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FROM CAUTIONARY EXAMPLE TO "CITY ON A HILL": REVITALIZING SAINT LOUIS MAY REQUIRE AN INNOVATIVE REGIONAL TAXATION MODEL

To grasp the depth of the challenges facing many American metropolitan areas ("metros") today, it is necessary to consider these metros in the context of the laws and policies that have helped to form them. After all, although agglomerations of human population have existed in a more or less organic form for thousands of years,[1] the modern American city is, in many ways, a deliberately planned and constructed political entity.[2] As the apex of the built human environment, urban landscapes encompass and reflect our needs, our desires, our aspirations, and our struggles.[3] These motivating forces shape policy, policy shapes our cities, and the cities we live in contribute considerably to shaping our lives.[4]

1. For a discussion of the driving forces behind urbanization, see generally David Clark, *Interdependant Urbanization in an Urban World: An Historical Overview*, 164 GEOGRAPHICAL J. 85 (1998). The author describes early human societal aggregation, or urbanization, as a product of agricultural surplus and "the achievement of a level of social development that allows large communities to be socially viable and stable." *Id.* at 88 (referencing E. E. Lampard, *Historical Aspects of Urbanisation*, *in* THE STUDY OF URBANISATION 519–54 (P. M. Hauser & L. F. Schnore eds., 1965)).

2. See DANIEL MANDELKER ET AL., STATE AND LOCAL GOVERNMENT IN A FEDERAL SYSTEM 201–79 (7th ed. 2010), for a survey of the various approaches to local and municipal governance. *See also* Richard Briffault, *Our Localism: Part II—Localism and Legal Theory*, 90 COLUM. L. REV. 346, 358 (1990) ("The states passed general enabling laws for the incorporation of municipalities, thereby shifting operational decisions concerning local government formation to local actors.").

3. *See, e.g.*, John Friedmann, *Cities in Social Transformation*, 4 COMP. STUD. SOC'Y & HIST. 86, 86 (1961) ("The clustering of populations into communities is one of the basic forms of human settlement. It arises from man's need for cooperation in order to survive, from his gregarious instinct, from certain external economies that may be obtained when his activities are centralized, and from the fact that distance is a physical obstacle that can be overcome most rationally by centralizing certain functions within geographic space.").

4. John Walton, *Urban Sociology: The Contribution and Limits of Political Economy*, 19 ANN. REV. OF SOC. 301, 303 (1993) ("[A]s in the case of urbanism generally, concrete urban processes (e.g. ecological patterns, community organization, economic activities, class and ethnic politics, local government) must be understood in terms of their structural bases or how they are conditioned by their connection with economic exigencies, political arrangements, and the socio-cultural milieu. . . . [T]he approach is fundamentally concerned with social change and conceives of this as growing out of conflicts (or contradictions) among classes and status groups. These conflicts are the basis of the political process . . . .") (quoting John Walton, *The New Urban Sociology*, 33 INT'L SOC. SCI. J. 374, 376 (1981)).

Although the city is a place where many different things exist in close physical proximity, it can also be a place of stark division.[5] Nowhere are human contrasts more clearly displayed. While this diversity of perspective, culture, and experience can be a great asset,[6] it has also proven itself a significant obstacle to constructive policymaking.[7] Cities are places of tremendously concentrated wealth and power, on one hand, and nearly unimaginable poverty and destitution on the other.[8] As urban areas have grown spatially, the division between these classes has grown as well.[9] By the end of the 20th Century, many American metros consisted of a blighted and crumbling urban core surrounded by much more modern and affluent suburbs.[10] This pattern, in some ways, reflects the aggregated effects of a multitude of individual choices.[11] However, it is also the result

5. *See, e.g.*, Emily Badger, *The Rise of Economic Segregation*, THE ATLANTIC CITIES (Aug. 2, 2012), http://www.theatlanticcities.com/neighborhoods/2012/08/rise-economic-segregation/2793/#.

6. JANE JACOBS, THE DEATH AND LIFE OF GREAT AMERICAN CITIES: THE FAILURE OF TOWN PLANNING 24 (1961) ("Cities are fantastically dynamic places, and this is strikingly true of their successful parts, which offer a fertile ground for the plans of thousands of people."). Jacobs' use of the word "successful" in this passage refers not to economic or financial success, but to the parts of cities that function as thriving centers of human civilization should. *See id.* at 13–14; *see also id.* at 143–51.

7. *See generally* Edward L. Glaeser, *The Challenge of Urban Policy*, 31 J. POL'Y ANALYSIS & MGMT. 111 (2012) ("[T]he concentration of vast numbers of humans into densely packed areas . . . creates enormous policy challenges. If cities are going to serve as engines of economic success, rather than places of sickness, crime, and despair, the world will need better urban policies.").

8. *See* Richard Florida, *The High Inequality of U.S. Metro Areas Compared to Countries*, THE ATLANTIC CITIES (Oct. 9, 2012) http://www.theatlanticcities.com/jobs-and-economy/2012/10/high-inequality-us-metro-areas-compared-countries/3079/ ("America has the highest level of inequality of any of the advanced countries—and its gap with the rest has been widening. This already-high national level of inequality is even worse in certain American cities and metro regions.") (internal quotations omitted). For a particular example of a highly disparate American city, see Sam Roberts, *Income Disparity is Greatest in New York, Census Finds*, N.Y. TIMES (Oct. 27, 2011, 11:13 AM), *available at* http://cityroom.blogs.nytimes.com/2011/10/27/income-disparity-is-greatest-in-new-york-census-finds/.

9. Sheryll D. Cashin, *Localism, Self-Interest, and the Tyranny of the Favored Quarter: Addressing the Barriers to New Regionalism*, 88 GEO. L.J. 1985, 1995 (2000) ("At least one study has examined the geographic distribution of the affluent as well as the poor, finding that between 1970 and 1980, the geographic segregation of both the poor and the affluent has increased. Thus, economic segregation appears to be increasing even while racial segregation may be declining slightly.") (footnotes omitted).

10. *Id.* at 1994–95 ("Not surprisingly, increased suburban development has also been accompanied by dramatically increased concentrations of minority poverty in central cities, particularly in the Northeast during the 1970s and in the Midwest and Southwest during the 1980s.") (footnote omitted). *See also* Marjorie Cahn Brazer, *Economic and Social Disparities between Central Cities and Their Suburbs*, 43 LAND ECON. 294, 294 (1967) ("[A] widely accepted stereotype has emerged which characterizes the central city as the home of the poor, undereducated, unskilled, unstable, unhealthy, dependent and minority population groups while the suburbs are presumed to accommodate almost entirely the happy, healthy, opulent, 'average' American family.").

11. *See* Charles M. Tiebout, *A Pure Theory of Local Expenditures*, 64 J. POL. ECON. 416, 418 (1956). Tiebout's seminal work discusses the economics of individual locality selection through an analysis of the "consumer-voter," a potential resident whose locational decision is based on her desire to find her ideal mixture of taxes and services. Advocates for localism often cite the Tieboutian model

of some controversial planning and policy decisions, many of which have had consequences that were neither predicted nor desired.[12]

The unchecked proliferation of individual municipalities within many metros[13] has proven to be a persistent obstacle to successful regional integration; as local government structure exists today, these municipalities are often incentivized to compete with each other for investment, business, and tax revenue. Such local interests often conflict, particularly in the short term, with broader regional goals.[14] A more holistic view increasingly embraced by urban theorists takes better account of the potential value of inter-municipal cooperation.[15] Metropolitan inter-municipal revenue sharing is a particularly promising example of this type of regional cooperation.[16]

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for its emphasis on the power of aggregated individual choice to affect the decision-making of municipal governments.

12. *See infra* Part I.

13. *See* Cashin, *supra* note 9, at 1992 ("[S]uburbanization was marked by the creation of multiple local jurisdictions tailored to a range of citizen tastes. In 1942, there were approximately 24,500 municipalities and special districts in the United States. By 1992, that number had more than doubled, to 50,834. As a result, 'the typical metropolitan area had 113 local governments, including forty-seven general purpose governments, such as a . . . municipality.'") (quoting Richard Briffault, *The Local Government Boundary Problem in Metropolitan Areas*, 48 STAN. L. REV. 1115, 1120 (1996)).

14. Laurie Reynolds, *Intergovernmental Cooperation, Metropolitan Equity, and the New Regionalism*, 78 WASH. L. REV. 93, 105 (2003) ("[T]he highly fragmented local government world envisioned by Tiebout inevitably results in a self-destructive competitive 'race to the bottom,' as municipalities try to out-bid each other in the incentives they are willing to offer to entice business and the property wealth it brings into their jurisdictions. [Furthermore], it allows self-contained local government units in a metropolitan region to take actions with negative spillover impacts on their neighbors.") (footnote omitted). For an analysis of some effects of inter-municipal competition, see Gerald E. Frug, *City Services*, 73 N.Y.U. L. REV. 23, 32–34 (1998). Frug argues that the public choice model propounded by Tieboutian localists fails to recognize that the true ability to choose one's municipality of residence is a luxury enjoyed by few. In fact, only the wealthy have the full range of choices—it is mere sophistry to suggest that the poor have "chosen" to reside in dangerous places with failing schools and decaying housing stock. *See id.* at 31. Rather, Frug argues, the intense competition between municipalities to lure wealthy residents and businesses away from other areas creates regions increasingly stratified by socioeconomic class. *Id.* at 33–34.

15. *See* Reynolds, *supra* note 14, at 95–96 ("[L]oosely connected under the broad doctrinal umbrella of the New Regionalism, a growing number of commentators now advocates structural reforms in local governmental law. While some continue to endorse full city-county consolidation or the creation of a new regional governmental unit, most recommend more flexible governance solutions. In the legal literature, the New Regionalism has yet to emerge as a clearly defined doctrinal movement, yet the term has begun to appear as a shorthand for the scholarship that examines and criticizes the allocation of regulatory power among and between state and local governments in metropolitan areas.") (footnotes omitted).

