG&E) on the April election ballot was defeated last month by the Madison Common Council. Twenty-five thousand dollars is

allocated in the 1976 City Budget for such a study, but can be released only on the condition that a referendum approve spending the money. The vote was 10-10, two votes short of the necessary 12 vote majority to pass the question on to the voters for consideration. MG&E is the fourth largest utility in the state.

This defeat is the third in nearly four years of attempts to begin studying the feasibility of municipalizing MG&E, a private utility supplying power to Madison and many surrounding communities in Southeastern Wisconsin. A coalition of fiscal conservatives and representatives from organized labor effectively blocked passage of the referendum resolution, which was co-sponsored by Mayor Paul Soglin and seven liberal and radical alderpersons.

Proponents of the referendum to free the feasibility study funds now plan to place the question on the November 1976 ballot through a petition drive. Eight thousand signatures will automatically place the issue before the voters, bypassing the Common Council.

Proponents of public power are confident that the electorate will approve the feasibility study, thus putting Madison on the road to eventual ownership of its gas and electric facilities.

# Tax Reform

Wealth means mobility, and wealthy businesses and people threaten to move elsewhere at the slightest suggestion of heavier taxes. The tax burden remains — and grows — on the less well off, who stay put because they have to. In recent years the total tax burden on people of modest means has been edging up towards that born by the rich, while the share of state and local taxes born by business has been declining.

Nevertheless, some states and localities have made significant progress, including one or two major breakthroughs. This article can only touch some highlights, and suggest a way the federal government could act against business tax dodging and industrial flight.

Taxes on property are still the mainstays of local revenue systems. Recent studies have laid to rest the absurd claim that property taxes are inherently regressive. They have been regressive, as presently applied, because many assessors were allocating the tax burden illegally and unfairly. Groups such as the Citizens Action Program (CAP) in Chicago added millions of dollars to local assessment rolls by exposing the underassessment of major commercial and industrial taxpayers such as US Steel. Studies in Boston, Philadelphia, New Haven, and other cities revealed blatant assessment discrimination against poor black neighborhoods. Houston City Controller Leonel Castillo was one of the first elected officials to see the revenues at stake. Under his muckracking research and prodding, Houston's assessment roll has grown by almost one-third in two years.

Many states and localities have tried to dispel their assessment problems by contracting the job out to private companies called "mass appraisal firms." The performance of these firms has been spotty at best. Some, including the industry giant Cole-Layer-Trumble, have left in their path shoddy work, lawsuits, scandals, and disgruntled taxpayers and officials. It is far better for states to upgrade their own assessment systems than to rely on these expensive and questionable mass appraisal firms.

Other skeletons discovered in local property tax offices have included outright failure to assess large properties, appeals systems overly generous to the rich, uncollected delinquencies, and mortgage escrow



# Programs

accounts, in which homeowners have to pay their property taxes in advance to their mortgage lender bank without receiving interest. Four states — Connecticut, Massachusetts, Maryland and New York, now require interest on these escrow accounts.

## Expanding tax base

Better administration is only half of the property tax reform agenda. Expanding the tax base is the other. Most promising is the restoring of "intangible" property — stocks and bonds — to the tax rolls. Taxes could be cut on real estate by about one-third nationwide if intangibles were taxed at just one-fourth the rate applied to real estate. At the same time people who invest in paper would not be favored over those who invest in productive capital or homes. In theory, intangibles are still taxable in many states, but with a few exceptions, such as Ohio and Florida, assessors ignore them.

In Arkansas, farmers associated with Arkansas Community Organizations for Reform Now (ACORN) recently gained a court order compelling their county assessor to obey the law and put the intangibles onto the tax rolls. The state legislature panicked and is trying to undercut the court order by putting a constitutional amendment to the voters.

Connecticut and New Jersey recently enacted special taxes on the *income* arising from paper property; New Jersey expects to raise \$65 million from the tax this year. Massachusetts taxes unearned income (dividends etc.) at 9% while wages and salaries are taxed at only 5%.

Another important reform is the "classified" property tax, in which different types, or "classes" of property are assessed or taxed at different rates. Washington, D.C. recently joined the five or so states with classified systems; in D.C. commercial property will be taxed more heavily than residential. A problem with existing classified systems is that they do not distinguish between small businesses and large, poor homeowners and wealthy. The Mom and Pop store gets hit just as hard as the Safeway because both are "commercial". It might be better to classify properties according to value instead of type, with the higher-valued properties paying higher rates. Australia

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## Campaign Reform

A Common Cause model bill on campaign financing is currently being revised to conform to recent court decisions. It should be available in about two months. Other model legislation developed by Common Cause include lobbying, disclosure and open proceedings. For copies and information, write to Common Cause, 2030 M St., N.W., Wash., D.C. 20036.

