

Statement of

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On behalf of the National League of Cities

Speaker's Task Force on Intergovernmental Affairs Inaugural Hearing

"Local Perspectives: Examining the Current State of Intergovernmental Relations"

June 22, 2017

Good morning. My name is Patrick Wojahn and I am proud to serve as the mayor of College Park, Maryland. It's an honor to join you today also as a representative of the National League of Cities, the oldest and largest organization representing America's cities and towns.

Like the majority of America's local elected officials, I serve part-time as mayor, and hold a day job. When I'm not serving alongside my colleagues on the city council, I'm working as the Director of Government Relations for Rails-to-Trails Conservancy.

On behalf of the mayors, councilmembers, and other leaders of America's 19,000 cities, towns and villages, thank you for creating the Bipartisan Task Force on Intergovernmental Affairs. You are to be commended for coming together in a bipartisan way to examine the current state of intergovernmental relations.

When our nation was founded on the principal of federalism, the founders were focused on the relationship between the states and the federal government. The Constitution does not mention the word "cities." Instead, cities and their limited powers were created by their respective state governments.

Since our nation's founding, the role of cities in the lives of everyday Americans has only grown steadily. Today cities drive the national economy, providing a home to 86% of the nation's population and 91% of the real gross domestic product. Local governments spend approximately \$1.5 trillion annually on services that residents expect from city hall, such as multi-modal

transportation options, public safety services, clean energy and water, and access to high-quality education. Our message to you is simple: when American cities succeed, America succeeds.

Despite their growing importance, the authority of local governments has generally waned as their economic influence has grown. The 10th Amendment reserves authority-giving powers to the states and as a result there is a great deal of diversity in the ways state and local governments share authority. Some cities are afforded broader authority to best serve the needs of their citizens under a concept known as "home rule." Many others, however, fall under Dillon's Rule, in which state legislatures can aggressively control various elements of local governments; from their structures and methods of financing, to their procedures and abilities to make and implement certain policies.

Recently, efforts to preempt local governments at the federal and state level appear to be on the rise. That's simply wrong and counterproductive. As the level of government closest to the people, local elected leaders are generally pursuing policies that most immediately reflect the values of their communities. You can read more about specific efforts to preempt local control in states across the nation in NLC's report, <u>City Rights in an Era of Preemption: A State-by-State Analysis</u>, which I am submitting with this testimony.

In the interest of our common constituents, the intergovernmental partnership should not serve as a battleground for divisive issues. Cities value strong federal and state partnerships. City leaders are using every tool at their disposal to create revenue locally and to stretch local tax dollars. From traditional tools like tax-exempt municipal bonds, to innovative tax-increment financing districts, to project specific taxes approved by public referendum, city leaders are delivering on the expectations of their residents in economically productive ways.

Ongoing uncertainty at the federal level, and aggressive preemption efforts at the state level, particularly those spurred by special interest groups, are taking a toll on the productivity and economic contribution of cities.

Ongoing uncertainty over annual federal funding levels makes city leaders and our private partners hesitant and can even jeopardize vital long-term capital improvement projects. Uncertainty over tax reform, including the possible elimination of both the State and Local Tax Deduction as well as the tax-exemption for municipal bonds, makes it difficult for local leaders to do any long-term fiscal planning.

It is our hope at the National League of Cities that this bipartisan task force will consider these and other intergovernmental issues with a practical lens that respects local authority and empowers cities to be even greater engines for the economy. Thank you again for this opportunity to comment on the state of intergovernmental relations from the point of view of cities.