Summary:

Local governments—cities, towns, parishes and villages—have struggled throughout history with several competing demands, including the provision of “essential” governmental services, limitations on the ability to raise revenue and state (and federal) imposed mandates. Local government finance is the study and discussion of the revenue-raising techniques available to municipalities within the constitutional limitations imposed by the respective state governments. We will explore these techniques, survey the law expanding and limiting these strategies and discuss the direction cities and towns will take as municipal budgets are constrained by the sheer lack of money and continuous pressure to reduce and redirect tax and fee burdens. We will focus on the planner’s and policy maker’s role in, and available mechanisms for, raising, expending and protecting municipal revenue.

Instructor: Jonathan Witten

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<th>Date</th>
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<td>Jan 25/ Feb 1, 2016</td>
<td>Topic 1: Course Overview: The need for revenue and the limitations on municipal power to raise revenue. We will discuss the constitutional framework that limits the powers of local government to raise revenues, reliance on the property tax for the provision of basic municipal services and the dilemmas faced by cities and towns as they experience property tax “revolts”, reductions in federal and state aid and an inability to develop new sources of revenue beyond traditional “taxation” authority. Cases: Hunter v. Pittsburgh, 207 U.S. 161 (1907), Lee v. City of Harlingen, Texas, 2011 WL 6371089 (S.D.Tex), United States v. New Orleans, 98 U.S. 381 (1878), Hackleburg v. Northwest Alabama Gas District, 277 Ala. 355 (1964), State v. City of Hartford, 50 Conn. 89 (1882), Pew Charitable Trusts, The Local Squeeze: Falling Revenues and Growing Demand for Services (2012).</td>
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February 8


February 18*

NO CLASS

February 22, 29

Topic 3: Part 1: State Mandates (Unfunded) and Local Government Finance. Part 2: The Property Tax and the Property Tax Revolution. Federal and state law establishes numerous “mandates”—services that local governments are obligated to provide. Unfortunately for many municipalities, these obligations are often “unfunded” by federal or state governments, leaving cities and towns to carry out the mandate but without financial assistance. Not long ago, local governments simply raised the property tax to meet the required obligations. Much has changed, however, in the wake of the “property tax revolution” beginning in the late 1970s. Cases: Board of Education of Maine Township v. State Board of Education, 487 N.E.2d 1053 (1985), Unfunded State Mandates and Local Governments, 64 UCINLR 1057 (1996), Reconceptualizing Unfunded Mandates and Other Regulations, 93 Nw. U.L. Rev. 351 (1999), City of Rancho Cucamonga v. Mackzum, 228 Cal.App.3d 929 (1991), Nordlinger v. Hahn, 505 U.S. 1 (1992),

March 7


March 14

Topic 5: Special Assessments, Tax Increment Financing, Introduction to Impact Fees and the Relationship Between Land Development and Provision of Municipal Services. Cities and towns have used special assessment financing—betterments—for decades as a means of providing neighborhood improvements without impacting the general tax base. These betterment programs have a checkered history. While betterment programs are common today, they have begun to evolve into a new form of site-specific taxation—the impact fee—also not without controversy. Cases: People v. Mayor of Brooklyn, 4 N.Y. 419 (1851), Silicon Valley Taxpayers Assn v. Santa Clara County Open Space Authority, 44 Cal.4th 431 (2008); City of Seattle v. Rogers Clothing for Men, Inc., 114 Wash.2d 213 (1990), City of Boca Raton v. State, 595 So.2d 25 (1992), State v. City of Port Orange, 650 So.2d 1 (1994), Morgan v. Imperial Irrigation District, 223 Cal.App. 4th 892 (2014), Economic Benefits and
March 28, April 4


April 11

Topic 7: Local Government Budgets, the Capital Plan, Limitations on Debt, Exceptions to Debt Limits and Taxation. As we have discussed, local governments are limited in their ability to raise taxes and borrow money. These limitations—debt limits—have a variety of exceptions, many determined by the local government itself, outside of state control. Cases: Harris v. City of Little Rock, 40 S.W.3d 214 (2001), Montano v. Gabaldon, 108 N.M. 94 (1989), MHFA v. New England
April 25


May 2

Course review and final paper presentations.

Course Grading and Assignment:

The course grade is based on attendance and a final paper of approximately fifteen-twenty (15-20) pages in length on a topic of your choice discussing a local government finance issue, problem, proposed solution, on-going or settled litigation or an analysis of a federal, state or local government law or policy relating to local government finance. The local government need not be within the United States.

- I am pleased to answer questions raised during the course and discuss matters related to it anytime. Please feel free to schedule an appointment with me, email me or call me anytime. My e-mail address is: jon.witten@tufts.edu
- On days when I am not on campus, I can be reached at 617-827-9056.