16. *See* Note, *Making Mixed-Income Communities Possible: Tax Base Sharing and Class Desegregation*, 114 HARV. L. REV. 1575, 1585–88 (2001) [hereinafter *Making Mixed-Income Communities Possible*] for a basic explanation of one proposed method of regional tax-base sharing through pooling property taxes for an entire metropolitan area.

The purpose of this Note is to consider and explore the policy decisions that encourage metropolitan fragmentation and to advocate for a more region-focused municipal revenue distribution plan in the St. Louis metro area. In order to assess the challenges and opportunities presented by such a plan, an understanding of American urban development and policy is required. Part I will provide a brief overview of pertinent American urban development patterns since the Second World War. Part II will examine several examples of metropolitan-region revenue sharing, focusing specifically on the Twin Cities Fiscal Disparities Program utilized in the Minneapolis-St. Paul metro. This will be instructive for analyzing the potential for inter-municipal revenue sharing within the St. Louis region, through an investigation of the region's local government structure and unique challenges. While the plight of St. Louis is by no means singular, the magnitude of the city's need is quite staggering. Population loss on a per capita basis is worse in St. Louis than in any other major American city,[17] and an unfortunate decision to legally separate St. Louis City from St. Louis County has greatly exacerbated the city's isolation from its metropolitan region. Part III will delve further into these issues and examine the possibility of adopting a regional revenue-sharing plan in the St. Louis metro. Although political opposition could make implementation of such a measure difficult, I suggest that revenue sharing could work to increase St. Louis metro's national and global competitiveness while reducing some of the region's stark socioeconomic disparities.

I. URBAN STRUGGLES SINCE WORLD WAR II

The modern American urban landscape was born in the years following the Second World War. Since the War and its attendant, military buildup helped bring America out of the Great Depression,[18] policymakers feared that the return of peace would foster a return to economic hardship.[19] Partly in an effort to encourage economic growth, the Federal Housing Administration and the Veterans Administration instituted loan programs

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17. *See* Wendell Cox, *Shrinking City, Flourishing Region: St. Louis Region*, NEWGEOGRAPHY (Jan. 27, 2011), http://www.newgeography.com/content/002013-shrinking-city-flourishing-region-st-louis-region.

18. *See* WILLIAM H. CHAFE, THE UNFINISHED JOURNEY: AMERICA SINCE WORLD WAR II 7 (5th ed. 2003).

19. *See* Klaus Knorr, *The Bretton Woods Institutions in Transition*, 2 INTL. ORG. 19, 19–20 (1948) (describing American and international policymakers' fear of future global recession as a driving force behind the creation of several powerful international financial institutions including, *inter alia*, the World Bank).

that "provided mortgages for over eleven million new homes."[20] These federally subsidized mortgages often cost less than rent payments, encouraging single-family home ownership.[21] Furthermore, the programs "discouraged the renovation of existing housing stock," in favor of new construction.[22] At the same time, the building of the Eisenhower Interstate Highway system, soaring rates of automobile ownership and declining support for public transit subsidies increased the individual mobility (and, ultimately, car-dependence) of the American urban population.[23]

These suburban pull factors dovetailed with forces pushing upwardly mobile urbanites out of the city. Cities were perceived as dirty, dangerous, and overcrowded—fearful places to live and raise a family.[24] Fear, often intensified by classism and racism, was a major factor in driving the wealthy and the middle class out to the suburbs.[25] Although restrictive covenants had kept many neighborhoods racially and economically homogeneous,[26] the Supreme Court's 1948 decision in *Shelley v. Kraemer* effectively ended the practice.[27] As neighborhoods were opened up to new and diverse residents, existing residents sold their homes and left for the

20. ANDRES DUANY ET AL., SUBURBAN NATION: THE RISE OF SPRAWL AND THE DECLINE OF THE AMERICAN DREAM 7–8 (2000).

21. *Id.*

22. *Id.* at 8.

23. *Id.* at 8 n.2 ("75 percent of government expenditures for transportation in the United States in the postwar generation went for highways as opposed to 1 percent for urban mass transit. [Today], the government pays seven times as much to support the operation of the private car as to support public transportation. . . .") (internal citations and quotations omitted).

24. *See, e.g.*, Jon Bannister & Nick Fyfe, *Introduction: Fear and the City*, 38 URB. STUD. 807 (2001) (analyzing the perception of danger in urban environments and some of its effects on the modern cityscape).

25. KENNETH T. JACKSON, CRABGRASS FRONTIER: THE SUBURBANIZATION OF THE UNITED STATES 241 (1985) (describing "economic and racial homogeneity" as "perhaps [the] most important characteristic of the postwar suburb . . . ."); *see also* Cashin, *supra* note 9 at 1994 n.34 ("At the neighborhood level, although white attitudes toward integration have become more liberal over time, there is strong evidence that white demand for housing in a neighborhood is clearly affected, to some degree, by its racial composition, thereby limiting prospects for achieving stable racial integration.") (citing Reynolds Farley et al., *Continued Racial Residential Segregation in Detroit: "Chocolate City, Vanilla Suburbs" Revisited*, 4 J. HOUSING RES. 1, 22–28 (1993)).

26. *See* COLIN GORDON, MAPPING DECLINE: SAINT LOUIS AND THE FATE OF THE AMERICAN CITY 11 (2008).

27. Shelley v. Kraemer, 334 U.S. 1, 20–21 (1948) (holding that "in granting judicial enforcement of the restrictive agreements in these cases, the States have denied petitioners the equal protection of the laws and that, therefore, the action of the state courts cannot stand. We have noted that freedom from discrimination by the States in the enjoyment of property rights was among the basic objectives sought to be effectuated by the framers of the Fourteenth Amendment. That such discrimination has occurred in these cases is clear. Because of the race or color of these petitioners they have been denied rights of ownership or occupancy enjoyed as a matter of course by other citizens of different race or color.").

newly developing suburbs in droves.[28] Home values in these neighborhoods collapsed as sales skyrocketed. The perception that cities were crumbling had become self-reinforcing.

Many former city residents whose housing values had collapsed during white flight sought protection from the perceived dangers of desegregation in their new suburban towns.[29] While restrictive covenants had been effectively eliminated, newly incorporated municipalities in the suburbs could exercise their zoning powers to achieve similar results; by zoning extensively (or exclusively) for large-lot, single-family housing, for instance, many suburbs ensured that only the wealthy could afford to move in.[30] Wealthy residents pay more taxes but have access to the same services.[31] From a narrow economic standpoint, it is decidedly in the interest of a municipality to seek residents who will contribute substantially to its tax base while making relatively few demands upon it.[32] Unfortunately, as suburban towns compete with each other and with the central city for a strong tax base, metropolitan regions become more and more economically divided.[33]

28. *See Making Mixed-Income Communities Possible*, *supra* note 16, at 1580 ("The mechanisms of racial segregation in the United States are well-documented. One model posits a neighborhood in which a few whites oppose any racial integration, a few are completely indifferent to their neighbors' race, and the rest have varying levels of tolerance for different amounts of integration. First, when a few minority families move into the neighborhood, only the strictest segregationist whites will leave. If more minority families replace them, however, the shift in racial composition may induce the most segregationist whites of those remaining to exit, and so forth. Beyond a certain 'tipping point,' this feedback loop becomes self-perpetuating, and white residents begin to leave in droves. Panic feeds a decline in property values, leading even nonracist whites to leave the neighborhood.") (footnotes omitted).

29. *See* Cashin, *supra* note 9, at 1993 ("The decentered nature of American governance, therefore, has given birth to a systematic practice of exclusion. By delegating 'nearly complete authority to control land use to the lowest incorporated governmental units,' state governments have created a social, fiscal, and political environment in which suburban jurisdictions are rationally motivated to use highly exclusionary zoning and developmental policies, and homogeneous localities can give effect to their worst biases. For example, in at least one study of the forces driving incorporation of new governments from the 1950s through the 1980s, a researcher found that, while the desire for better services and lower taxes had some influence in the 1950s and 1960s, the desire for racial exclusion was much more influential in those two decades.") (footnotes omitted).

30. *See* GORDON, *supra* note 26, at 43 ("The sprawling west County municipality of Wildwood (incorporated 1995) was driven largely by fears that St. Louis County was not willing to sustain large-lot single-family residential development. By and large, suburban municipalities existed to sustain local residential standards and patterns . . . .") (footnote omitted).

31. *See* Louis Kaplow, *Fiscal Federalism and the Deductibility of State and Local Taxes Under the Federal Income Tax*, 82 VA. L. REV. 413, 423 (1996) ("[A] resident who lives in a mansion pays much greater property taxes than one who lives in a small house, yet they have access to the same schools, parks, and police department. Similarly, rich state residents pay far more than poor residents in sales and income taxes, yet they have access to the same roads and state universities.").

32. *See* Frug, *supra* note 14, at 27–28.

33. *See Making Mixed-Income Communities Possible*, *supra* note 16, at 1581 ("Once a

Metropolitan-area fragmentation is driven by many factors and is, to a certain degree, desirable. In fact, some urban theorists have hypothesized that municipalities operate most efficiently within a certain population range.[34] Therefore, some degree of political fragmentation is advantageous if it prevents municipalities from becoming unwieldy and inefficient. Moreover, different groups of people may prefer different styles of municipal incorporation and governance. Localists defend municipal proliferation by pointing out that a multiplicity of separate political units provides a multiplicity of options.[35] Potential residents may then choose the mix of taxes and services that they prefer.[36] In some cases, municipalities also incorporate to avoid being annexed by their neighbors.[37] Incorporation, in these cases, allows a municipality to retain self-determination and continue to cater to its residents' needs and desires; the localist advantages of efficiency and choice are thus preserved against consolidation.