## State Campaigning Finance Laws Survey

A summary of all state law regulating campaign finances as of June 1975 is available from the Federal Election Commission in Washington. Prepared by the Library of Congress, *Analysis of Federal and State Campaign Finance Law* is available without charge.

# Notes to Note

## CBO Reports Available

The newly-created Congressional Budget Office, established to help Congress handle its responsibilities under the new, formalized budgeting process, has begun to publish a useful series of reports comparing alternative policies at the federal level. Such policies will, of course, have significant impacts on states and localities, and the CBO reports are providing valuable comparative data. Some particularly interesting initial reports are "Temporary Measures to Stimulate Employment: An Evaluation of Some Alternatives" and "New York City's Fiscal Problem: Its Origins, Potential Repercussions, and Some Alternative Policy Responses." (These are available from the Government Printing Office.) To get on the mailing list for future CBO reports, write Congressional Budget Office, U.S. Congress, Washington, DC 20515.

## Democratic Economy Proposals

A comprehensive package of proposals dealing with all aspects of direct employee and community control of the American economy is being developed by the Peoples Bicentennial Commission. The PBC, which has an extensive communications, educational and activist network across the country, is working closely with individuals in the public sector as well as with organizations exploring a broad spectrum of new economic alternatives. The

transition from private to public utilities and the reshaping of corporate statutes and chartering mechanisms will also be studied. PBC plans to utilize this package to further raise the vision and viability of a democratic economy. Anyone interested in participating in this project should contact Randy Barber, PBC, 1346 Connecticut Ave., N.W., Washington, D.C., 20036.

## Alternative Experts

A directory of experts and consultants who could assist local and community officials in formulating alternative programs, is being compiled by the Community Ownership Organizing Project. The areas of expertise might include the operation of publicly owned utilities, the creation of a state owned bank, or the financing of a cooperative housing project. The directory will include individuals with practical experience or technical expertise, and organizations which can help guide officials to individuals who are knowledgeable in particular areas. In addition, the Project is preparing material on how city officials have developed their own expertise. It will be based on the experiences city officials have had using professionals, students, and other members of the community to prepare proposals and develop competence in particular areas.

Information about areas in which technical assistance is most needed, the names of individual experts, and experiences which have developed competence, should be sent to COOP, 349 62nd St., Oakland, Ca. 94618.



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adopted such a progressive property tax early in this century to help break up large estates.

## Sales tax

To the chagrin of tax reformers, sales taxes regularly score high in public opinion polls. Apparently, people prefer to be nickled and dimed to death than to pay taxes in lump sums. Sales taxes could be made immensely more fair by expanding the tax to include professional services — lawyers and advertising agencies, for example — since these are consumed in large measure by the wealthy. New Mexico is one of the few jurisdictions with a broad-based sales tax of this kind. Last year roughly 25% of its sales revenues — \$48 million — came from professional services.

The sales tax on food has become a rallying point for tax reformers and food activists. Since 1971 the tax has been repealed in eight states, most recently Washington, D.C. and Michigan. Poor people spend a larger portion of their earnings on food than do the rich, making the food tax highly regressive. Complete repeal may not be the best answer, however. New Mexico has taken a different route by guaranteeing that the combined burden of *all* state and local taxes will never exceed a set percentage of the taxpayers' income. This targets relief to those who really need it.

## Tax loopholes

A few states have closed income tax loopholes: California and Maryland beat Congress in repealing the oil depletion allowance. But the trend remains toward more loopholes, not less. Some of the biggest hide under a hot number called "federal conformity".

When states adopt the loophole-ridden federal tax laws, their revenues drop drastically. Wisconsin lost about \$16 million the first year when it went just part-way to the federal model in 1965. More recently, revenues fell by some \$12 million in Utah when it made the shift in 1973.

A little-noted loophole has been lax income tax enforcement against large multistate corporations. Some corporations juggle their books to shift their income from high-tax states to low-tax states, or to overseas subsidiaries. Sometimes they do not even file returns. States such as California, with effective out-of-state audit programs, have taken in between eight and fifteen dollars in new revenue for every dollar in audit expense. Progressive tax administrators from 22 states, including California, have joined the Boulder,

