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REPORT OF THE DELAWARE TOMORROW COMMISSION TO THE HON. SHERMAN W. TRIBBITT GOVERNOR OF DELAWARE

APPENDIX

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Delaware Tomorrow Commission

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FINAL REPORT

OF

THE DELAWARE TOMORROW COMMISSION

Appendix

January 1976

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STATE OF DELAWARE

EXECUTIVE DEPARTMENT
DOVER

EXECUTIVE ORDER
NUMBER FORTY-EIGHT

TO: Heads of All State Departments and Agencies

RE: The Establishment of the Delaware Tomorrow Commission

WHEREAS, it is essential that the State of Delaware devise a statewide development policy on growth in the areas of industrial, commercial and residential development including open space, recreation, and transportation; and

WHEREAS, the General Assembly has recognized these problems by enacting specific legislation or resolutions, such as Senate Bill 257, House Bill 882 and House Concurrent Resolution 49, dealing with specific areas of this overall general problem.

WHEREAS, in 1971 the State of Delaware enacted into law the Coastal Zone Industrial Control Act which regulates industries in the coastal areas of the State, and in the two years since the passage of this Act there has been considerable controversy over it and the State's policy on economic growth; and

WHEREAS, a comprehensive State development policy must be developed for all, but only after considering the interests of not just government but business, industry, labor, environmentalists, and most importantly, the people of Delaware.

NOW, THEREFORE, I, SHERMAN W. TRIBBITT, by the authority vested in me as Governor of the State of Delaware, do hereby declare and order as follows:

1. The "Delaware Tomorrow Commission" is hereby established.

2. The Commission is charged with the responsibility to develop a statewide plan for growth.

3. The Commission shall investigate development policy of other states as well as hold meetings and seminars throughout the State to receive contributions from our citizens.

4. This Commission shall submit to the Governor and the General Assembly by June 1, 1975 its findings and recommendations. However, the final decision as to the date of submission of the Commission's findings shall rest with the Commission. At the discretion of the Commission, draft legislation may be submitted to implement its findings. Its report shall include but need not be limited to a

strategy for industrial, commercial and residential development, land use and statewide zoning, a policy regarding transportation, recreation and open space consistent with a quality environment.

5. The Commission shall consist of 27 members who shall be appointed as follows:

1. Secretary, Department of Highways and Transportation
2. Secretary, Department of Labor
3. Secretary, Department of Community Affairs and Economic Development
4. Secretary, Department of Natural Resources and Environmental Control
5. Director, State Planning
6. Mayor of Wilmington, or his designee
7. New Castle County Executive, or his designee
8. President, Kent County Levy Court, or his designee
9. President, Sussex County Council, or his designee
10. President, League of Local Governments, or his designee
11. President, Delaware State Chamber of Commerce, or his designee
12. President, Building Trades Council, or his designee
13. President, State Labor Council, or his designee
14. President, Delawareans for Orderly Development, or his designee
15. Chairman, Sierra Club, or his designee
16. President, Save our Shores, or his designee
17. Chairman, Common Cause of Delaware, or his designee
18. Chairman, Coastal Zone Industrial Control Board, or his designee
19. Chairman, Greater Wilmington Development Council, or his designee
20. 2 members of the House of Representatives, to be designated by the Speaker of the House, one from each political party

21. 2 members of the Delaware State Senate, to be designated by the President Pro Tempore of the Senate, one from each political party

22. 4 members to be designated by the Governor

6. The Chairman of the Commission shall be designated by the Governor and the Vice-Chairman of the Commission shall be designated by a majority of the members of the Commission.

APPROVED this 19th day of June, 1974.

Governor

ATTEST:

Secretary of State

STATE OF DELAWARE

EXECUTIVE DEPARTMENT
DOVER

EXECUTIVE ORDER
NUMBER FIFTY-THREE

TO: Heads of All State Departments and Agencies

RE: Amendment to Executive Order No. 48

WHEREAS, Executive Order No. 48 establishes a Delaware Tomorrow Commission to consist of 27 members, including four members to be designated by the Governor; and

WHEREAS, additional members are deemed desirable in order to properly consider the interests of government, business, industry, labor, environmentalists, and the people of Delaware.

NOW, THEREFORE, I, SHERMAN W. TRIBBITT, by virtue of the authority vested in me as Governor of the State of Delaware, do hereby order and declare as follows:

1. Paragraph 5 of Executive Order No. 48 is amended by:

   (a) increasing the total membership of the Commission from 27 to 30 members;

   (b) increasing the number of members to be designated by the Governor from 4 to 6 members;

   (c) renumbering subparagraphs 18 through 22 as subparagraphs 19 through 23; and

   (d) adding a new subparagraph 18 to read as follows:

   "18. President, League of Women Voters, or her designee".

2. Executive Order No. 48 is amended by adding a new paragraph 7 as follows:

   "7. The Chairman of the Delaware Tomorrow Commission may appoint a secretary and an assistant secretary for the Commission, both to serve at the pleasure of the Chairman."

3. Executive Order No. 48 is amended by adding a new paragraph 8 as follows:

   "8. In addition to the members of the Delaware Tomorrow Commission provided for in this Order, the Governor

may create subcommittees and name members to such subcommittees as he deems appropriate without issuing additional Executive Orders. A letter of appointment signed by the Governor shall be sufficient authority for such appointee to serve on such subcommittee."

APPROVED this 9th day of September, 1974

Governor

ATTEST:

Secretary of State

STATE OF DELAWARE

EXECUTIVE DEPARTMENT
DOVER

EXECUTIVE ORDER
NUMBER FIFTY-SIX

TO: Heads of all State Departments and Agencies

RE: Amendment to Executive Orders Number 48 and Number 53

WHEREAS, Executive Order Number 48 establishes a Delaware Tomorrow Commission and Executive Order Number 53 amends and clarifies Executive Order Number 48; and

WHEREAS, certain additional changes and clarifications are needed to refine the structure of the Commission;

NOW, THEREFORE, I, SHERMAN W. TRIBBITT, by virtue of the authority vested in me as Governor of the State of Delaware, do hereby order and declare as follows:

1. Paragraph 5 of Executive Order Number 48 as amended by paragraphs 1 (a) and 1 (b) of Executive Order Number 53 is further amended by:

   (a) increasing the total membership of the Commission from 30 to 31 members.

   (b) increasing the number of members to be designated by the Governor from 6 to 7 members.

2. Executive Order Number 53 is amended by striking in full paragraph 2 and substituting in lieu thereof the following:

   Executive Order Number 48 is amended by adding a new paragraph 7 as follows:

   "(7) The Chairman of the Delaware Tomorrow Commission may appoint a secretary for the Commission. The Chairman may also appoint counsel to the Commission. Both to serve at the pleasure of the Chairman."

3. Executive Order Number 48 is amended by adding a new paragraph 9 as follows:

   "(9) The Governor may appoint Chairmen to the subcommittees created as defined in paragraph 8. A letter of appointment signed by the Governor shall be sufficient authority for such appointee to serve as Chairman."