Beyond a certain point, however, fragmentation becomes detrimental to a metropolitan region. Every municipality may share common goals, including the provision of quality education, housing, and healthcare, and the reduction of pollution, traffic, corruption, and crime, but provision of similar services by multiple entities is redundant and inefficient.[38] In many

community becomes homogeneously rich or poor, the neighborhood effects that created the homogeneity of income continue to impoverish poor neighborhoods and enrich wealthy ones. The ghetto impoverishes its residents by creating an environment in which criminal activity disrupts daily life, education and good jobs are largely unavailable, and a wall of social isolation prevents residents from achieving or even seeking improvement in their condition. Capital drains from the ghetto as businesses relocate to communities in which residents have more money to spend. Landlords, receiving little rent and facing high fixed costs, allow their buildings to deteriorate. In this way, disinvestment perpetuates itself and poverty deepens.") (footnotes omitted).

34. *See, e.g.*, MARC HOLZER ET AL., LOCAL UNIT ALIGNMENT, REORGANIZATION & CONSOLIDATION COMM'N, LITERATURE REVIEW AND ANALYSIS RELATED TO OPTIMAL MUNICIPAL SIZE AND EFFICIENCY 2 (2009) (estimating the ideal size for municipalities to optimize efficiency at between 25,000 and 250,000 residents).

35. *See* Tiebout, *supra* note 11, at 418. ("Consider for a moment the case of the city resident about to move to the suburbs. What variables will influence his choice of a municipality? If he has children, a high level of expenditures on schools may be important. Another person may prefer a community with a municipal golf course. The availability and quality of such facilities and services as beaches, parks, police protection, roads, and parking facilities will enter into the decision-making process.").

36. *See id.*

37. *See* GORDON, *supra* note 26, at 43 ("Most commonly, especially in the decades surrounding World War II, subdivisions incorporated as a means of staving off annexation by their neighbors.").

38. *See* Cashin, *supra* note 9, at 2046 ("[T]hose metropolitan areas that have undertaken strong regional approaches to land use, transportation planning, and infrastructure investments have achieved a much more efficient allocation of public resources and land. And regionalist approaches to the provision of public services typically provide economies of scale that enable regions to effectively address public issues that are regional in scope.") (footnote omitted).

metros, each municipality has its own city council, police force, and school system. Rather than sharing knowledge, innovation, resources, and funding, these parallel service providers compete with each other for position within the region.[39] Public perception that a community is safe or has a good school district is enough to raise property values there, generating higher municipal revenues and encouraging further investment and growth.[40] The opposite perception produces the opposite result.[41] From the perspective of an individual, self-interested locality, a decline in the quality of services provided by its neighbors can be a boon for its own future development; residents have an incentive to abandon declining towns for their more successful neighbors.[42] This self-interested localism is at odds with any attempt at regional cooperation.

II. A CASE STUDY IN INTER-MUNICIPAL REVENUE SHARING

Various responses have arisen to counter the challenges posed by municipal fragmentation and the socioeconomic stratification that it engenders. Some cities have attempted to solve the fragmentation problem by annexing their suburbs, effectively eliminating those municipalities as separate governmental entities.[43] Others have consolidated city and county

39. *See* Reynolds, *supra* note 14, at 105 (discussing the prevalence of detrimental competition between municipalities in fragmented metros).

40. *See Making Mixed-Income Communities Possible*, *supra* note 16, at 1581 ("The [wealthy] neighborhood's stability and prestige increase its property values. Businesses flock there to take advantage of the residents' spending power. The neighborhood builds a reputation as a good investment—a determination that is often partly based on a self-fulfilling assumption that others will invest there.") (footnote omitted).

41. *See id.* at 1579 ("The spiral of decline and disinvestment presents one particularly grim aspect of the picture. A relatively small rise in the crime rate, a decline in school quality, or a change in the racial or socioeconomic composition of a neighborhood may trigger this slide. As outsiders lose interest in entering the community, existing residents face a prisoner's dilemma. . . . As values fall, more and more residents fear for the future and withdraw their capital from the neighborhood.") (footnotes omitted).

42. *See* Richard G. Lorenz, *Good Fences Make Bad Neighbors*, 33 URB. LAW. 45, 63 (2001) ("Especially in the prosperous suburbs, the equation of city boundaries with the boundaries of private property encourages city residents to think of the city line as separating 'us' from 'them': crime, bad schools, and inadequate resources across the city line, far from generating pressure for intercity negotiation, are dismissed as 'their problem.') (quoting GERALD E. FRUG, CITY MAKING: BUILDING COMMUNITIES WITHOUT BUILDING WALLS 62 (1999)).

43. *See* Clyde Mitchell-Weaver et al., *Multilevel Governance and Metropolitan Regionalism in the USA*, 37 URB. STUD. 851, 852–54 (2000) (quoted in MANDELKER ET AL., *supra* note 2, at 208). See also *Hunter v. City of Pittsburgh*, where the Supreme Court upheld the validity of a Pennsylvania law that allowed for the annexation of smaller cities by larger adjacent cities, "if, at an election, to be held as hereinafter provided, there shall be a majority of all the votes cast in favor of such union." 207 U.S. 161, 162 (1907). This ruling encouraged the consolidation of early inner-ring suburbs with their central city in many metropolitan areas. *See* Reynolds, *supra* note 14, at 97.

governance by extending city boundaries out to the county line.[44] Still others have created limited-purpose regional authorities to oversee one or more specific needs of the metropolitan area.[45] Examples include regional transit authorities that control every mode of mass transit within the metro[46] and regional sewer districts that administer wastewater treatment across municipal boundaries.[47] Under the unique government structure of Miami-Dade County, for example, certain powers and responsibilities remain vested in local municipal governments, while more regionally focused services are controlled by Dade County.[48]

One particularly promising type of inter-municipal cooperation works by pooling and redistributing certain local tax revenues within a metropolitan region. This method, known as "tax-base sharing" or inter-local revenue sharing, can help to reduce socioeconomic disparities between individual municipalities and equalize the level of services they provide.[49]

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44. For a discussion of city/county consolidation and the political forces driving it, see MANDELKER ET AL., *supra* note 2, at 209–10 (discussing city/county consolidation and the political forces driving it).

45. *See* Frug, *supra* note 14, at 43 ("Many city services, such as transportation and water supply, are already delivered by regional authorities in cities across America. Although these regional authorities are now rarely organized democratically, they could be reorganized to transform them into vehicles capable of promoting community building.").

46. *See* MANDELKER ET AL., *supra* note 2, at 222 ("A number of states have created regional transportation authorities to provide transit solutions on a metropolitan scale. One example is the Georgia Regional Transportation Authority (GRTA). Created in 1999 by the Georgia General Assembly, GRTA is unique in scope and power, and was created to respond to a transportation crisis that threatened to halt growth in metropolitan Atlanta. GRTA has not exercised its powers, however, in a confrontational mode with local governments. Its main achievement has been the creation of a regional express bus system, which has been financed with the help of federal funds.").

47. *See, e.g.*, *About Us*, NORTHEAST OHIO REG'L SEWER DIST., http://www.neorsd.org/what_we_do.php (last visited Dec. 23, 2013) ("The District is responsible for wastewater treatment facilities and interceptor sewers in the greater Cleveland Metropolitan Area. This service area encompasses the City of Cleveland and all or portions of 61 suburban municipalities in Cuyahoga, Summit, Lake and Lorain Counties and includes a diversified group of manufacturing and processing industries.").

48. MANDELKER ET AL., *supra* note 2, at 211.

49. Myron Orfield & Nicholas Wallace, *The Minnesota Fiscal Disparities Act of 1971: The Twin Cities' Struggle and Blueprint for Regional Cooperation*, 33 WM. MITCHELL L. REV. 591, 602 (2007) ("The tax-base sharing system requires that a portion of each of the region's communities contribute a portion of its tax base to a regional pool. The collective pool is then redistributed back to the communities according to set criteria other than the original contribution rate. A community's contribution can be set as a percentage of growth in tax base or as a percentage of total tax base. The tax-base pool can be limited to particular types of tax base (e.g., commercial-industrial property), or it can include all types—sales tax, income tax, and property tax. Distributions from the pool can be determined by tax capacity, service cost or need indicators, land-use decisions, or other criteria. The essential features of tax-base sharing are that: (1) it distributes tax base or revenues by criteria other than the origin or collection point (unlike piggyback taxes, for instance); (2) it provides resources for

Tax sharing between municipalities has been attempted in various forms, some more successful than others. These revenue-sharing programs have a variety of end goals. Some aim to reduce inter-municipal disparities in wealth and services by redistributing some revenue from richer places to poorer ones.[50] Others are designed to further environmental protection in the region by redirecting some municipal revenues to a regional environmental planning and response pool.[51] Some programs work to encourage regionally rather than locally focused growth planning, either by creating a regional development tax pool or by reducing incentives for competition between municipalities.[52]

Perhaps the most ambitious and successful example of a regional tax-base sharing program in the country is that employed by the Minneapolis-St. Paul metro. This initiative, known as the Twin Cities Fiscal Disparities Program (the "Program"), has become a model of inter-municipal cooperation since it began operation in 1975.[53] The Program was created in 1971 as a response to the well documented problems caused by municipal fragmentation and socioeconomic inequality within the Minneapolis-St. Paul metro area.[54]

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the full range of local services (unlike special district assessments); and (3) it provides additional resources for the provision of local services (unlike county or state taxes).") (footnotes omitted).

50. *See id.*

51. *See* MATTHEW NAGOWSKI, NEW ENGLAND PUB. POLICY CTR., EXAMPLES OF INTERLOCAL REVENUE SHARING 21 (2007), *available at* http://www.bos.frb.org/economic/neppc/memos/2007/nagowski082107.pdf [hereinafter NAGOWSKI REPORT] ("The State of New Jersey established a commission in 1972 to develop a master land-use plan for the Meadowlands District, which encompasses all or part of 14 separate jurisdictions. Some of these jurisdictions had a great deal of developable land within their boundaries, other municipalities and townships had a high proportion of environmentally sensitive wetlands or attractive potential parklands. Preserving these wetlands, parks and open space areas meant that some municipalities would not benefit from the commercial development in the region. Therefore, the State developed a revenue-sharing program to compensate the jurisdictions that preserved land for non-commercial uses.").