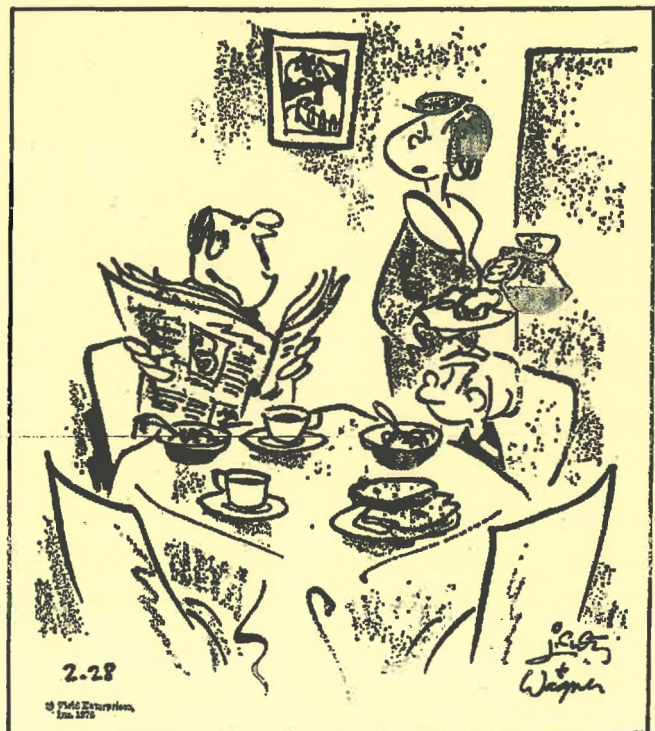
Colorado-based Multistate Tax Commission, which audits multistate corporations on behalf of its members. Businesses lobby state legislators furiously to keep them from joining the MTC, and a group of the nation's largest corporations, led by U.S. Steel, has tied up the group in expensive litigation.

A model income tax reform bill with supporting materials has been drafted by the National Committee on Tax Justice, a coalition of national and local groups working on tax issues. The Tax Justice Act should be especially helpful to people in states with income tax laws patterned on the federal code. The California Tax Reform Association, a NCTJ member, has already developed a California version of this model reform.

## Business incentives

Hard times and chronic business flight have made state lawmakers vulnerable to pressures for special business tax loopholes and "incentives". Numerous studies, including one by the U.S. Advisory Commission on Intergovernmental Relations, have questioned the effectiveness of these. MIT economist Bennet Harrison found, in a study for the Massachusetts

## GRIN & BEAR IT



"The legislature is finally doing something about our state's low per capita income . . . they voted themselves a raise!"



# New City Energy Policies

Energy is now a major component of individual and municipal expenditures. As a result localities are beginning to design programs to reduce energy consumption and to increase the supply of energy from renewable resources, like sunlight.

The most inexpensive way to save energy is through effective insulation. Several cities have increased insulation standards in their building codes. Colorado Springs, Colorado has had a building code in effect for two years under which 4500 single family dwellings have been constructed, which require R-19 (6" of fiber glass) in ceilings, R-11 (3" of fiber glass)

in walls, and double glazing for windows. Possibly the most sophisticated building code was enacted in January 1976 by Davis, California. Using local meteorological data the code is designed specifically for Davis' hot, arid climate which requires a great deal of air conditioning. For example, the ordinance for new homes, which is advisory for existing structures, requires very light colored roofs. It is estimated that this new code will cut heating and cooling requirements for a typical new house by about 50% compared to the 18% reduction estimated by the state's energy conservation code.

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Legislature, that "job creation" tax incentives costing the state \$66 million per year had produced *no* new jobs. Tax incentives do not work for two reasons. First, taxes are not all that important for where businesses locate. And second, when one state enacts incentives its neighbors usually follow suit. The net result: business pays less all around and everyone else pays more.

Within a metropolitan area taxes *can* affect where businesses locate, though taxes are not the only reason firms flee the city to the lower-taxed suburbs. Here the seven-county Minneapolis-St. Paul Twin Cities region scored probably the greatest breakthrough in state and local taxes of the last twenty years. Led largely by the Minneapolis-based Citizens League, these counties agreed to *share* all increases in their commercial and industrial tax bases. No matter where in the area a business is located, all the counties would get a portion of the new revenue. This would end the self-destructive tax undercutting between the counties and enable them to base land-use decisions on something other than the need to attract new industry. School-financing inequities would be lessened, and the fiscal excuse for zoning out poor people would be reduced.

The center cities and poorer suburbs have gained substantially from this tax-sharing plan. Minneapolis gained over \$9 million in assessed valuation last year — almost 60% over its own assessment growth — and the gain this year could be double that amount.

Businesses can still threaten to leave a state, however. Without alternative sources of jobs and revenues, few legislators dare call their bluff. Protection

against such tax blackmail must come from Congress.

It would be simple to do. Congress could enact a special tax on large businesses and industries, against which all state and local taxes would be allowed as a credit. These businesses would pay this minimum state and local tax no matter where they moved, and the incentive to go tax bargain hunting would be less. Congress used exactly this approach to protect other states when Florida and Nevada tried to attract retirees by abolishing their estate and inheritance taxes in the 1920's.