APPROVED this 2nd day of October, 1974.

Governor

ATTEST:

Secretary of State

APPENDIX B

Appendix B contains the bulk of the material presented to the Commission by the Cost of Public Services Committee in its April 4, 1975, report.

Section 1

Relates to Revenues.

Section 2

Pertains to Expenditures.

Section 3

This section includes the assumptions and methodology for revenue projections and expenditure projections from 1973 through 1985.

In order to refine these figures relating to both expenditures and revenues, the actual expenditures and revenues for 1974, 1975 and estimates for 1976 were included in the computations.

Section 4

This section contains Part 5, entitled "Prospects for State Needs and Resources" from the April, 1969 Report of the Committee to Investigate Delaware State Finances, chaired by Robert W. Tunnell. This study, completed over six years ago, includes a thought-provoking section on forward projections of expenditures and revenues.

Section 5

This section is comprised of extracts from the minutes of the July 30, 1975, meeting of the Delaware Tomorrow Commission, and includes commentary on the subject of revenues and expenditures.

APPENDIX B - SECTION 1

REVENUES

COMMENTS

On the following pages are six tables which summarize revenue collections by the major governments in the State of Delaware for the fiscal years 1968 through 1973. Table I shows total revenues of the State, the three counties, the school districts and the cities of Dover, Newark and Wilmington. Tables II and III break down these totals into revenues from each unit's own sources and revenues received from sources beyond the control of the unit. Tables IV, V and VI show the same data on a per capita basis. Revenues of governments other than those listed above are not included in this report because revenue data of these other governments was not readily available and the benefits expected from including them were not sufficient to justify the costs of collecting the additional data. Only five years of data are presented because the purpose here is to focus on recent trends and events that may influence future revenue collections rather than to present a more complete historical analysis of revenues. Data for fiscal year 1974 were not yet available for all included governments at the time the primary data was assembled and, therefore, no 1974 data are presented. The breakdown into revenues from own sources and external sources represents an attempt to show clearly the importance to the various Delaware Governments of events beyond their direct control. The inclusion of franchise receipts in the external sources category is legitimately debatable but does effectively emphasize the sensitivity of revenues in the State to economic as well as political events outside of the State.

Table I shows that local government revenues grew more rapidly than State government revenues in the 1968-1973 period. Tables II and III show that this was true both for revenues from own sources and for revenues from externally controlled sources. (In the case of local governments, the externally controlled funds are all federal funds.) During the 1968-1973 period, State government revenues grew at an average annual rate of only 13% while those of major local governments grew twice as fast, at a rate of 26% per year. This high growth rate of revenues of major local governments is primarily attributable to growth in county government revenues and not to growth in city government revenues. While the three county governments experienced growth rates of 30%, 34% and 20% per year, the three largest cities in Delaware experienced revenue growth rates of only 19%, 19% and 20% per year.

Table IV shows that the pattern of more rapid growth at the local level than at the State government level is repeated when revenues are on a per capita basis. Tables V and VI show that Kent and Sussex county governments have experienced relatively slow per capita revenue growth from their own sources so that the high rates of increase in per capita total revenues is attributable to very high rates of increase in federal subsidies to the counties.

In considering the per capita revenue tables it is important to remember that the figures only show total revenue collections from all sources per person resident in a particular jurisdiction. They do not show the revenues being contributed for public services, on the average, by the residents of the jurisdictions. Much of the variation in revenues collected per resident is due to (1) differing degrees of collection of revenues from nonresidents (as is the case of Wilmington's wage tax), (2) differing amounts of taxable nonpersonal property (as with the capital facilities in New Castle County) or (3) differing levels of collections for essentially private services (as with Newark's electricity rates).

It is interesting to note that local revenues of school districts have grown at approximately the same rate as total revenues from all sources in the State and that this is true in both total and per capita terms. While the six tables which follow present revenues from several useful perspectives, they do not provide enough information to permit reasonably acceptable projections into the future. This task will require a breakdown of revenues into categories on the basis of sensitivity of the source to different sorts of influences. For example, some sources are primarily sensitive to population (alcoholic beverage taxes) while others respond to income changes (income taxes) or other national economic conditions (corporate income taxes) and still others are relatively insensitive to these influences (property taxes).

TABLE I

TOTAL MAJOR GOVERNMENT REVENUES [1]

1968–1973

	Fiscal Years						
	1973	1972	1971	1970	1969	1968	Growth Rate [5]
	In Thousands of Dollars						
Major Delaware Revenues [2]	$581,295	$509,974	$421,578	$356,884	$296,275	$277,452	.16
State Government [7]	407,174	375,005	306,823	263,937	221,839	215,855	.13
Local Government:	174,121	134,969	114,755	92,947	74,436	61,597	
All School Districts	42,912	37,417	34,016	29,005 [6]	23,655 [6]	20,404 [6]	.16
Major Local Governments [3]	131,209	97,552	80,739	63,942	50,781	41,193	.26
New Castle County:	145,309	115,342	96,024	74,592	60,885	55,472	
School Districts	35,633	30,518	27,336	22,832	19,336	16,648	.16
County Government	48,320	25,574	26,796	12,719	13,455	13,093	.30
City of Newark	7,785	5,910	4,948	4,218	3,655	3,303	.19
City of Wilmington	53,571	53,340	36,944	34,823	24,439	22,428	.19
Kent County	22,556	14,343	13,945	14,105	10,232	3,306	
School Districts	3,965	3,651	3,662	3,530	2,405	2,113	.13
County Government	5,173	1,644	1,464	1,434	1,458	1,193	.34
City of Dover	13,418	9,048	8,819	9,141	6,369 [5]	–	.20
Sussex County:	6,256	5,284	4,786	4,249	3,320	2,818	
School Districts	3,314	3,248	3,018	2,642	1,915	1,642	.15
County Government	2,942	2,036	1,768	1,607	1,405	1,176	.20
	174,121	134,969	114,755	92,946	74,437	61,596	

Source: Data are from Tables 7, 8, 10, 18, 19, 20, 24, 25 and 26 in "Statistical Tabulations", Delaware Tomorrow Commission, Cost of Public Services Sub-committee, January 16, 1975; and from William R. Brown, Department of Public Instruction.

DELAWARE TOMORROW COMMISSION

COST OF PUBLIC SERVICES COMMITTEE

TABLE I

TOTAL MAJOR GOVERNMENT REVENUES

NOTES

Note 1 - Excludes municipal governments except Dover, Newark, and Wilmington and any public agencies which receive revenues other than state, county, and city governments and school districts.

Note 2 - Includes state government and local government with exceptions noted in Note 1.

Note 3 - Includes Kent, New Castle, and Sussex county governments and Dover, Newark and Wilmington city governments.

Note 4 - Growth from 1968-73 at annual rates, except where 1968 data are missing.

Note 5 - Approximate value estimated from trends; actual data not assembled yet.