52. For a discussion of Virginia's 1st Regional Industrial Facility Authority (Southwestern Virginia), see *id.* at 19.

53. *See generally* Orfield & Wallace, *supra* note 49 (offering a general plan for metros interested in setting up their own inter-municipal revenue-sharing programs).

54. *Id.* at 592 ("Created by the Minnesota Fiscal Disparities Act of 1971 as an alternative to annexation and consolidation of local governments, the Twin Cities tax-base-sharing program was an attempt to respond to a number of concerns, including increasing property tax rates, tax-base and tax-rate disparities, and interjurisdictional competition for development.") (footnote omitted). *See also* MINN. STAT. § 473F.01 (2013) (The fiscal disparities statute identifies six objectives that the program seeks to accomplish: "(1) [t]o provide a way for local governments to share in the resources generated by the growth of the area, without removing any resources that local governments already have; (2) [t]o increase the likelihood of orderly urban development by reducing the impact of fiscal considerations on the location of business and residential growth and of highways, transit facilities, and airports; (3) [t]o establish incentives for all parts of the area to work for the growth of the area as a whole; (4) [t]o provide a way whereby the area's resources can be made available within and through the existing system of local governments and local decision making; (5) [t]o help communities in

The general intent of the Program was to create a regional pool into which each municipality in the seven-county metro area would contribute forty percent of the growth of its commercial-industrial tax base.[55] The pooled revenue would then be redistributed around the region on the basis of each municipality's "population and the ratio of the total market value of property per capita in the jurisdiction to the average market value of property per capita in the region."[56] The Program greatly reduces the ability of individual municipalities to use tax incentives as a tool to lure business away from other localities in the region.[57] This in turn encourages regional cooperation and reinvestment in the central cities.[58] The impact on region-level planning has been positive as well.[59]

Although the enabling legislation, colloquially known as the Minnesota Fiscal Disparities Act of 1971 ("Act"), enjoyed bipartisan support in both houses of the state legislature,[60] the bill faced considerable opposition from some parts of the metro.[61] Many newer suburban municipalities expected to see increasing local population and development. To legislators representing these communities, sharing revenue sounded too much like losing revenue to the central cities and poorer, older, inner-ring

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different stages of development by making resources increasingly available to communities at those early stages of development and redevelopment when financial pressures on them are the greatest; and (6) [t]o encourage protection of the environment by reducing the impact of fiscal considerations so that flood plains can be protected and land for parks and open space can be preserved").

55. MINN. STAT. §§ 473F.01, .08 (2013). *See also* Vill. of Burnsville v. Onischuk, 222 N.W.2d 523, 533 (Minn. 1974).

56. Orfield & Wallace, *supra* note 49, at 592. As Orfield and Wallace describe, "The formula assigns a share of the pool that is greater than a locality's population proportion to municipalities with lower-than-average market value per capita; whereas high-market-value localities receive a lower portion than their population share." *Id. See also* NAGOWSKI REPORT, *supra* note 51, at 2 ("The revenue generated by this tax is then redistributed among jurisdictions in inverse proportion to its aggregate per capita value of taxable property. In this manner, the tax redistributes revenues from jurisdictions with relatively high tax capacities to those with relatively low capacities.") (emphasis omitted).

57. *See* Orfield & Wallace, *supra* note 49, at 600–01.

58. *See id.* at 600–04. *See also* MYRON ORFIELD, AMERICAN METROPOLITICS: THE NEW SUBURBAN REALITY 106 (2002).

59. For a detailed description of how revenue sharing incentivizes regional collaboration and discourages competition within metros, see Orfield & Wallace, *supra* note 49, at 600–04.

60. *See id.* at 597 ("Senate supporters of Minnesota's fiscal disparities legislation built coalitions of support based on municipal fiscal health rather than party identification. Like House author Charles Weaver, Senate author Wayne Popham (from Minneapolis) was also a conservative, while Governor Wendell Anderson, who also supported the fiscal disparities legislation, was a Democrat.").

61. *See id.* at 596–97 ("From the metropolitan area, strong opposition to the bill came from Dakota County. G.F. Minea, representative of the Dakota County Development Association, equated the proposed legislation with 'metropolitan socialism.' Minea believed tax-base sharing was 'feeding weaker communities with the product of the work of others.' Minea wondered: 'Why should those who wish to work be forced to share with those who won't or can't help themselves?'") (footnotes omitted).

suburbs. Representatives from suburban Dakota County raised the strongest objections to the bill; Dakota County Development Association representative G.F. Minea commented that initiatives like the Act are like "Robin Hood, they take from the progressive communities such as Dakota County and give to the so-called backward ones."[62]

Despite the opposition, the Act passed the state Senate, albeit with the minimum possible number of votes.[63] However, some Dakota County residents were not ready to give up the fight. After the bill was enacted, representatives of the Village of Burnsville, a suburb in northern Dakota County, sued the Program's tax auditors in an effort to have the statute declared unconstitutional.[64] The District Court for Dakota County found that the statute violated Article 9, Section 1 of the Minnesota Constitution.[65] This provision declared that "[t]axes shall be uniform upon the same class of subjects, and shall be levied and collected for public purposes . . . ."[66] The district court found that "[i]n general the law fails to pass the test not only of practical and common sense equality but totally fails to pass the test of constitutional uniformity requiring that the burden of a tax must fall equally and impartially upon all persons and properties subject to it."[67] If final, this judgment would have permanently enjoined enforcement of the Act.[68]

Two defendants appealed the district court's holding to the Supreme Court of Minnesota.[69] The state supreme court reversed the lower court's decision and upheld the constitutionality of the Act, reasoning that the tax burden imposed on municipalities was sufficiently offset by the benefits conferred upon them to satisfy the requirements of Art. 9, § 1 of the state constitution.[70] Furthermore, the court remarked that "[t]he fiscal disparities statute is a bold and imaginative departure from conventional devices for balancing the benefits and burdens of taxation."[71] Although the Minnesota

62. *Id.* at 598 (quoting Peter Ackerberg, *Fiscal Disparity Proposal Delayed*, MINNEAPOLIS TRIB., Apr. 17, 1971, at 14B).

63. *Id.* at 598–99 ("The bill needed thirty-four affirmative votes to pass, and it received exactly that with a final vote of 34 to 31. Of the thirty-four affirmative votes, seventeen were from conservatives and seventeen were from Democrats. Of the thirty-one negative votes, fifteen were from conservatives and sixteen were Democrats. Twelve suburban senators and nineteen representing districts outside the Metropolitan area opposed the bill.") (footnotes omitted).

64. Vill. of Burnsville v. Onischuk, 222 N.W.2d 523, 524 (Minn. 1974).

65. *Id.*

66. MINN. CONST. of 1857, art. 9, § 1 (amended to art. 10 § 1 in 1974).

67. *Onischuk*, 222 N.W.2d at 528.

68. *Id.* at 527.

69. *See id.* at 523.

70. *See id.* at 532–33.

71. *Id.* at 532.

Supreme Court could have upheld the Act solely on the basis of judicial deference, they went further, expressing their unequivocal support for the Program.[72]

With the legal challenges settled, the Program went into effect in 1975. Although it remains controversial,[73] the Program has, by most accounts, accomplished what was intended.[74] A 2005 report to the Minnesota House of Representatives analyzed the Program's effects in detail.[75] In sum, the report indicates that the impact of the Program has increased over time, reducing the tax rate and level of service disparities within the metro.[76] With this success, the Program has gained national attention, and inspired other cities to consider adopting similar initiatives.[77] Naturally, this type of inter-municipal wealth redistribution can be highly controversial, but the potential benefits should convince local government leaders to seriously consider whether such an initiative could bring positive results in their metros as well. The following section analyzes the possibility of adopting a Twin-Cities type revenue-sharing program in the St. Louis metropolitan region.

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72. *See id.* ("Under existing tax practices, in order to improve their fiscal capacity, local units of government vie for commerce and industry to improve the fiscal capacity of its [*sic*] residents without considering the resulting impact on long-range planning and the utilization of their resources. . . . The payment of taxes in a metropolitan area may have only slight relationship to the use and enjoyment which residents make of other areas in the district. Defendants argue effectively that the indiscriminate encouragement of commerce and industry in a particular municipality may detrimentally and irretrievably affect policies and plans for the development of parks and open spaces and frustrate well-considered housing policies for both low-income and moderate-income residences. The Fiscal Disparities Act recognizes that to some extent the location of commercial-industrial development may be irrelevant to the question of the cost of services which are added to a municipality's budget occasioned by the location of such a development within its boundaries.").

73. *See* Steven Dornfeld, *Affluent Suburbs Challenge Twin Cities' Unique Tax-Base Sharing Law*, MINNPOST, Sept. 22, 2011, http://www.minnpost.com/cityscape/2011/09/affluent-suburbs-challenge-twin-cities-unique-tax-base-sharing-law ("In the 40 years since the Fiscal Disparities Act was passed by the Minnesota Legislature, the Twin Cities' unique tax-base sharing law has survived multiple court challenges and repeal efforts.").

74. *See* Orfield & Wallace, *supra* note 49, at 603 ("In 2000, the Twin Cities program shared about twenty-eight percent of the region's commercial-industrial tax base—an amount that represented roughly twelve percent of the total tax base. This percentage of the commercial-industrial tax would have generated revenue of approximately $300 million at the regional average rate. As a result of the sharing program, local tax-base disparities narrowed significantly (by roughly twenty percent) and the ratio of the ninety-fifth to fifth percentile tax base saw a similar decrease (approximately twenty-five percent). For cities with a population of at least 9,000, the ratio of the largest to the smallest tax base per capita dropped as a result of the tax-sharing program from 16-to-1 to 4-to-1.") (footnotes omitted).