Where do we start? The first step toward fairer state and local taxes is to find out how much we are spending now on tax breaks for the unneedy. These breaks persist largely because people are not aware how much revenue is lost, and because the tax expenditures are not subjected to annual budget review along with other budget items. Both the federal government and the state of California now prepare tax expenditure budgets, showing how much each loophole costs the taxpayers each year.

—Jonathan Rowe

*(Jonathan Rowe is on the staff of the Finance and Revenue Committee of the District of Columbia City Council, Chairperson Marion Barry. He formerly worked with the Public Citizen Tax Reform Research Group. For their newsletter People & Taxes, write PCTRRG, 133 "C" St., SE, Washington, DC 20003.*

*Mr. Rowe is also the co-author of Tax Politics (Pantheon Books) which explores the issue of property taxes more fully. The book also deals with federal income tax reform.)*

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Davis' code is planned to be comprehensive, addressing life styles, neighborhood design, and solar rights. A bicycle network complete with cross ties between cul de sacs and interblock cuts, which reduce distances, has been implemented and serious consideration is being given to reducing street widths from 34 to 28 feet, thereby saving significant energy.

Several cities are also exploring the concept of sun rights. Los Angeles County Supervisor, James Jayes, has proposed that all new in-county construction be sited and designed to enable solar heating and cooling hookups. The California State Assembly Judiciary Committee has held hearings on three-dimensional zoning and sun rights. In the 1960's, Tokyo adopted sun rights ordinances. Since then some 300 Japanese cities have sun rights in operation and the courts, although not consistent, have upheld the legitimacy of such ordinances.

Some cities are beginning to develop concepts for solar utility systems. This has occurred first in those cities which own their own distribution network. In Santa Clara, California, 12 residential swimming pools will be outfitted with solar collectors this spring by city utility crews. The equipment will be sold at dealers' cost and at 7½ % interest. The city sees this as a first step toward establishing a solar utility company which would lease units to homeowners.

Rod Kuharich of Colorado Springs, Department of Public Utility, will present a paper to the National Council of State Legislatures in late March conceptualizing a state solar utility system, with most of the design applicable to local utility development as well. Proponents of such a structure see it as a way to rapidly introduce solar equipment to residents, overcoming the hurdle of high down payments. Critics are wary, believing that if such a system is based on leasing arrangements, it will go the way of toll roads; that is, once the initial equipment cost has been paid off, the cash flow will have been integrated into city revenue projections, and leasing will continue. This would mean solar energy would never be free, and might also lead to cities prohibiting the use of private collector systems.

Bridgeport, Texas, which owns its own electric system, is planning to move one step further in constructing a 5 megawatt solar thermal electric facility which would make it almost completely independent. Such a move was prompted by rising electric rates charged by the regional electric generating company. The City of Bridgeport is currently negotiating with

ERDA about funding, and with a company in Reno, Nevada for the construction of the facility.

Growing government support for solar, rising energy prices, and an almost sure tax credit for solar equipment will rapidly develop the solar equipment and manufacturer market. Cities pioneering in the introduction of solar energy will gain experience useful to other cities just starting to explore this promising field. Perhaps the most difficult question is how to integrate a basically decentralizing technology into a utility (not to mention political) structure which is essentially centralized.

For further information on energy planning, with special emphasis on solar electric technology, write to David Morris, Director of Urban Energy Systems, Institute for Local Self-Reliance, 1717 - 18th St., N.W., Washington, D.C. 20009.

—David Morris

## New Art Policies

Public support for the arts is becoming policy for many city, county and state governments, where officials are beginning to view public access to the arts as a basic service, like police protection or street paving.

The last great experiment along these lines was the New Deal quest for "cultural democracy", when WPA hired artists to work at their own professions, and visionaries strove to integrate artist and society so that art would document the American experience more deeply and not remain a luxury for the elite. But the federal bureaucracy eventually stymied its own brainchild and the idea faded during the war years and the complacent 50's.

In the 1970s, recession-ridden communities are re-discovering the potential of their artists to enhance the environment and enrich the community. It is not bread-and-circuses. It is an important facet of public education, a source of employment, and a stimulus for the revitalization of urban centers.

Ongoing projects include city financial support of local arts groups; "1%" bills and ordinances which provide that a percentage of the construction cost of public buildings be set aside and used for public art; the use of CETA positions by manpower departments to hire artists to produce works, teach classes, administer arts programs, or, in the case of Seattle, to carry out projects they themselves choose; and government sponsorship of free public festivals.