Note 6 - Sub-components do not add to total because of rounding.

Note 7 - Includes Federal Funds to school districts and state agencies.

COST OF PUBLIC SERVICES COMMITTEE

TABLE II

MAJOR GOVERNMENT REVENUES FROM EXTERNALLY CONTROLLED SOURCES[1,2]

	Fiscal Years						Growth Rate
	1973	1972	1971	1970	1969	1968	
	000 Have Been Omitted						
Major Delaware Revenues[3]	180055	145453	117654	92016	68470	80914	.17
State Government[7]	155532	138489	112685	88659	66277	78319	.15
Local Government:	-	-	-	-	-	-	-
All School Districts[6]	24523	6964	4969	3357	2193	2595	.57
Major Local Governments[4]	180055	145453	117654	92016	68470	80914	
New Castle County:	-	-	-	-	-	-	-
School Districts[6]	7579	1196	725	313	251	305	.90
County Government	919	190	303	290	209	172	.40
City of Newark	11437	5320	3750	2571	1682	2113	.40
City of Wilmington	19935	6706	3788	3174	2142	2590	
Kent County:	-	-	-	-	-	-	-
School Districts[6]	3441	108	27	6	42	5	2.69
County Government	114	38	156	177	9	-	.88
City of Dover	3555	146	181	183	51	5	
Sussex County:	-	-	-	-	-	-	-
School Districts[6]	1033	112	-	-	-	-	-
County Government							
	24523	6964	4969	3357	2193	2595	

Source: Data are from Tables 7, 8, 10, 18, 19, 20, 24, 25, and 26 in "Statistical Tabulations," Delaware Tomorrow Commission, Cost of Public Services Subcommittee, January 16, 1975; and from William R. Green, Department of Public Instruction.

DELAWARE TOMORROW COMMISSION

COST OF PUBLIC SERVICES COMMITTEE

TABLE II

MAJOR GOVERNMENT REVENUES FROM EXTERNALLY CONTROLLED SOURCES

NOTES

Note 1 - Excludes municipal governments except Dover, Newark, and Wilmington and any public agencies which receive revenues other than state, county, and city governments and school districts.

Note 2 - Externally controlled sources include Federal funds allocated to school district and state agencies, Federal Revenue Sharing funds (to the state government, the three county governments and the governments of Dover, Newark, and Wilmington), franchise taxes and all grants and donations.

Note 3 - Includes state government and local government with exception noted in Note 1.

Note 4 - Includes Kent, New Castle, and Sussex county governments and Dover, Newark, and Wilmington city governments.

Note 5 - Growth from 1968-1973 at annual rates, except where 1968 data are missing.

Note 6 - Federal funds to school districts not available by county.

Note 7 - Includes Federal funds to school districts and state agencies.

COST OF PUBLIC SERVICES COMMITTEE

TABLE III

MAJOR GOVERNMENT REVENUES FROM DELAWARE SOURCES[1,2]

	Fiscal Years						Growth Rate
	1973	1972	1971	1970	1969	1968	
	000 Have Been Omitted						
Major Delaware Revenues[3]	401240	364521	303924	264868	227805	196538	.15
State Government	251642	236516	194138	175278	155562	137536	.12
Local Government:							
All School Districts	42912	37417	34016	29005[7]	23655[7]	20404[7]	.16
Major Local Governments[4]	106686	90588	75770	60585	48588	38598	.23
	149598	128005	109786	89590	72243	59002	
New Castle County:							
School Districts	35633	30518	27336	22832	19336	16648	.16
County Government	40741	24378	26071	12406	13204	12788	.20
City of Newark	6866	5720	4645	3928	3446	3131	.17
City of Wilmington	42134	48020	33184	32252	22757	20315	.16
	125374	108636	91236	71418	58743	52882	
Kent County:							
School Districts	8965	3651	3662	3530	2405	2113	.13
County Government	1732	1536	1437	1428	1416	1188	.07
City of Dover	13304	9010[6]	8665	8964	6360[6]	-	.20
	19001	14197	13764	13922	10181	3301	
Sussex County:							
School Districts	8314	3248	3018	2642	1915	1642	.1
County Government	1909	1924	1768	1607	1405	1176	.1
	5223	5172	4786	4249	3320	2818	
	149598	128005	109786	89589	72244	59001	

Source: Data are from Tables 7, 8, 10, 18, 19, 20, 24, 25, and 26 in "Statistical Tabulations," Delaware Tomorrow Commission, Cost of Public Services Subcommittee, January 16, 1973; and from William R. Brown, Department of Public Instruction.

DELAWARE TOMORROW COMMISSION

COST OF PUBLIC SERVICES COMMITTEE

TABLE III

MAJOR GOVERNMENT REVENUES FROM DELAWARE SOURCES

NOTES

Note 1 - Excludes municipal governments except Dover, Newark, and Wilmington and any public agencies which receive revenues other than state, county and city governments and school districts.

Note 2 - Delaware sources exclude Federal funds allocated to school districts and state agencies, Federal Revenue Sharing funds (to the state governments, the three county governments of Dover, Newark, and Wilmington), franchise taxes and grants and donations.

Note 3 - Includes state government and local government with exception noted in Note 1.

Note 4 - Includes Kent, New Castle, and Sussex county governments and Dover, Newark, and Wilmington city governments.

Note 5 - Growth from 1968-1973 at annual rates, except where 1968 data are missing.

Note 6 - Sub-components do not add to total because of rounding.

Note 7 - Includes Federal funds to school districts and state agencies.

DELAWARE TOMORROW COMMISSION

COST OF PUBLIC SERVICES COMMITTEE

TABLE IV

PER CAPITA TOTAL MAJOR GOVERNMENT REVENUES[1]

	Fiscal Years						Growth Rate[4]
	1973	1972	1971	1970	1969	1968	
	Actual Dollar Amounts						
Major Delaware Revenues[2,8]	$1014.4	$ 893.0	$ 754.2	$ 651.1	$ 543.3	$ 517.8[5]	.14
State Government	710.6	656.7	548.9	481.5	406.8	402.9	.12
Local Government:							
All School Districts[8]	74.8	65.5	60.9	52.9	43.4	38.1	.14
Major Local Governments[3,8]	229.0	170.8	144.4	116.7	93.1	76.9[5]	.24
	303.8	236.3	205.3	169.6	136.5	115.0	
New Castle County:							
School Districts	89.4	76.7	70.0	59.2	50.8	44.6	.14
County Government	121.5	64.2	68.7	33.0	35.4	35.0	.28
City of Newark	334.3	261.7	225.9	197.1	181.6	174.5	.13
City of Wilmington	685.7	676.8	464.7	435.1	300.0	270.6	.20
Kent County:							
School Districts	44.6	41.1	42.8	43.1	28.4	25.4	.12
County Government	58.2	18.5	17.1	17.5	17.2	14.4	.32
City of Dover	664.9	468.6	477.3	511.3	356.3	-	.17
Sussex County:							
School Districts	38.9	38.6	36.3	32.9	24.0	20.8	.13
County Governments	34.5	24.1	21.4	19.99	17.6	14.9	.18

Source: Table I and population figures which are U. S. Census figures from Delaware Statistical Abstract, 1974.