75. *See* STEVE HINZE & KAREN BAKER, MINNESOTA'S FISCAL DISPARITIES PROGRAMS, TWIN CITIES METROPOLITAN AREA AND IRON RANGE (2005).

76. *See id.*

77. *See, e.g.*, NAGOWSKI REPORT, *supra* note 51.

III. REGIONAL REVENUE SHARING IN METRO ST. LOUIS

St. Louis was founded in 1764 by Pierre Laclede Liguest and Auguste Chouteau.[78] The city sits on bluffs rising from the west bank of the Mississippi River, just below its confluence with the Missouri. Originally a frontier post for traders and fur trappers, St. Louis became an important river port after the Louisiana Purchase.[79] River blockades hurt the city during the Civil War, but it grew rapidly afterward, becoming the country's fourth largest by the late nineteenth century.[80] In 1904, when St. Louis hosted both the World's Fair and the Olympics, the population was around 600,000.[81] At the end of the Second World War, St. Louis was home to more than 850,000 people;[82] with an area of only sixty-two square miles, it had one of the highest population densities in the country, higher than twenty-first century Chicago.[83]

Early in its history, the city made a decision to separate from St. Louis County.[84] Residents of the growing city elected to sever their legal ties to the county, rather than finance the development of its infrastructure with their tax dollars. The Missouri Constitution of 1876 included a "home-rule" provision, which loosened municipal incorporation rules and delegated a good deal of power to municipal governments.[85] The home-rule provision also created a new charter for the city of St. Louis, making it an independent city with the powers and responsibilities of both a municipality and a county.[86] Unfortunately, the new, more accommodating

78. *A Brief History of St. Louis*, CITY OF ST. LOUIS, MO, http://stlouis-mo.gov/visit-play/stlouis-history.cfm (last visited Oct. 10, 2013).

79. *Id.*

80. *Id. See also St. Louis, MO, 1877–1896*, *in* CITIES IN AMERICAN POLITICAL HISTORY 305–10 (Richardson Dilworth, ed., 2011).

81. *See Population of the Largest 75 Cities: 1900–2000*, U.S. CENSUS BUREAU (Apr. 1, 2003), *available at* http://www.census.gov/statab/hist/HS-07.pdf (St. Louis' population was 575,238 in 1900, growing by thousands of people per year).

82. *See* Cox, *supra* note 17.

83. *2000 Census: US Municipalities over 50,000: Ranked by 2000 Population*, DEMOGRAPHIA, http://www.demographia.com/db-uscity98.htm (last visited Feb. 10, 2013) (stating St. Louis' population density in 1950 was approximately 13,822 residents per square mile and listing Chicago as having a population density of 12,749 residents per square mile in 2000).

84. *A Brief History of St. Louis*, *supra* note 78 ("St. Louis's current boundaries were established in 1876, when voters approved separation from St Louis County and establishment of a home rule charter. St. Louis was the nation's first home rule city, but unlike most, it was separated from any county.").

85. *See* GORDON, *supra* note 26, at 40.

86. *Id.*

municipal incorporation rules would work an unintended mischief upon St. Louis City.[87]

When St. Louis became an independent city in 1876, there was still plenty of land to develop within its newly established boundaries.[88] However, after a construction boom in the years surrounding the 1904 World's Fair, the city quickly began to approach build-out.[89] The option of annexing surrounding suburbs into the growing city, popular in many metro regions, was unavailable to St. Louis following the 1876 city/county split.[90] As the city became fully developed, then overcrowded, suburban communities in St. Louis County began to incorporate at a rapid rate.[91] By 2000, the county contained ninety-one, separate municipalities.[92] Many of these suburbs provide their own services, though some contract for certain services with neighboring towns or with the county.[93]

After World War Two, the population of St. Louis began a steady decline. Over the next sixty years, the city lost nearly two-thirds of its population until, by 2010, it was under 320,000.[94] The city was built to accommodate almost one million people; with only a third that many, large tracts have become essentially uninhabited.[95] St. Louis keeps its housing vacancy rate relatively low by demolishing hundreds of

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87. For a discussion of the impact of regional fragmentation upon St. Louis, see *id.* at 46 ("Into the 1940s, the consequences of fragmentation—at least for the City—only grew worse. St. Louis[, according to City officials,] suffers like one whose feet are hobbled, whose hands are manacled and whose body is enclosed in a steel corset . . . which prevents the normal operation of all his vital functions . . . .") (quotation marks omitted).

88. *See A Brief History of St. Louis*, *supra* note 78 (noting that, at the time the city was separated from the county, "there was ample room for the city to grow within its fixed boundaries.").

89. *See id.* ("After World War II, the City's population peaked at 856,000 by 1950. This crowded city had no more room to grow within its fixed boundaries, and much of the housing stock had been neglected during the Great Depression of the 1930s and during World War II. Thus any new growth had to occur in the suburbs in St. Louis County, which St. Louis could not annex.").

90. *See* GORDON, *supra* note 26, at 41. ("Early on, the conventional pattern of urban growth—annexation of outlying, often industrial, suburbs—was blocked in St. Louis, whose western border was sealed in 1876 . . . .").

91. *Id.*

92. *Id.* at 45.

93. For a discussion of the varying motives behind municipal incorporation in St. Louis County, see *id.* at 43–45.

94. *State & County QuickFacts, St. Louis (city), Missouri*, U.S. CENSUS BUREAU, http://quickfacts.census.gov/qfd/states/29/2965000.html (last visited Feb. 6, 2013).

95. *See* THE BROOKINGS INSTITUTION, GROWTH IN THE HEARTLAND: CHALLENGES AND OPPORTUNITIES FOR MISSOURI 39 (2002) [hereinafter GROWTH IN THE HEARTLAND] ("Density has evaporated in the St. Louis metropolis. In 1950, St. Louis' then-urbanized area boasted a population density of 6,141 persons per square mile. By 1990, density had dissipated by 55 percent to leave a scattering of just 2,757 people per square mile across the region's now 737 square mile expanse. By 1999, St. Louis' urbanized area was the 17th least dense among the 68 largest metropolitan areas having undergone the 5th greatest density decline since 1982.") (footnotes omitted).

abandoned buildings every year, but the outcome of this shortsighted policy can only be described as a pyrrhic victory.[96] In addition to placing further strain upon the city's overburdened budget, demolition of thousands of historic brick buildings has profoundly scarred the urban landscape.[97] Many blocks, particularly on the city's poverty-stricken north side, have only one or two houses left. The empty lots and abandoned houses foster feelings of hopelessness and fear among the residents who remain.[98] Most people with the ability to leave do so as the vacant and neglected neighborhoods become havens for crime and vice, encouraging ever more rapid decline.[99]

Studies have shown the effects of such self-reinforcing trends, or "positive feedback loops," on neighborhood collapse.[100] A trend of neighborhood abandonment, once started, will accelerate swiftly following a certain "tipping point."[101] A few abandoned properties or vacant lots may not have a marked effect, but as the number of functional households dwindles, the neighborhood begins to lose its cohesion and stability. After the tipping point, nearly every mobile resident departs, leaving the neighborhood to decay.[102] This destabilization tipping point appears to have been reached and surpassed in many north St. Louis neighborhoods.

St. Louis' tax revenues per capita have declined considerably, and while the city's smaller population has a somewhat smaller demand for services, this reduction in demand cannot keep pace with shrinking revenues.[103] As the wealthy and middle-class abandoned the city and moved to developing suburbs, demand for housing in St. Louis dropped

96. For a general discussion of the demolition strategy and its effects, see Tony Favro, *US Cities Use Demolition as Planning Tool but Results are Often Problematic*, CITYMAYORS.COM http://www.citymayors.com/development/demolition_usa.html (last visited Feb. 10, 2013).

97. *See* Adam Allington, *Cities Demolish Homes, But Problems Linger*, MARKETPLACE (July 16, 2012, 11:53 AM), http://www.marketplace.org/topics/economy/cities-demolish-homes-problems-linger ("'When they get out the wrecking ball to deal with larger social problems, there's still drug dealing, there's still unemployment, there's still poverty, there's still poor housing. You can take down every last vacant building in North St. Louis, and those are the underlying problems and they are going to remain.'") (quoting Michael Allen, Dir. of the St. Louis-based Preservation Research Office).

98. For a discussion of the links between neighborhood abandonment and crime, see JACOBS, *supra* note 6, at 32–34.

99. *See id.* at 34–37. Jacobs provides a detailed analysis of the power of bustling and lively streets to shield neighborhood dwellers from crime. Her analysis helps to shed light on the negative impacts of abandonment and vacancy. *See also* GORDON, *supra* note 26, at 22–23.

100. *See Making Mixed-Income Communities Possible*, *supra* note 16, at 1580.

101. *See id.*

102. *See id.*

103. *See* GORDON, *supra* note 26, at 64–66. *See also* CITIES IN AMERICAN POLITICAL HISTORY, *supra* note 80, at 534–36 (Richardson Dilworth ed., 2011) (describing some of the problems caused by St. Louis' declining tax base and the various strategies employed in response to falling revenues).

precipitously. Decreasing demand drags down property values.[104] Property taxes, a principal source of city revenue,[105] are computed as a percentage of a property's appraised market value; as values fall, property tax receipts dwindle.

As St. Louis' population suburbanized, many retailers and businesses departed as well, following their customers to new growth areas.[106] The city, once a thriving commercial center, suffered an outmigration of business that drastically reduced local sales tax revenues.[107] While fewer occupants may mean fewer school-aged children and fewer city employees, it does not sufficiently reduce the cost of maintaining city infrastructure. A smaller population does not affect the price of debt service or payments on municipal bonds issued for previous capital improvements, or help ease the mushrooming cost of pensions for retired employees.[108]

As the wealthy and middle-class fled, the city's demographics shifted away from groups that tended to pay more tax and required fewer services

104. *See* CITY OF ST. LOUIS PLANNING & URBAN DESIGN AGENCY, VACANCY TO VIBRANCY: SUSTAINABLE HOUSING THROUGH PRESERVATION 7 (2007) [hereinafter VACANCY TO VIBRANCY] ("The city became land owner of 16% of the lots, as owners simply walked away, leaving unpaid taxes and a large decline in city revenue. There was no value for real estate and the city could not find takers for the large inventory of properties. Buildings from houses to large warehouses were assumed by the city.").