(continued on page 10)



## Neighborhood Power

Trends toward decentralization of government power down to control by neighborhood organizations have intensified in the past several years. Examples include the following:

Washington, D.C. In 1974 a charter calling for Advisory Neighborhood Councils was approved by referendum. In 1975 the City Council approved legislation creating 372 single member districts within 36 Advisory Neighborhood Council areas. Elections were held February 3, 1976. ANCs will advise the District government on matters of public policy including decisions regarding planning, recreation, and other social services.

Pittsburgh, PA. The establishment of similar community advisory boards was approved by charter in 1974. However, Pittsburgh's Advisory Board will not be broken down to the single member district level. No election date has been set.

Simi Valley, CA. In 1972 the City Council enacted an ordinance creating five neighborhood council districts. Anyone over 18 is entitled to vote at meetings which operate like New England town meetings. Topics including animal control, sewer expansion and land development are discussed.

Portland, Ore. In 1973 the City Council passed an ordinance recognizing neighborhood associations as authorized agencies of citizen participation in city government and appropriated funds to an Office of Neighborhood Associations. The associations have cooperated with the city on the community development block grant programs and have received a percentage of this grant for neighborhood-run projects.

Boston, Mass. In 1972 the City Council approved an amendment giving the Model Neighborhood Board of Boston (18 members) the power to approve all programs, budgets and contracts relative to the Model Cities program. Arbitration procedures apply when the board disapproves a contract that the administrator recommends.

Detailed information, including an in depth look at Washington, D.C.'s experience with neighborhood councils, is available in a Handbook on Advisory Neighborhood Commissions prepared by Milton Kotler and Greta Smith. It is available for \$5 from the Institute for Neighborhood Studies, 1901 Q. St., N.W., Washington, D.C. 20009.

## Citizens Power Campaign

Jon Blair Hunter, who participated in last year's Madison Conference as a representative of the Mountain Community Union, is running in a "citizens power" campaign for the West Virginia House of Delegates. Rank and file labor and community representatives from across Monongahela and Preston Counties are being organized into a Citizens Power Forum. The Forum will voice demands and needs of the community both during and after the election campaign.

Announcing the campaign at a meeting of workers at a Morgantown pharmaceutical plant seeking Oil Chemical Atomic Workers union recognition, Jon stressed state enablement of "workers rights." This includes public employee collective bargaining rights; an end to court anti-strike injunctions; and expanded workers compensation and occupational health and safety coverage. Social and non-discriminatory revenue-sharing priorities, and an end to electric utility rate increases and coal strip mining will be emphasized in the campaign also.

For more information, write: Citizens to Elect Jon Blair Hunter, Rt. 5, Box 309, Morgantown, W. Va. 26505.

A Clearinghouse to link Midwestern people who are developing alternative public policy has been set up in Madison, Wisconsin. Designed as a focus for policy solutions to specific regional problems, the Clearinghouse will also draw together the energies of people who share a geographic base. The Clearinghouse will

# Notes to Note . . .

## Working Papers

State incentives to businesses cost taxpayers in Massachusetts over \$1 million a year. In the spring issue of *Working Papers*, economists Bennett Harrison and Sandra Kanter examine what impact incentives such as tax credits, loan guarantees, etc., have on business decisions to expand or relocate plants. After reviewing surveys collected across the country since the 1950s, the authors conclude that state incentives to businesses are nothing more than a "windfall for the companies at the expense of the taxpayers."

Also in the spring issue of *Working Papers* — Professor Christopher Stone's corporate reform proposal, a state-level alternative to Nader's federal chartering, is described. Another article looks at public enterprises at the state level, suggesting what state enterprises can and cannot be expected to do. Setbacks and successes of locally oriented citizens' movements in Montreal, Crystal City, Santa Barbara and Chicago are also in the new issue.

For a subscription to *Working Papers*, send \$10 to Working Papers, 123 Mt. Auburn St., Cambridge, Mass. 02138. Send \$2.50 for a single issue.

## Pension Funds Investment

A recent study of how a \$13 billion state and local public employee pension fund was invested revealed that it was done in an unprofitable, as

well as a socially useless, fashion. Under the cloak of knowledgeable investment counselors, the funds have been sunk mainly into stocks, which are subject to major fluctuations in value, and in low yield private corporate bonds. The average return on pension fund investments has been only 5 3/4%. Yet the fund managers reject the view that socially useful investments should be made, claiming that it would be at the expense of pensioners.

The report suggests that pension funds should be invested in housing construction and rehabilitation, and community development, at an equivalent yield to present investments. "Side effects" of the investment of these huge funds in employment generating enterprises include improved housing, and increased state and local tax revenues. The increase in tax revenues, which provide a third of the revenues for the pension systems, would be equivalent to an increase of several points in the rate of return of the retirement system assets. The report concludes that, up to this time, state and local governments have not considered the economic impact and potential of their investments.