DELAWARE TOMORROW COMMISSION

COST OF PUBLIC SERVICES COMMITTEE

TABLE IV

PER CAPITA TOTAL MAJOR GOVERNMENT REVENUES

NOTES

Note 1 - Excludes municipal governments except Dover, Newark, and Wilmington and any public agencies which receive revenues other than state, county, and city governments and school districts.

Note 2 - Includes state government and local government with exceptions noted in Note 1.

Note 3 - Includes Kent, New Castle, and Sussex county governments and Dover, Newark, and Wilmington city governments.

Note 4 - Growth from 1968-1973 at annual rates, except where 1968 data are missing.

Note 5 - Does not include data for city of Dover, 1968.

Note 6 - Sub-components do not add to total because of rounding.

Note 7 - Includes Federal funds to school districts and state agencies.

Note 8 - Population of state is used as divisor.

DELAWARE TOMORROW COMMISSION

COST OF PUBLIC SERVICES COMMITTEE

TABLE V

PER CAPITA MAJOR GOVERNMENT REVENUES

FROM EXTERNALLY CONTROLLED SOURCES[1,2]

	Fiscal Years						Growt
	1973	1972	1971	1970	1969	1968	Rate
	Actual Dollar Amounts						
Major Delaware Revenues[3]	$ 314.2	$ 254.7	$ 210.4	$ 167.9	$ 125.5	$ 151.0	.16
State Government	271.4	242.5	201.6	161.8	121.5	146.2	.13
Local Government:							
All School Districts	-	-	-	-	-	-	-
Major Local Governments[4]	42.8	12.2	8.9	6.1	4.0	4.8	.55
	314.2	254.7	210.5	167.9	125.5	151.0	
New Castle County:							
School Districts	-	-	-	-	-	-	-
County Government	19.0	3.0	1.9	.81	.65	.81	.88
City of Newark	39.5	8.4	13.8	13.5	10.4	9.1	.34
City of Wilmington	146.4	67.5	47.3	32.1	20.6	25.5	.42
Kent County:							
School Districts	-	-	-	-	-	-	-
County Government	38.7	1.2	.3	.1	.5	.1	2.29
City of Dover	5.6	2.0	8.3	9.9	.5	-	.83
Sussex County:							
School Districts	-	-	-	-	-	-	-
County Government	12.1	1.3	-	-	-	-	-

Source: Table II and population figures which are U. S. Census figures from Delaware Statistical Abstract, 1974.

DELAWARE TOMORROW COMMISSION

COST OF PUBLIC SERVICES COMMITTEE

TABLE V

PER CAPITA MAJOR GOVERNMENT REVENUES

FROM EXTERNALLY CONTROLLED SOURCES

NOTES

Note 1 - Excludes municipal governments except Dover, Newark, and Wilmington and any public agencies which receive revenues other than state, county, and city governments and school districts.

Note 2 - Externally controlled sources include Federal funds allocated to school district and state agencies, Federal Revenue Sharing funds (to the state government, the three county governments and the governments of Dover, Newark, and Wilmington), franchise taxes and all grants and donations.

Note 3 - Includes state government and local government with exception noted in Note 1.

Note 4 - Includes Kent, New Castle, and Sussex county governments and Dover, Newark, and Wilmington city governments.

Note 5 - Growth from 1968-1973 at annual rates, except where 1968 data are missing.

Note 6 - Includes Federal funds to school districts and state agencies.

Note 7 - Population of state is used as divisor.

DELAWARE TOMORROW COMMISSION

COST OF PUBLIC SERVICES COMMITTEE

TABLE VI

PER CAPITA MAJOR GOVERNMENT REVENUES

FROM DELAWARE SOURCES[1,2]

	Fiscal Years						Growth Rate
	1973	1972	1971	1970	1969	1968	
	Actual Dollar Amounts						
Major Delaware Revenues[3,7]	$ 700.2	$ 638.3	$ 543.7	$ 483.2	$ 417.8	$ 366.8[6]	.14
State Government[7]	439.2	414.2	347.3	319.8	285.3	256.7	.11
Local Government:							
All School Districts[7]	74.9	65.5	60.9	52.9	43.4	38.1	.14
Major Local Governments[4,7]	186.2	158.6	135.5	110.5	89.1	72.0	.21
	261.1	224.1	196.4	163.4	132.5	110.1	
New Castle County:							
School Districts	89.4	76.7	70.0	59.2	50.8	44.6	.15
County Government	102.5	61.2	66.8	32.2	34.7	34.2	.25
City of Newark	294.8	253.3	212.1	183.5	171.2	165.4	.12
City of Wilmington	539.3	609.3	417.7	402.9	395.9	245.1	.17
Kent County:							
School Districts	44.6	41.1	42.8	43.1	28.4	25.4	.12
County Government	19.5	17.3	16.8	17.4	16.7	14.3	.06
City of Dover	659.3	91.5	468.9	$01.4	83.1	-	.68
Sussex County:							
School Districts	38.9	38.6	36.3	32.9	24.0	20.8	.13
County Government	22.4	22.8	21.4	19.99	17.6	14.9	.08

Source: Table III and population figures which are U. S. Census figures from Delaware Statistical Abstract, 1974.

DELAWARE TOMORROW COMMISSION

COST OF PUBLIC SERVICES COMMITTEE

TABLE VI

PER CAPITA MAJOR GOVERNMENT REVENUES

FROM DELAWARE SOURCES

NOTES

Note 1 - Excludes municipal agencies governments except Dover, Newark and Wilmington and any public agencies which receive revenues other than state, county, and city governments and school districts.

Note 2 - Delaware sources exclude Federal funds allocated to school districts and state agencies, Federal Revenue Sharing funds (to the state governments, the three county governments of Dover, Newark, and Wilmington) franchise taxes and grants and donations.

Note 3 - Includes state government and local government with exception noted in Note 1.

Note 4 - Includes Kent, New Castle, and Sussex county government and Dover, Newark, and Wilmington city governments.

Note 5 - Growth from 1968-1973 at annual rates, except where 1968 data are missing.

Note 6 - Does not include data for city of Dover, 1968.

Note 7 - Population of state is used as divisor.

APPENDIX B - SECTION 2

EXPENDITURES

INTRODUCTION

This report summarizes historical data about the categorical costs of public services provided by the State of Delaware and its local governments (counties, municipalities and school districts) for the fiscal years 1963 to 1973; the categories are those of the U.S. Bureau of the Census Classification System. The year 1973 is the last for which data are as yet available under this classification system, and comparable data for 1974 are not readily available directly from governmental financial records.

The direct categorical expenditures of the state and of local governments in the aggregate are presented in five tables. The term "direct" means that expenditures are assigned to the recipient level of government; for example, state aid to school districts is included in the expenditures of local governments for education.