105. *Local Revenue Structures*, NAT'L LEAGUE OF CITIES, http://www.nlc.org/build-skills-and-networks/resources/cities-101/city-finances/local-revenue-structures (last visited Feb. 6, 2013) ("Taxes are an essential source of revenue for all levels of government. Like other parts of the revenue structure, tax revenue setting by municipalities is restricted by state governments. States are not uniform in their approach to allowing municipalities to utilize the three major sources of tax revenue—property, sales and income taxes—usually permitting some combination. In some states, municipalities receive revenue from two of these taxes, usually some combination of property and sales taxes. In addition some states assign a portion of state tax revenues to those municipalities with a substantial share of the state population (New York City, St. Louis, and Kansas City, for example). Municipalities in other states are reliant on one tax with only a limited degree of reliance on a second. And in other states, municipalities rely on only one revenue source, usually the property tax. Municipalities in this latter category are either heavily reliant on that one source (as in Connecticut), or that one source is a relatively low percentage of total general revenues (Idaho).").

106. *See* GORDON, *supra* note 26, at 20–21. ("St. Louis lost virtually its entire retail base over the course of the postwar era—claiming over 75 percent of regional retail sales in the late 1940s but barely 11 percent by the late 1990s . . . [R]etail markets were responsive to the proximity and needs of the local population: as the more prosperous moved to the suburbs . . . , the stores tagged along.").

107. *Id.*

108. *See generally* THE PEW CHARITABLE TRUSTS, CITIES SQUEEZED BY PENSION AND RETIREE HEALTHCARE SHORTFALLS (2013), *available at* http://www.pewstates.org/uploadedFiles/PCS_Assets/2013/Pew_city_pensions_brief.pdf (analyzing the impending crisis many cities face with respect to unfunded pension liability). *See also* CITY OF ST. LOUIS, MO, COMPREHENSIVE ANNUAL FINANCIAL REPORT: FISCAL YEAR ENDED JUNE 30, 2012 129–30 (2012), *available at* https://stlouis-mo.gov/government/departments/comptroller/documents/upload/FY%202012%20Comprehensive%20Annual%20Financial%20Report.pdf.

toward those that paid less tax and required more services.[109] Suburban communities that were able to use zoning to exclude such "undesirable residents" have enjoyed the opposite outcome.[110] The higher level of services available in the suburbs continues to lure mobile residents away from St. Louis, which further concentrates urban poverty within the city itself.[111]

Many suburbanites appear to view growth in their local communities as healthy and positive, often ignoring the effect that outmigration and disinvestment have on the city itself. In many suburbs across the country, the tendency is to view the collapse of the central city as the regrettable but inevitable result of people's individual locational choices.[112] However, the rapid growth of the suburban fringe reflects more than this. Government policies subsidizing highway and new home construction have redirected investment out of older cities.[113] Everyone in the region pays to subsidize the building of new infrastructure in the suburbs, but those in the central city receive no benefit from it. Instead, they must endure the accelerated evisceration of their neighborhoods as new cul-de-sac developments metastasize on the exurban frontier.[114]

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109. *See* Kaplow, *supra* note 31, at 423 ("General state and local taxes are not directly tied to benefits. Rather, they appear to be largely independent of benefits. Thus, a resident who lives in a mansion pays much greater property taxes than one who lives in a small house, yet they have access to the same schools, parks, and police department. Similarly, rich state residents pay far more than poor residents in sales and income taxes, yet they have access to the same roads and state universities. Contrary to the taxes-equal-benefits view, therefore, one might hypothesize that available benefits are roughly equal among residents of a given jurisdiction, which implies that taxes are unrelated to benefits.").

110. *See infra* text accompanying note 121.

111. *See* GROWTH IN THE HEARTLAND, *supra* note 95, at 40 ("Not surprisingly, poverty remained concentrated in the region's central city and older suburbs as jobs, people, wealth, and opportunities departed. In 2000, a full third of the region's poor people lived in St. Louis City, with an additional huge share clustered in the innermost neighborhoods of St. Louis County.") (emphasis omitted).

112. *See supra* text accompanying note 11. *See also* Cashin, *supra* note 9, at 2026 ("[T]he racial and economic segregation by political jurisdiction that has accompanied suburbanization, while a relatively new phenomenon, has come to be accepted by the metropolitan populace as the 'natural' order. The degree of government intervention or subsidy that contributed to metropolitan socioeconomic fragmentation is not generally acknowledged or recognized, and citizens may tend to view resulting fiscal, economic, and social inequality as reflections of private choice and merit.") (footnotes omitted).

113. *See* DUANY ET AL., *supra* note 20, at 7–9.

114. *See* Cashin, *supra* note 9, at 2003–04 n.102 ("In the Twin Cities area, for example, the 'favored quarter' is comprised of the developing suburbs to the south and west of the 1-494 beltway, including the high job-growth towns of Eden Prairie, Minnetonka, and Plymouth. During the 1980s, the state spent $1.09 billion on new highways, 75% of it serving these developing suburbs. During the 1990s, virtually all the metro area transportation budget was earmarked to expand capacity in this southern and western quarter. A system of sewer financing was put in place in the mid-1980s through which the inner core—the central cities and inner-ring suburbs—subsidized the construction and operation of sewer capacity at the fringe. Even though there was abundant unused sewer capacity

Communities enjoying these kinds of subsidies can afford to offer attractive corporate tax rates to lure businesses away from the central city and older inner-ring suburbs.[115] Here there is evidence of the effect of another positive feedback loop: investment in transportation infrastructure on the suburban/exurban fringe encourages the building of new low-density residential developments. This decentralization of population, combined with cheap "greenfield" land and attractive corporate tax rates, draws business development (and new jobs) toward the outskirts.[116] The growth of a commercial and industrial tax base relieves pressure on residential tax rates, while filling municipal coffers. Growing suburbs and exurbs can thus offer better services at lower tax rates than their older neighbors. The constant relocation of people and businesses that this feedback loop promotes has been likened to a game of municipal, musical chairs.[117] Unfortunately, when the music stops, the central city tends to be left standing alone.

As new "edge cities" grow, older suburbs and central cities decay. However, recent trends indicate that the danger of urban decline is not confined to these communities.[118] By creating perverse incentives for new

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elsewhere in the region, at the request of suburban jurisdictions and developers, between 1987 and 1991 the region spent approximately $50 million on new sewer capital costs, a disproportionate share of it in the southern and western quadrant. 'By 1992, the central cities were paying more than $6 million a year to help move their middle-class households and businesses to the edge of the region.'") (internal citations omitted).

115. *See id.* at 2023 ("[I]t is to be expected that the favored quarter would dominate in the competition for public investments because it starts from an original position of wealth and homogeneity not enjoyed (or not enjoyed equally) by other localities in the metropolis. Homogeneity and smallness will make it easier for localities of the favored quarter or the interest groups that represent them—such as developers—to mobilize to influence state or other political decisionmakers responsible for allocating relevant public benefits. Wealth, obviously, will assist in underwriting the costs of such mobilization and, unfortunately, in enhancing access to political decisionmakers. As Mancur Olson argued in his theory of collective action, political activity is likely to be dominated by small groups of individuals or interests seeking to maximize benefits for themselves.").

116. *See* Clayton P. Gillette, *Regionalization and Interlocal Bargains*, 76 N.Y.U. L. REV. 190, 190 n.2 (2001) (referencing Joseph Persky & Wim Wiewel, *The Distribution of Costs and Benefits Due to Employment Deconcentration*, *in* URBAN-SUBURBAN INTERDEPENDENCIES 49, 67–68 (Rosalind Greenstein & Wim Wiewel eds., 2000) which describes how the "movement of manufacturing jobs from urban centers to the suburbs confers benefits on suburbs at the expense of central cities").

117. *See Making Mixed-Income Communities Possible*, *supra* note 16, at 1584–85 ("Because local revenues are based on taxes rather than some sort of uniform user fee, the wealthy contribute more to local revenues than do the poor residing in the jurisdiction. Thus, the poor always have an incentive to migrate into wealthy jurisdictions, and the wealthy always have an incentive to leave jurisdictions in which poor residents predominate. Without restrictions on mobility, the poor would therefore end up chasing the wealthy from suburb to suburb in an endless game of 'musical suburbs.'").

118. *See* GROWTH IN THE HEARTLAND, *supra* note 95, at 42 ("In addition to further weakening the core and inner-ring suburbs, the movement toward the periphery creates problems there as well as even the most attractive new suburbs soon encounter traffic congestion, expensive infrastructure

development, these positive feedback loops engender an inherently unstable growth pattern.[119] As long as metropolitan regions subsidize newly developing communities, they will continue to have a competitive advantage over already established areas.[120]

In the St. Louis metro, the central city lost much of its population to suburban St. Louis County between 1945 and 2000.[121] The population of

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needs, spiking school populations, and lost tranquility. Even more sobering are the implications of uneven growth for the region's overall economic performance. . . . Studies now show that in region after region metro-area growth rates correlate with central-city economic health. Region-wide growth rates, employment, incomes, and property values are all higher where central-city economic performance remains solid. Conversely, where the core lags, the overall region does too. The bottom line: The St. Louis region's unbalanced development patterns entangle both suburbs and core in a dynamic that may be undercutting the region's overall economic competitiveness as well as its social and fiscal health.").

119. *See* Richard Briffault, *Localism and Regionalism*, 48 BUFF. L. REV. 1, 9 (2000) ("Exclusionary zoning forces new development away from existing partially developed communities to the exurban and rural communities at the perimeter of the region. This leapfrog pattern of development results from local fiscal zoning. People who cannot afford housing in more restrictive closer-in communities move to less restrictive outlying areas, and this, in turn, creates sprawl.") (footnote omitted).