Ed Kirshner, Director of the Community Ownership Organizing Project directed the study, which was commissioned by the California Employment Development Department. Copies are available from Coop, 349 62nd St., Oakland, Ca. 94618, for reproduction and mailing costs of \$1.25.

## Clearinghouse for Midwest Legislation

provide a collection and distribution center for model legislation and policy research. The coordinator is currently contacting legislators and Conference participants in order to create a group from which to draw these materials on a regular basis. Clearinghouse materials will be available at cost

and a bibliography will be sent to those who request it. Alternative legislation/articles should be sent to the Midwest Clearinghouse at The Institute of Governmental Affairs, 610 Langdon St., Madison, Wisconsin 53706. Contact may also be made by phone at 608/262-1741.



(continued from page 8)

Seattle is re-writing its "1%" ordinance to provide for a long-term municipal art plan to be presented at annual budget hearings, assessing the city's art needs on a neighborhood basis. The city is also preparing a model contract for the local artists whose work it buys, providing for benefits to them in the event of appreciated value of their works.

Baltimore is in the 12th year of its "1%" program — the result of a 1964 ordinance written by art professor Bennard Perlman (also the author of a state bill now pending in the Maryland legislature). Professor Perlman's handbook *One Percent in Civic Architecture* details the four-year battle for passage of the city law and suggests variations on the Baltimore model that could be used in other cities. It deals with such questions as financing the measure, mobilizing community support, and the history of art in public works. Copies may be obtained for \$5 by writing Mr. Perlman at the Community College of Baltimore, 2901 Liberty Heights Ave., Baltimore, MD., 21215. The supply is limited.

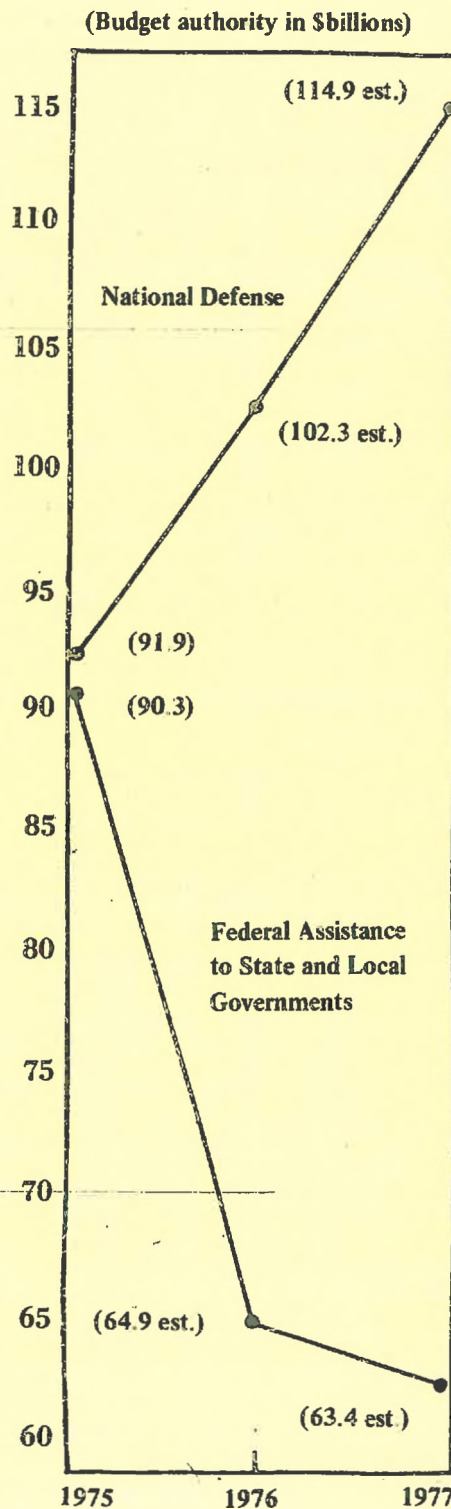
The Minneapolis Arts Commission is applying for grants from the National Endowment for the Arts and HUD to develop proposals for rehabilitating the downtown "Strip" by building artists' collectives. The idea is to create subsidized housing and working space for artists by renovating old but structurally sound buildings that are at present under-utilized. The city hopes to revive the fading commercial district and provide additional rental units at a low conversion cost. A similar program has been in effect for several years in Louisville, Ky. Revenues from a raise in the Minneapolis hotel tax will also be used for arts support.

San Francisco's arts backers have organized themselves into a potent political constituency which functions as a voting bloc and which had a substantial role in affecting the outcome of the '75 mayoralty race. This network of activists, organized on a community and neighborhood basis, is beginning to make itself felt in statewide races as well.