Table 1 shows the absolute amount of expenditures. Tables 2 and 3 show the same data on percentage and per capita bases. Table 4 shows selected statistics on absolute and per capita amounts of debt. Table 5 shows the contributions of government to pension funds. Each of these tables is discussed below with the focus in the combined expenditures of state and local governments in order to show the total cost of government in Delaware.

Individual data collected for the counties of New Castle, Kent and Sussex, the three municipalities of Wilmington, Newark, and Dover, and the school districts are not presented here.

ANALYSIS OF TABLE 1

The schedule below, abstracted and developed from Table 1, shows the absolute and proportionate increases in categorical expenditures between 1968 and 1973. Capital outlay and current operations are shown separately for those categories where data were available. Expenditures for all capital outlay increased 55 percent, or 9.2 percent on an average annual basis, from $111.7 million in 1968 to $173.1 million in 1973; current operations increased 106 percent, or 15.6 percent annually, from $227.9 million to $470.3 million. During this five-year period the population increased by 7 percent, or 1.4 percent annually, from 535,000 to 573,000.

Education showed the largest absolute increase of $151 million, or 108 percent, while fire protection showed the smallest increase of $1.2 million, or 57 percent. Sewerage and parks and recreation showed the two largest proportionate increases of 304 percent (32 percent annual average) and 388 percent (37 percent annual average) respectively, while highways had the smallest increase of 24 percent (4.3 percent annually). Education showed the largest increase in capital outlay of $26.5 million (74 percent, or 12 percent annually) while health and hospitals showed no increase at all; education also showed the largest increase in current operations of $124.4 million (120 percent, or 17 percent annually), while sewerage showed the smallest increase of $1.3 million (50 percent, or 8.4 percent annually).

It should be noted that absolute increases for capital outlay are more erratic than those for current operations, so that proportionate changes in the former are less instructive than those of the latter. Proportionate changes in capital outlay are much more affected by the selection of the base year.

ABSOLUTE AND PROPORTIONATE INCREASES
IN CATEGORICAL EXPENDITURES BETWEEN 1968 AND 1973
(Abstracted and Developed from Table 1)

	Amount (Millions)			% Δ	
	1968	1973	$ Δ	Total	Annual Avg.*
TOTAL	$339.6	$643.4	$303.8	90	13.6
Capital Outlay	111.7	173.1	61.4	55	9.2
Current Operations	227.9	470.3	242.4	106	15.6
Education	139.5	290.4	150.9	108	15.8
Capital Outlay	35.6	62.1	26.5	74	11.8
Current Operations	103.9	228.3	124.4	120	17.0
Highways	66.8	82.6	15.8	24	4.3
Capital Outlay	49.8	60.7	10.9	22	4.3
Current Operations	17.0	21.9	4.9	29	5.2
Public Welfare	21.9	49.1	27.2	124	17.5
Health & Hospitals	18.5	30.7	12.2	66	10.7
Capital Outlay	3.4	3.3	(0.1)	(3)	(0.1)
Current Operations	15.1	27.4	12.3	81	12.7
Police Protection	7.2	17.1	9.9	138	18.9
Fire Protection	2.1	3.3	1.2	57	9.5
Sewerage	4.7	19.0	14.3	304	32.2
Capital Outlay	2.1	15.1	13.0	619	48.4
Current Operations	2.6	3.9	1.3	50	8.4
Sanitation	2.0	4.1	2.1	105	15.4
Parks & Recreation	1.7	8.3	6.6	388	37.3
Financial Administration	5.1	10.4	5.3	104	15.3
General Control	7.4	17.3	9.9	134	18.5
Interest on General Debt	19.9	33.0	13.1	66	10.7
All Other	43.1	77.7	34.6	80	12.5
Capital Outlay	20.8	31.5	10.7	51	8.7
Current Operations	22.3	46.2	23.9	107	15.7

*Expressed as a compound growth rate.

Interest on general debt increased 66 percent, or 10.7 percent on an average annual basis, from $19.9 million to $33.0 million. Debt retirement, analyzed in detail in Table 4, increased 48 percent, or 8 percent on an average annual basis, from $30.5 million in 1968 to $45.0 million in 1973. Contributions to pension funds, analyzed in detail in Table 5, increased from $4.9 million to $20.3 million.

In the schedule below, amounts for debt retirement and pensions are added to total expenditures for current operations in 1968 and 1973 to complete the picture.

	Amounts in Millions	
	1968	1973
Current Operations (Table 1)	$ 227.9	$ 470.3
Long-term Debt Retirement (Table 4)	30.5	45.0
Pensions (Table 5)	4.9	20.3
Total	$ 263.3	$ 535.6

TABLE 1

Direct Expenditures of Delaware State and Local Governments by Function: U.S. Bureau of Census Classification System
(Millions of Dollars)

	1973		1972		1971		1970		1969		1968	
	State	Local	State	Local	State	Local	State	Local	State	Local	State	Local
Total	352.2	291.2	294.2	276.3	274.4	239.7	239.8	193.4	197.4	183.8	180.2	159.4
Capital Outlay	98.3	74.8	72.3	76.1	75.0	61.2	70.0	47.4	53.3	62.1	61.8	49.9
Current Operations	253.9	216.4	221.9	200.2	199.4	178.5	169.8	146.0	144.1	121.7	118.4	109.5
Education	111.1	179.3	96.4	168.8	81.7	164.1	69.3	125.8	55.6	105.2	50.4	89.1
Capital Outlay	25.3	36.8	24.0	40.0	18.9	43.1	16.8	30.3	8.7	30.0	12.7	22.9
Current Operations	85.8	142.5	72.4	128.8	62.8	121.0	52.5	95.5	46.9	75.2	37.7	66.2
Local Schools	7.4	179.3	6.2	168.8	5.5	164.1	4.4	125.8	3.5	105.2	2.6	89.1
Capital Outlay		36.8		40.0		43.1		30.3		30.0		22.9
Current Operations	7.4	142.5	6.2	128.8	5.5	121.0	4.4	95.5	3.5	75.2	2.6	66.2
Institutions of Higher Education	80.6		71.2		61.6		51.2		37.2		36.4	
Other education	23.0		19.0		14.6		13.6		14.9		11.4	
Highways	66.6	16.0	54.0	14.6	50.3	13.8	41.1	13.0	32.8	33.3	40.5	26.3
Capital Outlay	54.6	6.1	39.6	5.3	39.2	4.8	27.1	4.6	23.1	26.0	31.9	17.9
Current Operations	12.0	9.9	14.4	9.3	11.1	9.0	14.0	8.4	9.7	7.3	8.6	8.4
Public Welfare	49.0	0.1	46.9	0.1	39.0	0.2	29.7	0.2	24.4		21.8	0.1
Health and Hospitals	30.6	0.1	24.5	0.1	22.1	—	21.3	0.1	20.6	0.6	17.8	0.7
Capital Outlay	3.3		3.0		1.3		2.0		3.5		3.4	
Current Operations	27.3	0.1	21.5	0.1	20.8		19.3	0.1	17.1	0.6	14.4	0.7
Police Protection	7.8	9.3	6.1	9.8	6.4	7.3	4.4	7.1	3.6	5.2	2.4	4.8
Fire Protection		3.3		3.6		3.7		2.9		2.5		2.1
Sewerage	—	19.0	—	18.8	—	6.1	—	4.3	—	4.3	—	4.7
Capital Outlay		15.1		15.1		3.0		1.3		0.9		2.1
Current Operations		3.9		3.7		3.1		3.0		3.4		2.6
Sanitation (other than sewerage)		4.1		3.8		2.9		2.0		2.3		2.0
Local Parks and Recreation		8.3		7.5		4.0		3.0		1.8		1.7
Financial Administration	6.9	3.5	5.6	3.4	5.8	2.1	4.5	2.0	3.3	2.1	3.0	2.1
General Control	10.5	6.8	7.7	6.7	8.3	3.8	7.3	3.6	5.8	3.2	4.6	2.8
Interest on General Debt	20.3	12.7	20.4	12.1	17.0	10.7	15.0	10.2	12.3	9.5	11.4	8.5
All Other	49.0	28.7	32.6	27.2	43.9	21.0	47.1	19.3	39.1	13.8	28.5	14.6