120. *See id.* at 11 ("Taxpayers in localities with high concentrations of poor people are likely to be subject to higher local tax rates, but they receive lower quality basic services. The combination of social and economic distress with high tax rates and low service quality leads businesses and middle-income households to move to other areas, 'tak[ing] their fiscal resources with them.' This increases the concentration of poverty within the areas they leave, while further reducing the resources in those areas for financing local public services. As a result, 'a self-aggravating downward fiscal spiral weakens the ability of core-area governments to provide quality public services and results in grossly unequal environments across our metropolitan areas.'") (alteration in original) (footnote omitted).

121. *See, e.g.*, Ettie Collier, Comment, *Exclusionary Zoning And The Problem In Black Jack-A Denial of Housing To Whom?*, 16 ST. LOUIS U. L.J. 294, 296 (1971) ("In the past two decades the population in [the] St. Louis region has increased by some 570,000. In the same period, the City of St. Louis has declined in population by 252,000. All of the population growth in the region has been experienced by the suburbs which have, in combination, grown by 825,000 persons. St. Louis County enjoyed the bulk of this growth, increasing in population by 550,000 in the twenty year period [from 1950 to 1970]. The City of St. Louis, which housed 49% of the region's inhabitants in 1950, had only 26% of the region's population in 1970, a lower proportion than that of any other major city in the country . . .") (alteration in original) (quoting Complaint, Park View Heights Corp. v. Black Jack, 335 F. Supp. 899 (E.D. Mo. 1971) (No. 71 CIA(A))). The title of Collier's article refers to an Eighth Circuit case styled, *United States v. City of Black Jack, Mo*, "in which it was alleged that the city had denied persons housing on the basis of race and had interfered with the exercise of the right to equal housing opportunity by adopting a zoning ordinance which prohibited the construction of any new multiple-family dwellings, including proposed federally subsidized low to moderate income integrated townhouse development." 508 F.2d 1179, 1179–80 (8th Cir. 1974). The City of Black Jack was incorporated in 1970 by several thousand residents of unincorporated St. Louis County, after they learned that a low-income housing project was to be built near their homes. The newly incorporated city used its zoning power to block construction of the low-income housing, arguing that it would increase traffic, overcrowd local schools and devalue adjacent land. The Eighth Circuit held that Black Jack's zoning ordinance violated Title VIII of the Civil Rights Act,

> because it denies persons housing on the basis of race, in violation of § 3604(a), and interferes with the exercise of the right to equal housing opportunity, in violation of § 3617. The remedy for this violation of the Fair Housing Act is provided in § 3615: any law of a State, a

St. Louis County grew by fifty percent in that time, while the city's population declined by nearly two-thirds.[122] In the past few decades, however, St. Louis County's development began to stagnate; now, it is in decline.[123] Since 1980, most of the region's growth has occurred in exurban St. Charles County and, more recently, in Lincoln and Warren Counties, about fifty miles from downtown St. Louis.[124] Since the region's overall growth has lagged behind the national average, the growth of these exurban communities must be attributed largely to population losses elsewhere in the region.[125] Yet even as St. Louis County's population begins to decline, population loss in St. Louis City appears to be stabilizing. This realization may partly explain why both City and County leaders are sponsoring a new initiative to analyze the possibility of reunification.[126]

Now is the time to consider the regional cost of continued suburbanization and urban disinvestment in St. Louis.[127] With the locus of

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> political subdivision, or other such jurisdiction that purports to require or permit any action that would be a discriminatory housing practice under this subchapter shall to that extent be invalid.

Id. at 1188.

122. *See* Cox, *supra* note 17.

123. *See id. See also* GROWTH IN THE HEARTLAND, *supra* note 95, at 36 ("St. Louis demonstrates that rapid decentralization can occur even against the background of slow regional growth. Despite its modest single-digit absolute population growth, the region saw widespread new suburban development and fast growth at its periphery. Nearly two-thirds (64 percent) of the entire region's growth took place in one fast-growing western county—St. Charles, which added 71,000 residents in the decade. Meanwhile, the growth of big St. Louis County, at an anemic 2.3 percent during the decade, has begun to be far outpaced by new, more peripheral sites.").

124. *See* Brian Flinchpaugh, *Census Numbers Are In: St. Charles County has Seen Speedy Growth*, ST. LOUIS POST-DISPATCH (Feb. 25, 2011, 12:00 AM), http://www.stltoday.com/suburban-journals/stcharles/news/census-numbers-are-in-st-charles-county-has-seen-speedy/article_50c0c933-cf33-5245-bd2a-2cb60b245bb5.html ("St. Charles County Executive Steve Ehlmann said Friday that the county will continue to grow. Transportation issues and rising gasoline prices have not kept people away, he said. 'They (people) will continue to come here if the schools are good—and it's both public and private schools—and there are safe neighborhoods,' Ehlmann said. The population numbers also may confirm the county's growing influence in the region. 'It used to be with the old regionalism, they tried to get Franklin, Jefferson and St. Charles counties to go along with what the city of St. Louis and St. Louis County wanted,' Ehlmann said. 'It's not like that anymore.' Still, Ehlmann said the county can't close itself off. It has to join with its neighbors for the St. Louis region to progress . . . .").

125. *See* GROWTH IN THE HEARTLAND, *supra* note 95, at 35–36.

130. Nicholas J.C. Pistor, *Public Sessions About Merging St. Louis, St. Louis County, Start Today*, ST. LOUIS POST-DISPATCH (Nov. 19, 2013, 3:30 AM), http://www.stltoday.com/news/local/govt-and-politics/nick-pistor/public-sessions-about-merging-st-louis-st-louis-county-start/article_3c29581c-8331-5312-b379-b0da0c9afa5c.html.

127. *See* Reynolds, *supra* note 14, at 114–15 ("[S]uburban economic well-being suffers as the gap between suburb and city widens. According to the suggested 'interdependence imperative,' central city health becomes an item of suburban self-interest; suburbia ignores the fate of the city at its peril and to the detriment of its own prosperity. One well known commentator has identified numerous ways in which suburban welfare depends on a strong central city, including: (1) central city image is crucial to

growth and development moving ever further from the city center, large areas of the region are in danger of decline. Reunification of St. Louis City and County could help stabilize the region's historic center, but this alone may prove insufficient to stem the tide of continued outward expansion. The perverse incentives that fuel unsustainable and irresponsible growth must be replaced by a legal framework supporting region-centered planning and action.

It is the duty of a regional government to incentivize stable, sustainable development; private developers and individual municipalities are seldom able to do so.[128] If left unchecked, positive feedback loops created by the aggregated effects of self-interested localism will continue to destabilize the St. Louis region, undermining its potential for advancement.[129] An effective regional government could counter those forces with policies, like inter-municipal revenue sharing, that promote a more balanced

regional welfare; (2) new regional employers will need to tap city markets to fill their work force; (3) failure to address inner-city social problems will come back to haunt all taxpayers in the form of higher costs for prisons and welfare; (4) inner-city crime affects the image of the entire region; (5) environmental issues can only be addressed regionwide; and (6) regional cooperation will bring enhanced political clout. In addition, the economic well-being of the suburbs appears to correlate significantly with the prosperity of their central cities. Stated simply, the claim is that healthier metropolitan regions contain more prosperous central cities. In fact, in the twenty-five metropolitan areas with the most rapid income growth, central city incomes also increased. Conversely, as the gap between central city and suburban prosperity widens, the overall absolute level of suburban wealth tends to be lower: in the eighteen metropolitan areas that recently experienced declines in income, central city income also decreased in all but four instances. Thus, the reduction of socio-economic disparities in metropolitan regions can be justified as a matter of favored quarter self-interest, rather than exclusively dependent on municipal selflessness and charitable intent. If in fact the fate of the region depends on the health of the central city, redistribution from favored quarter to urban core is imperative.") (footnotes omitted).

128. *See, e.g.*, Gillette, *supra* note 116, at 209–10 ("Few can doubt that localities compete over commercial development in order to increase the local tax base regardless of the effects on regional welfare, that poor regional planning permits one group to impose the adverse effects of its preferences on surrounding localities, that judicial intervention has reduced intraregional disparities in affordable housing and educational funding, or that there is a general perversity in heralding the capacity of some to realize their preferences through decentralized government, if that requires reducing the capacity of neighboring residents to realize theirs. The very presence of externalities, in short, suggests an institutional decisionmaking apparatus that is geographically coextensive with the effects of local action.") (footnotes omitted).

129. *See* Jennifer Frericks, Note, *A Regional Government for Fragmented St. Louis: Even the "Favored Quarter" Would Benefit*, 83 WASH. U. L.Q. 361, 374–75 (2005) ("The business community is also damaged. St. Louis ranks 34th in job growth and 32nd in growth in business establishments among 35 peer regions. Between 1997 and 2000, St. Louis was 26th in Gross Metropolitan Product per capita. Thousands of St. Louis area residents leave the region for other areas every year. . . . The bottom line: The St. Louis region's unbalanced development patterns entangle both suburbs and core in a dynamic that may be undercutting the region's overall economic competitiveness as well as its social and fiscal health.") (footnotes omitted) (internal quotation marks omitted).

distribution of resources among the municipalities in the St. Louis metro region.[130]

Thus, I propose a limited regional revenue-sharing arrangement in St. Louis, modeled after the Twin Cities Program. While many American metros could help encourage better, more sustainable growth through the use of inter-municipal revenue sharing, St. Louis faces a unique set of challenges that would make such a program even more advantageous: the central city's loss of population, by percentage, is more pronounced than that of any other American city.[131] Vacancy rates,[132] crime rates,[133] and poverty rates[134] in St. Louis City are all substantially higher than the national average. Metropolitan governance is substantially more fragmented here than in other regions.[135] Socioeconomic and racial isolation is persistent and profound.[136] Urban sprawl, and its resultant environmental degradation, is particularly extensive: the growth of metro

130. *See id.* at 379–81 ("The solution for helping St. Louis fight sprawl and economic decline is for the state of Missouri to create a second-tier of government, a regional legislature to be elected by the people of the St. Louis area. This legislature would be invested with all the powers currently held by the unaccountable special districts (though not yet the school districts), as well as the power of 'growth management.' No longer would individual municipalities make decisions on incorporation, annexation, or zoning. The legislature would be funded in part by a Minneapolis-style tax sharing program, and with state subsidy. Thus, St. Louis would be replacing its failed voluntary regional service sharing approach with an elected regional limited government.") (footnotes omitted).