The New York State Council on the Arts, however, faces a 40% slash in its budget, in addition to the proposed \$4.1 million cut already incorporated in the 1976-77 budget. Joan K. Davidson, chairwoman of the arts council, said the proposed cuts would "cripple one of the healthiest parts of the state's economy, one that returns a profit to the taxpayers."

—Mary Ann Fraulo

## National Defense vs. Federal Support of State and Local Governments



Source: *The Federal Budget and the Cities*,  
U.S. Conference of Mayors, January, 1976,



# Programs and Proposals

## Nonprofit Food Stores

Spiraling food prices and high unemployment have motivated UAW Local #600, the world's largest local union, located at the Ford River Rouge Plant, to open two non-profit food stores in Detroit. UAW Worker's Market #1 and #2 have forced local chains to lower prices by selling food at 30% below retail price. To create these two stores and develop future ones, Local #600 has formed a separate non-profit corporation which has used funds from the union treasury for startup capital. Strongforce, an alternative economic project in Washington, D.C. is preparing a training manual through an NIMH grant that will provide detailed case studies on the UAW stores and other worker-community operated nonprofit food stores nationally. To receive a copy of this booklet when it is published contact Strongforce, 2121 Decatur Pl., N.W., Washington, D.C. 20008.

## Criminal Justice Programs

Sheriff Hongisto of San Francisco was recently re-elected to his second four-year term. Since San Francisco is both a city and a county, Hongisto does not have responsibility for street patrol. His duties are primarily to operate and maintain the county jail, and to exercise court orders — evictions, wage attachments, injunctions and repossessions. He has described much of these functions as the oppression of poor people.

Hongisto has put most of his efforts into reforming the county jail, and curtailing its use by the court system. When he took office in 1972, San Francisco County sent more people to jail for longer sentences than any other county in California. In four years, he has reduced the jail population of sentenced inmates by 50%.

The sheriff has managed this reduction through a parole program, increasing good con-

duct time in jail, eliminating many "false" legal problems by which people were arbitrarily held, creating programs to get alcoholics out of jail, and promoting a publicity campaign among judges about San Francisco's high jail population. By reducing the number of inmates, Hongisto has been able to stretch the low jail budget to bring services to a greater percentage of the population.

Hongisto has also tried to broaden educational and work programs within the jail, and to improve physical conditions. He has increased education classes and employment counseling, and included a program involving 32 VISTA workers who help sort out inmate's personal problems caused by detention.

Medical care for the jail population, once perfunctory at best, has been greatly improved in the past four years. Sheriff Hongisto went to federal court to force the county Board of Supervisors to provide substantial funding for food, clothing, medical care and sanitation.

"Squirrel cages" and isolation cells once held emotionally disturbed inmates and those being punished by the jail authorities. Sheriff Hongisto has transferred most of the inmates requiring psychiatric care to state mental facilities, and reduced the number of days inmates spent each year in the isolation cells from 1400 to almost zero.

## Anti-Redlining Strategies

Community groups around the country — working in conjunction with sympathetic elected officials — are combatting "redlining." This is the practice by banks of denying loans to geographic areas they decide are "going down hill" and are bad credit risks. The process of deterioration, once in motion, is self-fulfilling. Current operation of private financial institutions thus encourages the decay of inner city ghettos, urban working class neighborhoods, and certain rural areas.

In California, Assemblywoman Teresa Hughes has introduced a bill that would ban the practice of redlining by all private financial institutions that receive state deposits. In Chicago, Alderman Dick Simpson successfully sponsored a similar resolution, which held that the city tax deposits could not be placed in financial institutions that redlined.

Pressure by Los Angeles County community groups — the Coalition Against Redlining — has forced the state Business and Transportation Agency to draw up fairly strict anti-redlining regulations for state-chartered banks and savings and loans. Representatives of the private financial institutions are trying to water down the regulations, while the community groups are attempting to strengthen them.

Detailed information on anti-redlining legislation is published regularly in the newsletter of the National Task Force on Credit Policy. Subscriptions to the newsletter titled "Long Term Notes" are available free by writing: Credit Task Force, Center for New Corporate Priorities, 1516 Westwood Blvd., Los Angeles, Ca. 90024.

Material aimed more at community groups engaged in fighting redlining is available from the Movement for Economic Justice (MEJ). They have recently compiled a manual on anti-redlining

strategies used by community groups in Indianapolis, Chicago, Milwaukee, and Boston. Write: MEJ, 1609 Connecticut Ave., N.W., Washington, D.C. 20009.