Source: U.S. Bureau of the Census, Governmental Finances (1967-68 to 1972-73). Table 18.

ANALYSIS OF TABLE 2

Table 2 shows the data in Table 1 on a percentage basis. The schedule below, derived from these tables, shows categorical expenditures as a percentage of total direct expenditures for 1968 and 1973. The distinction between capital outlay and current operations is made where data permit.

	Amounts in Percentages	
	1968	1973
TOTAL	100	100
Capital Outlay	32.9	26.9
Current Operations	67.1	73.1
*Education	41.1	45.1
Capital Outlay	10.5	9.6
Current Operations	30.6	35.5
Highways	19.7	12.8
Capital Outlay	14.7	9.4
Current Operations	5.0	3.4
*Public Welfare	6.4	7.6
Health & Hospitals	5.4	4.8
Capital Outlay	1.0	0.5
Current Operations	4.4	4.3
*Police Protection	2.1	2.6
Fire Protection	0.6	0.5
*Sewerage	1.4	2.9
Capital Outlay	0.6	2.3
Current Operations	0.8	0.6
Sanitation	0.6	0.6
*Parks & Recreation	0.5	1.3
*Financial Administration	1.5	1.6
*General Control	2.2	2.7
Interest on General Debt	5.8	5.1
All Other	12.7	12.1
Capital Outlay	6.1	4.9
Current Operations	6.6	7.2

Between 1968 and 1973 the relative burden of certain categories of expenditure (measured as a percentage of total direct expenditures) increased in some instances and decreased in others. The starred categories are those whose relative burden has increased, while the unstarred categories are those whose relative burden has decreased or remained unchanged.

TABLE 2

Direct Expenditures of Delaware State and Local Governments by Function: U.S. Bureau of Census Classification System

(Amounts in Percentages)

	1973		1972		1971		1970		1969		1968	
	State	Local	State	Local	State	Local	State	Local	State	Local	State	Local
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Capital Outlay	27.9	25.7	24.6	27.5	27.3	25.5	29.2	24.5	27.0	33.8	34.3	31.3
Current Operations	72.0	74.3	75.4	72.5	72.7	74.5	70.8	75.5	73.0	66.2	65.7	68.7
Education	31.5	61.6	32.8	61.1	29.8	68.5	28.9	65.0	28.2	57.2	27.9	55.9
Capital Outlay	7.2	12.6	8.2	14.5	6.9	18.0	7.0	15.6	4.4	16.3	7.0	14.4
Current Operations	24.3	49.0	24.6	46.6	22.9	49.5	21.9	49.4	23.8	40.9	20.9	41.5
Local Schools	2.1		2.1		2.0		1.8		1.8		1.4	
Capital Outlay												
Current Operations												
Institutions of Higher Education	22.8		24.2		22.4		21.3		18.8		20.2	
Other education	6.5		6.5		5.3		5.7		7.5		6.3	
Highways	18.9	5.5	18.4	5.3	18.3	5.8	17.1	6.7	16.6	18.1	22.4	16.5
Capital Outlay	15.5	2.1	13.5	1.9	14.3	2.0	11.3	2.4	11.7	14.1	17.7	11.2
Current Operations	3.4	3.4	4.9	3.4	4.0	3.8	5.8	4.3	4.9	4.0	4.7	5.3
Public Welfare	13.9	*	15.9	*	14.2	*	12.3	*	12.3		12.1	*
Health and Hospitals	8.7	*	8.3	*	8.1		8.9	*	10.4	*	9.9	*
Capital Outlay	1.0		1.0		*		*		1.7		1.9	
Current Operations	7.8	*	7.3		7.6		8.0		8.7		8.0	*
Police Protection	2.2	3.2	2.1	3.5	2.3	3.0	1.8	3.7	1.8	2.8	1.3	3.0
Fire Protection		1.1		1.3		1.5		1.5		1.4		1.3
Sewerage		6.5		6.8		2.5		2.2		2.3		2.9
Capital Outlay		5.2		5.5		1.2		*		*		1.3
Current Operations		1.3		1.3		1.3		1.6		1.8		1.6
Sanitation (other than sewerage)		1.4		1.4		1.2		1.0		1.3		1.3

TABLE 2 (Cont'd)

Direct Expenditures of Delaware State and Local Governments by Function: U.S. Bureau of Census Classification System

(Amounts in Percentages)

	1973		1972		1971		1970		1969		1968	
	State	Local	State	Local	State	Local	State	Local	State	Local	State	Local
Local Parks and Recreation		2.9		2.7		1.7		1.6		1.0		1.0
Financial Administration	2.0	1.2	1.9	1.2	2.1	1.0	1.9	1.0	1.7	1.1	1.7	1.3
General Control	3.0	2.3	2.6	1.2	3.0	1.6	3.0	1.9	2.9	1.7	2.6	1.8
Interest on General Debt	5.8	4.4	6.9	4.4	6.2	4.5	6.3	5.3	6.2	5.2	6.3	5.3
All Other	13.9	9.9	11.1	9.8	16.0	8.8	19.6	10.0	19.8	7.5	15.8	9.2

Source: Computed from Table 1.

*Less than 1 percent.

Education changed from 41.1 percent to 45.1 percent, and most of this was attributable to current operation; the relative burden attributable to capital outlay actually decreased. Highways changed from 19.7 percent to 12.8 percent, and health and hospitals from 5.4 percent to 4.8 percent; in both cases the relative burden of capital outlay and current operation decreased. Sewerage changed from 1.4 percent to 2.9 percent; the relative burden of capital outlay increased, while current operations decreased slightly.