131. *See* Cox, *supra* note 17.

132. *See* Lavea Brachman, *Vacant and Abandoned Property: Remedies for Acquisition and Redevelopment*, 17 LAND LINES, no. 4, 2005 at 1.

133. *See* Danielle Kurtzleben, *The Eleven Most Dangerous U.S. Cities*, U.S. NEWS & WORLD REP., http://www.usnews.com/news/slideshows/the-11-most-dangerous-us-cities/12 (last visited Dec. 23, 2013).

134. *See* GROWTH IN THE HEARTLAND, *supra* note 95, at 40.

135. *See* ST. LOUIS COUNTY DEP'T. OF PLANNING, ST. LOUIS COUNTY STRATEGIC PLAN, 2000–2004 23, *available at* http://www.stlouisco.com/Portals/8/docs/Document%20Library/planning/countywide%20planning/Strategic%20Plan%202000-2004.pdf ("When considering taxing authority, the St. Louis region jumps to the highest in the nation at 26.8 taxing units per 100,000 people.").

136. *See* GROWTH IN THE HEARTLAND, *supra* note 95, at 40 ("Nonwhite citizens encompassed 5.6 percent of the downtown population in 1990, but 19.7 percent in 2000. This new concentration resulted from the disappearance of 364 white residents and an increase in 335 persons of color. Furthermore, 70 percent of the region's black population resides in the north half of the City of St. Louis, the inner northern suburbs of St. Louis County, and inner St. Clair County. This concentration ensures that the City of St. Louis registered 51 percent black in 2000 while the City of East St. Louis hit 98 percent black. In many of these areas, even outside East St. Louis, black residents comprise 85 to 99 percent of the population. In the 1990s, a number of close-in older suburbs—Vinita Park, and Bel-Nor among others—became majority-minority for the first time. By contrast, whites predominate all around the region's outer suburban rings. In these suburban and exurban areas black residents generally make up less than 10 percent of the population. St. Charles County remains 94 percent white. Jefferson was 98 percent white in 2000.").

St. Louis consumes far more land than necessary in proportion to its limited overall population growth.[137]

The St. Louis region is currently laced with a complex mixture of special taxation districts.[138] The city itself levies a one percent "earnings tax" on any income earned by city residents, as well as on any income earned in the city by non-city residents.[139] This tax was popular with city voters, who approved its creation in 1948 as a means by which to ensure that suburban commuters would pay for a share of city services.[140] Unfortunately, as the St. Louis region suburbanized, these suburban commuters began increasingly to work outside the city limits in addition to living outside them.[141]

St. Louis' earnings tax currently accounts for approximately one-third of the city's yearly revenue.[142] Concerns have been raised that the tax creates a disincentive for potential employers to locate in the city.[143] St. Louis County does not levy such a tax, and some observers have speculated that this makes the county a comparatively attractive choice for businesses.[144] Many businesses have relocated from the city to the county, and many of the businesses that relocate to the St. Louis region choose to

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137. *See id.* at 38 ("[T]he region's spread-out land-use patterns have grown progressively more inefficient—making the St. Louis area the second most wasteful user of land among major metro areas in the country. Between 1982 and 1987, the region consumed .49 acre for every new person it added; between 1987 and 1992, it needed .91 acre to accommodate a new resident; and by the 1992 to 1997 period the figure had jumped to 1.4 acres. That last figure—nearly an acre and a half per newcomer—ranked the St. Louis region as the second most profligate developer of land in the country among major metropolitan areas, and confirmed that the region's rate of land consumption had tripled over the 15-year period. Only Cleveland used land more inefficiently over those years.") (emphasis omitted).

138. *See* GORDON *supra* note 26, at 53 ("Local taxation in Missouri is, like the pattern of local governance, fragmented and complex.").

139. *Id.* at 56.

140. *See id.* ("For St. Louis, an earnings tax was both a new source of revenue and a way to spread the cost of urban governance to the 'daylight citizens' who worked in the city but lived in the suburbs . . . It was popular with local business and labor interests alike, largely because it reached into the pockets of suburban commuters.").

141. *See* GROWTH IN THE HEARTLAND, *supra* note 95, at 37 ("In 1970, suburban areas outside the City of St. Louis accounted for 59.3 percent of the region's jobs; by 2000 that figure has jumped to 81.6 percent. Most notably, the St. Louis economic engine has come to be disproportionately located in St. Louis County. Big and established, St. Louis County now contains 39 percent of the region's population and nearly half (791,599 out of 1.6 million) of its jobs. Its job base grew 14 percent in the 1990s. At the same time, St. Charles County has become the most formidable zone of job creation. St. Charles County added 38,000 jobs in the decade to grow its economy 43 percent in the 1990s—or more than three times faster than St. Louis County did.").

142. *See* COMM. ON WEALTH, TAXATION, & FIN., STRATEGY OPTIONS TO ELIMINATE THE DISINCENTIVE CAUSED BY THE EARNINGS TAX IN THE CITY OF ST. LOUIS 1 (1998).

143. *See id.* at 3.

144. *Id.*

establish their operations in St. Louis County. A regional tax revenue-sharing program could provide funds sufficient to replace the city's earnings tax, which would lessen the incentive for companies to locate in the suburbs instead of in the city.

The institution of revenue sharing in the St. Louis metro region would not be an easy task. For example, it is highly unlikely that the city's suburbs would be any more receptive to such a plan than the suburbs of Minneapolis-St. Paul were. In Minnesota, passage of the Fiscal Disparities Act required the support of "outstate" senators and representatives (those representing districts outside Greater Minneapolis-St. Paul).[145]

Passage of a similar measure for St. Louis metro would most likely require the support of state senators and representatives from Missouri districts outside of the metro as well. A strategy for building the kind of urban/rural coalition necessary to overcome the expected resistance of suburban representatives could focus on the control of suburban sprawl. Outstate representatives may not enthusiastically support measures designed to benefit urban areas, but they would likely understand the importance of limiting suburban expansion. At the very least, the growth of suburbia consumes prime farmland and threatens to destroy the rural character of some areas of the state.[146]

Even if a coalition was formed and a measure was enacted by the Missouri legislature, however, legal challenges would doubtless create an additional hurdle. The Missouri Constitution's provision about uniformity of taxation is worded similarly to the Minnesota provision, which supported the constitutional challenge to the Twin Cities Fiscal Disparities Program in *Burnsville*. However, while the Minnesota Constitution provides merely that "[t]axes shall be uniform upon the same class of subjects,"[147] Missouri's Constitution further demands that "[t]axes . . . shall be uniform upon the same class or subclass of subjects *within the territorial limits of the authority levying the tax*."[148] Therefore, a St. Louis tax-sharing program would require the creation of a regional taxing authority, spanning multiple counties and hundreds of separate municipal and special-use taxing districts. Taxes could be pooled and reapportioned from areas within the limits of this district, thus meeting the "territorial limits" uniformity standard.

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145. *See* Orfield & Wallace, *supra* note 49, at 595–97.
146. *See* GROWTH IN THE HEARTLAND, *supra* note 95, at 46.
147. MINN. CONST. of 1857, art. 9, § 1 (amended to art. 10 § 1 in 1974).
148. MO. CONST. art. X, § 3 (emphasis added).

In *Burnsville*, the Minnesota Supreme Court was convinced that the Fiscal Disparities Act was constitutional because "the tax burdens imposed and the benefits derived therefrom . . . satisf[y] the requirements of the uniformity provisions of Minn. Const. art. 9, § 1."[149] A Missouri court considering a similar challenge to such a revenue-sharing plan in the St. Louis metro might not reach the same conclusion. The Missouri Supreme Court has declared, however, that

> "[u]niform" has reference to the measure, gauge or rate of the tax. "Same class of subjects" has reference to the classification of the subjects of taxation for the purposes of the tax. Uniformity does not mean that the same rate must be levied upon all subjects, but when the subjects are once classified the rate must be uniform upon all subjects of the same class.[150]

This could be read to indicate that a revenue sharing program would be found constitutional if "classes" of municipalities or taxing districts were defined, for revenue sharing purposes, by their base tax revenue *per capita*. If taxing districts were thus sorted into classes, the rate of taxation between different taxation districts of the same "class" could be found to be uniform. Furthermore, state courts tend to give substantial deference to legislative action, perceiving it as the will of a democratic majority. Once approved by the state legislature, a revenue-sharing statute would be difficult to challenge.

CONCLUSION

If the St. Louis metro area is still a single, unified region with St. Louis City as its center, then the entire region stands to benefit from the city's revitalization. The viability and attractiveness of St. Louis' "brand" depends heavily upon outsiders' perception of the city itself. A regionally sponsored investment to increase the attractiveness of St. Louis City as a place to live and do business would help promote positive growth in the metro area as a whole. Residents of greater St. Louis must take some responsibility for the state of the city to which their municipalities are tied, but they can and should take pride in that city as well. It has suffered

149. Vill. of Burnsville v. Onischuk, 222 N.W.2d 523, 532 (Minn. 1974).

150. City of Cape Girardeau v. Fred A. Groves Motor Co., 142 S.W.2d 1040, 1043 (Mo. 1940).

greatly in the past sixty years. Perhaps the St. Louis region is now ready to take positive action to help make its city's future a bit brighter.

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