"Redlining: Mortgage Disinvestment in the District of Columbia," is a booklet published by the Institute for Policy Studies, The Institute for Local Self-Reliance, and D.C. PIRG, which documents redlining in the District. The booklet also contains suggested strategies for opposing and reversing redlining. For copies or information contact: Cynthia Washington, IPS, 1901 Q St., N.W., Washington, D.C. 20009.

## Vietnam and Amnesty

A resolution calling for U.S. recognition of Viet Nam was unanimously adopted by the City Council of Berkeley, CA. late last year. The Council's statement — supported by 24 religious groups and hundreds of individuals — also calls upon the U.S. to "act now in a spirit of reconciliation to heal the wounds of war."

Another state and local action around the issue of the Viet Nam war was a call for national amnesty by twelve governors and state legislatures, including Colorado and Wisconsin. Twenty mayors and city councils also observed National Amnesty Week, among them the cities of Biloxi, Louisville, New York and Madison.

## Staff Position Open

The National Conference is presently seeking a person for the position of National Clearinghouse coordinator, to work in our Washington office. Responsibilities will include assembling files of the best alternative bills and ordinances in over 20 different program areas, maintaining an active correspondence on program ideas with state and local officials across the country, responding to requests for information and technical help coming to our office from public officials and others, assisting in the coordination of task forces developing model legislation, and publicizing our model legislation and other bills to public officials and others. Some additional responsibilities would be expected on other projects or activities of the National Conference. We are looking for an individual with significant experience in either state or local politics or government. Writing skills are important. Salary to be negotiated, but in the \$11,000 range. Please send applications and resumes to Barbara Bick, National Conference Center, 1901 Que St., NW, Wash., D.C. 20009.



# National Conference Center

The National Conference Center in Washington is set up to assist public officials and others interested in alternative politics and programs in state and local government. Major activities of the National Conference Center include a **CLEARING HOUSE OF ALTERNATIVE LEGISLATION**, which compiles existing alternative bills, ordinances and proposals as well as new model legislation. Copies of the best bills are available as part of the Center's publication series. The National Conference Center coordinates **TASK FORCES** that study and develop new programs and model bills in such areas as public utilities, banking, taxation and women's issues. Special conferences and work groups are currently studying alternative urban policies and job loss in old industrial regions. In addition, the National Conference Center has a growing list of **PUBLICATIONS** that explore new public approaches to social and economic problems.

## Publications available from the National Office

### *Alternative Legislation Series (50 cents each)*

- Senate bill S2631, the National Consumer Cooperative Bank bill. Proposes a bank that will make loans directly to consumer coops.
- Model State Public Utility Commission Act. Includes recommendations in all areas of electric utility regulation: commission structure, procedure, jurisdiction, enforcement, etc. By Lee Webb & Jack Chesson.
- Model State Energy Act. A draft bill for a democratically controlled, publicly owned state energy system. By Lee Webb & Jeff Faux.
- National Community Health Service bill. Model legislation for a community-based, nationally funded health service. By the IPS Community Health Alternatives Project.
- Lifeline Packet. The most innovative "lifeline" electric utility rate structure proposals introduced in various state legislatures.
- Louisiana Automobile Insurance Corporation Act. Model legislation establishing a universal, compulsory auto insurance plan, with the state corporation the exclusive underwriter.

### *Public Policy Pamphlet Series*

- *Public Policy Reader*, 2nd edition. A compilation of the best innovative bills, ordinances and proposals of the past year. Over 500 pages. Available at the Austin Conference, June, 1976. \$5.
- *Legislative Handbook on Women's Issues*. A collection of legislation on economic issues affecting women, including the best innovative proposals, and a bibliography. By Kathy Rhodes. \$1.

- *The Cities' Wealth: Programs for Community Economic Control in Berkeley, Ca.* A report outlining in detail the programs and organizing strategies of the Berkeley Coalition over the seven years of its political work with the Berkeley City Council. Compiled by the Community Ownership Organizing Project. \$2.50.
- *Public Control of Public Money: Should States and Cities Have Their Own Banks?* Analyzes the advantages and disadvantages of state and city-owned banks. Includes descriptions of the state-owned bank of North Dakota, and recently proposed state banks in New York, Washington, Oregon, and California. By Derek Shearer. \$1.50.
- *The Manitoba Auto Insurance Plan*. A report on the operation, costs, social and economic considerations of a plan providing auto insurance by a public corporation. By Sherman Bernard. \$1.
- *The Problem of the Federal Budget*. An analysis of present federal budget priorities, by a study group of the Institute for Policy Studies. \$3.

Enclosed \$\_\_\_\_\_ for publications checked above.

Enclosed \$5.00 subscription (4 issues) to Conference newsletter.

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