The relative burden of interest on general debt decreased slightly from 5.8 percent to 5.1 percent. Debt retirement (analyzed in Table 4) increased direct expenditure for current operation by 13.4 percent in 1968 and 9.6 percent in 1973. Contributions to pensions funds (analyzed in Table 5) added 2.2 percent in 1968 and 4.3 percent in 1973.

ANALYSIS OF TABLE 3

The absolute amounts in Table 1 are shown on a per capita basis in Table 3. Per capita figures in the schedule below were abstracted from Table 3 for 1968 and 1973. Per capita expenditures for capital outlay increased 43 percent, or 7.5 percent on an average annual basis, from $209.25 to $300.52, while current operations increased 91 percent, or 14 percent on an average annual basis, from $426.75 to $816.49.

Education accounted for the single largest increase of $242.89 ($40.92 for capital outlay and $201.98 for current operations). The increase of $24.15 ($22.93 for capital outlay and $1.92 for current operations) for sewerage and $11.35 for parks and recreations accounted for the two largest proportionate increases of 273 percent (30 percent annually) and 366 percent (36 percent annually), respectively; the increase of $18.40 for highways ($12.02 for capital outlay and $6.38 for current operations) was the smallest proportionate increase at 15 percent (2.7 percent annually.)

Per capita amounts for capital outlay are less instructive than for current operations for reasons similar to those given in the analysis of Table 1.

In the schedule below, per capita amounts for debt retirement and pension are added to the per capita expenditures for current operations in 1968 and 1973 to complete the picture.

	1968	1973
Current Operations (Table 3)	$ 426.75	$ 816.49
Long-term Debt Retirement (Table 4)	57.22	78.12
Pensions (Table 5)	9.16	35.41
	$ 493.13	$ 930.02

TABLE 3
Per Capita Direct Expenditures of Delaware State and Local Governments by Function: U.S. Bureau of Census Classification System

	1973		1972		1971		1970		1969		1968	
	Local	S&L	Local	S&L	Local	S&L	Local	S&L	Local	S&L	Local	S&L
Total	$ 505.55	$ 1,117.01	$489.03	$1,009.72	$428.80	$ 921.28	$352.92	$ 790.38	$340.37	$ 706.04	$299.06	$ 636.00
Capital Outlay	129.86	300.52	134.69	262.59	109.48	243.98	86.49	214.14	115.00	213.95	93.62	209.25
Current Operations	375.69	816.49	354.34	747.13	319.32	677.30	266.43	576.23	225.37	492.09	205.44	426.75
Education	311.28	504.11	298.76	469.43	293.56	440.50	229.56	355.86	194.81	297.65	167.17	261.22
Capital Outlay	63.88	107.72	70.80	113.37	77.10	110.99	55.29	85.83	55.55	71.48	42.96	66.80
Current Operations	247.40	396.39	227.96	356.05	216.46	329.51	174.27	270.03	139.26	226.17	124.21	194.41
Local schools	311.28	324.19	298.76	309.77	293.56	303.94	229.56	237.52	194.81	201.15	167.17	171.68
Capital Outlay	63.88	63.81	70.80	70.89	77.10	77.23	55.29	55.22	55.55	55.47	42.96	42.95
Current Operations	247.40	260.38	227.96	238.88	216.46	226.70	174.27	182.29	139.26	145.68	124.21	128.72
Institutions of Higher Education		139.91		126.01		110.42		93.46		68.92		68.14
Other education		40.01		33.63		26.13		24.87		27.57		21.39
Highways	27.78	143.40	25.84	121.29	24.69	114.81	23.72	98.70	61.67	122.54	49.34	125.00
Capital Outlay	10.59	105.26	9.38	79.39	8.59	78.86	8.39	57.93	48.15	91.08	33.58	93.24
Current Operations	17.18	38.13	16.46	41.89	16.10	35.95	15.33	40.76	13.52	31.45	15.76	31.75
Public Welfare	.17	85.27	.17	83.08	.36	70.25	.36	54.53		45.15	.18	40.94
Health and Hospitals	.17	53.38	.17	43.43		39.66	.18	38.98	1.11	39.40	1.31	34.67
Capital Outlay		5.88		5.21		2.38		3.61		6.45		6.46
Current Operations	.17	47.51	.17	38.21		37.27	.18	35.37	1.11	32.95	1.31	28.20
Police Protection	16.14	29.76	17.35	28.07	13.06	24.53	12.96	20.97	9.63	16.21	9.01	13.55
Fire Protection	5.73	5.64	6.37	6.40	6.62	6.59	5.29	5.20	4.63	4.56	3.94	3.85
Sewerage	32.99	33.00	33.27	33.22	10.91	11.00	7 85	7.87	7.96	7.88	8.82	8.85
Capital Outlay	26.21	26.19	26.73	26.64	5.37	5.41	2.37	2.40	1.66	1.63	3.94	3.96
Current Operations	6.78	6.81	6.54	6.57	5.54	5.58	5.48	5.47	6.30	6.24	4.88	4.89
Sanitation (other than sewerage)	7.12	7.15	6.73	6.76	5.19	5.26	3.65	3.71	4.26	4.25	3.75	3.72
Local Parks and Recreation	14.40	14.45	13.27	13.20	7.16	7.09	5.47	5.48	3.33	3.36	3.19	3.10

TABLE 3 (Cont'd)

Per Capita Direct Expenditures of Delaware State and Local Governments by Function: U. S. Bureau of Census Classification System

	1973		1972		1971		1970		1969		1968	
	Local	S&L	Local	S&L	Local	S&L	Local	S&L	Local	S&L	Local	S&L
Financial Administration	6.07	17.97	6.02	15.99	3.76	14.10	3.65	11.84	3.89	9.90	3.95	9.40
General Control	11.80	30.18	11.86	25.49	6.80	21.66	6.57	19.98	5.93	16.59	5.25	13.78
Interest on General Debt	22.05	57.81	21.42	57.56	19.14	49.47	18.61	45.98	17.59	40.38	15.95	37.25
All Other	49.83	134.81	48.14	105.76	37.57	116.31	35.22	121.30	25.55	98.10	27.39	80.61

Source: U. S. Bureau of the Census, Governmental Finances (1967-68 to 1972-73). Table 22.

Local amounts computed from Table 1.

