

Special-Purpose Authorities

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Special-purpose authorities have come to play a central role in urban and regional governance over the century or so that they have been in use. Originally developed as reform-style institutions meant to bring the boardroom style to local government, specialized local governments now constitute over one-third (38,266, not including school districts) of the local governments in the USA (Hogue 2013). Such authorities have had significant impacts in urban areas, where they usually take the form of institutions focusing on infrastructure development, and in suburbs around the periphery of metropolitan areas, where they may deliver services in unincorporated and developing areas.

One defining element of special-purpose authorities is that they are difficult to define. By some counts (Mitchell 1990), thousands of authorities go unrecognized by the US Census Bureau; others (Walsh 1978) suggest that entities taking on the characteristics of special-purpose authorities sometimes exist *within* state or local government jurisdiction and are also left out of official counts. The common element in nearly all types of special-purpose government, however, is the transferring of power for a government policy to a jurisdiction, generally created for this specific reason, outside general-purpose or municipal government. Other common characteristics include independent revenue sources, taxing powers, appointed governing boards – although some boards

are elected – and a focus on one or two policy areas. In addition to governing boards, authorities employ operating staffs that vary in size depending on the scope and nature of the authority. The largest authorities, with a diverse range of tasks may employ thousands (e.g., Port Authority of New York and New Jersey), whereas more focused authorities may employ under twenty workers (e.g., local water or waste management districts).

In most cases, special-purpose authorities deliver a very specific good to constituents, or regulate and manage one area of local public policy. Because of the ability to specifically tailor service delivery to a select constituency, some argue that special districts and authorities are democracy and efficiency enhancers (for an overview, see Doig 1983); at the same time, however, the diffusion of special-purpose authorities is often viewed as having contributed to government fragmentation in the USA (Mullin 2009). Related criticisms of special-purpose governments, specifically those that have appointed governing boards, suggest that they reduce the quality of representation in the name of presumed efficiency (Axelrod 1992; Burns 1994; Perry 2003). The theoretical counterargument is that, by creating more governments closer to the people, specialized governance is in fact more representative than general-purpose government. Such debates often take place in the context of public choice theory.

Relative financial independence is one characteristic that allows authorities to act more efficiently than general-purpose governments (Sbragia 1996). Depending upon their specific institutional setup, most special-purpose authorities have some method for accessing an independent revenue source to fund their activities. In some

instances this is a direct tax or service fee; the classic example is a toll for crossing a bridge. In other instances, it could be a tax on goods or services related to the policy area of focus – many convention center authorities receive portions of a statewide or city tax on hotel rooms. In addition to independent revenue streams, special-purpose authorities also have the power to borrow funds, and “are sometimes created specifically to avoid state constitutional debt limits” (Schwarz 2012, 378). Because most bonds are issued as revenue bonds, the fees for which will be directly paid using revenue generated by, or directed to, the authority, authorities may in some cases sidestep public pressure such as referenda on project authorization (Sanders 1992). Of course, as is the case with many characteristics of special-purpose government, there is great variance with regard to budget size and fiscal power among authorities. Budget size and revenue collection will depend upon the nature and scope of the authority. The largest special-purpose authorities, such as the Port Authority of New York and New Jersey, report significant annual expenses – in 2015 the Port Authority spent \$2.9 billion in operating expenses (Port Authority of New York and New Jersey 2015, 57), while Chicago’s Metropolitan Pier and Exposition Authority reported 2015 expenses at \$498 million (Metropolitan Pier and Exposition Authority 2015). Many smaller water districts, prominent in California for example, will report annual expenses below \$10 million. Large-scale urban development projects, however, will almost certainly rely on long-range financing and annual debt service fees, and not the operating budget of an authority.

Special-purpose governance also plays a key role in regional governance. Because of their ability to cut across existing jurisdictional boundaries (county, city, and even state lines), special-purpose authorities are

often the institutional vehicle of choice for creating regional government (with the obvious exception of city–county consolidations). Transportation districts are a common example of this form of regional government; for example, Chicago’s Regional Transportation Authority or New York and New Jersey’s Port Authority. Water districts serve as another example, with the Metropolitan Water District of Southern California serving a jurisdiction including six counties around Los Angeles and San Diego.

Over the last quarter of the twentieth century, special-purpose authorities served a critical role in varied economic development projects and megaprojects aiming to rejuvenate central cities in the USA. Examples include the Metropolitan Pier and Exposition Authority in Chicago (developer of the McCormick Place Convention Center and Navy Pier multipurpose tourism development) and the Harris County Houston Sports Authority (manager of all of Houston’s major sports stadiums as well as its convention center). As public officials worked to redevelop their downtowns into sites of consumption and tourism, special-purpose authorities became a key institutional tool for obtaining funding, and, in some cases, the political cushioning necessary for completing the project. This was particularly common in the case of professional sports stadium development and convention center financing in the USA. Another example, the Maryland Stadium Authority, has been a key institution in redeveloping Baltimore’s inner harbor – financing, developing, and managing projects such as the Oriole Park at Camden Yards (Major League Baseball stadium), M&T Bank Stadium (National Football League), and the Baltimore Convention Center (Maryland Stadium Authority 2016).

The study of special-purpose government is not confined to the USA. Although institutional variation across countries

prevents a direct comparison, the use of quasi-autonomous nongovernmental authorities, or QUANGOs, to address very specific elements of public policy in Great Britain and Europe has generated a field of scholarly inquiry with many of the same research questions as the ones developed in the USA. This is to say that, although QUANGOs and special authorities are not institutionally the same, both entail offloading tasks once performed by general-purpose governments to specialized bodies.

Because of this centrality to urban development and regional governance, the study of special-purpose authorities is critical to understanding the way in which contemporary cities are governed. The existing scholarship suggests that the increasing presence of special-purpose authorities has led to higher capacity for urban development (Judd and Smith 2007), a more direct role for the private sector (Burns 1994), and an insulated decision-making process (Axelrod 1992).

SEE ALSO: Business Improvement District; Southwest China; Growth Machine Politics; Megaprojects; Metropolitan Governance; Moses, Robert; Regional Governance; Urban or Downtown Renaissance; Urban Economy; Urban Governance; Urban Megaprojects

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4 SPECIAL-PURPOSE AUTHORITIES

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