	Per Capita Amounts			Percent of Increase	
	1968	1973	Increase	Total	Annual Average*
TOTAL	$636.00	$1,117.01	$481.01	75	12.0
Capital Outlay	209.25	300.52	91.27	43	7.5
Current Operations	426.75	816.49	389.74	91	13.8
Education	261.22	504.11	242.89	93	14.0
Capital Outlay	66.80	107.72	40.92	61	10.0
Current Operations	194.41	396.39	201.98	104	15.3
Highways	125.00	143.40	18.40	15	2.7
Capital Outlay	93.24	105.26	12.02	13	2.4
Current Operations	31.75	38.13	6.38	20	3.7
Public Welfare	40.94	85.27	44.33	108	15.8
Health and Hospitals	34.67	53.38	18.71	54	9.0
Capital Outlay	6.46	5.88	(0.58)	(9)	(1.8)
Current Operations	28.20	47.51	19.31	68	11.0
Police Protection	13.55	29.76	16.21	120	17.0
Fire Protection	3.85	5.64	1.79	46	8.0
Sewerage	8.85	33.00	24.15	273	30.1
Capital Outlay	3.96	26.19	22.23	561	46.0
Current Operations	4.89	6.81	1.92	39	6.8
Sanitation	3.72	7.15	3.43	92	14.0
Parks and Recreation	3.10	14.45	11.35	366	36.0
Financial Administration	9.40	17.97	8.57	91	13.8
General Control	13.78	30.18	16.40	119	17.0
Interest on General Debt	37.25	57.81	20.56	55	9.2
All Other	80.61	134.81	54.20	67	10.8
Capital Outlay	39.02	54.68	15.66	40	7.0
Current Operations	41.59	80.13	38.54	93	14.0

*Expressed as a compound growth rate.

Interest on general debt increased by $20.56, or 9.2 percent on an average annual basis. Long-term debt retirement (analyzed in Table 4) increased from $57.22 in 1968 to $78.12 in 1973, or 6.5 percent annually. Contributions to pension funds (analyzed in Table 5) were $7.76 in 1968 and $33.38 in 1973.

ANALYSIS OF TABLE 4

Table 4 shows that long-term debt retirement ranged from $30.5 million in 1968 to $45.0 million in 1973, and the average annual amount was $39.8 million. State debt retirement ranged from $21.5 million to $33.0 million, and the average annual amount was $28.5 million. Local government debt retirement ranged from $8.4 million to $16.8 million, and the average annual amount was $11.3 million.

The schedule below, derived from Table 4, shows state and local debt retirement as a proportion of total debt retirement for 1968 and 1973. The relative shares have not changed much; the state's share increased slightly from 71 percent to 73 percent, while the local governments' share decreased from 29 percent to 27 percent.

	1968		1973	
	Amount (Millions)	%	Amount (Millions)	%
Total	$30.5	100	$45.0	100
State	21.5	71	33.0	73
Local	9.0	29	12.0	27

In 1973 when total state direct expenditures were $352.2 million, debt retirement, which is not included in the amount, of $33.0 million added about 9 percent to these expenditures. Total local direct expenditures were $291.2 million, and debt retirement of $12.0 million added about 4 percent to these expenditures.

On a per capita basis Table 4 shows that debt retirement ranged from $57.22 in 1968 to $78.12, and this is an average annual increase of 6.5 percent. State debt retirement ranged from $40.34 to $57.29 for an average annual increase of 7.5 percent, while local debt retirement ranged from $16.88 to $20.83 for an average annual increase of 4.5 percent. During this five-year period population increased by 1.4 percent on an average annual basis.

At the close of fiscal 1973, outstanding long-term debt was $512.5 million for the state, an increase of 40 percent over 1968, and it was 312.5 million for local governments, an increase of 28 percent over 1968. On a per capita basis these amounts were $889.76 and $542.53 respectively, an increase since 1968 of 30 percent for the state and 15 percent for local governments.

TABLE 4

STATE AND LOCAL DEBT, SELECTED STATISTICS: 1968–1973

(Total Amounts in Millions)

	1973		1972		1971		1970		1969		1968	
	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita	Total	Per Capita
Long-term Debt Retirement	$ 45.0	$ 78.12	$ 41.3	$ 73.10	$ 42.2	$ 75.49	$ 45.3	$ 82.66	$ 34.5	$ 63.89	$ 30.5	$ 57.22
State	33.0	57.29	29.8	52.74	31.9	57.07	28.5	52.01	26.1	48.33	21.5	40.34
Local	12.0	20.83	11.5	20.36	10.3	18.42	16.8	30.65	8.4	15.56	9.0	16.88
Debt Outstanding (end of Fiscal Year)	870.4	1,511.11	811.5	1,436.28	736.4	1,317.35	709.9	1,295.44	709.3	1,313.52	622.2	1,167.35
Short-term	45.4	78.82	37.2	65.84	31.0	55.46	22.9	41.79	13.9	25.74	12.4	23.26
State	27.8	48.26	17.1	30.26	2.0	3.58	2.9	5.29	2.8	5.18	–	–
Local	17.6	30.56	20.1	35.58	29.0	51.88	20.0	36.50	11.1	20.56	12.4	23.26
Long-term (General Debt)	825.0	1,432.29	774.3	1,370.44	705.4	1,261.90	687.0	1,253.65	695.4	1,287.78	609.8	1,144.09
State	512.5	889.76	471.6	834.69	431.4	771.74	418.0	762.77	426.4	789.63	366.0	686.68
Local	312.5	542.53	302.7	535.75	274.0	490.16	269.0	490.88	269.0	498.15	243.8	457.41

Source: U. S. Bureau of the Census, Governmental Finances. Per capita amounts computed.

ANALYSIS OF TABLE 5

Table 5 shows that in fiscal 1973, $20.3 million was contributed for pensions, and this amount includes $17.6 million from the state and $2.7 million from local governments; on a per capita basis these amounts were respectively, $35.41, $30.65 and $4.76.

The $35.41 represents an increase of 286 percent over the 1968 figure of $9.16, but much of this increase is attributable to 1973 when the state began to contribute to the pension fund on an actuarial basis.

TABLE 5

STATE AND LOCAL CONTRIBUTIONS TO PENSION FUNDS
FISCAL 1968-73
(Amounts in Thousands)

	State		Local		S&L		
Year	Total	Per Capita	Total	Per Capita	Total	Per Capita	% Δ in p.c.
1968	3,499	6.53	1,412	2.63	4,911	9.16	-
1969	3,722	6.83	1,399	2.57	5,121	9.40	3
1970[a]	4,254	7.76	1,550	2.83	5,804	10.59	13
1971	6,220	11.17	1,857	3.33	8,077	14.50	37
1972[a]	7,335	12.85	2,393	4.19	9,728	17.04	18
1973[b]	17,568	30.65	2,729	4.76	20,297	35.41	108

Source: State Pension Office, Financial Records of Local Governments and U.S. Bureau of the Census, Finances of Employee Retirement Systems of State and Local Governments 1968-73.

[a]An additional $5 million in 1970 and $ 1 million in 1972 was appropriated from the General Motors Divestiture Fund.

[b]Includes $9 million from serial notes to supply actuarial requirements. Prior to 1973, the state pension fund was not fully funded on an actuarial basis, and state contributions to this fund were transferred annually from the General Fund to provide for payments to beneficiaries.

[c]Local pension funds are not now, or have not always been, fully funded in all instances on an actuarial basis. As a result, contributions to pension funds include some payments to beneficiares that were made from General Funds.

APPENDIX B - SECTION 3

Assumptions and Methodology for Revenue Projections and Expenditure Projections From 1973 Through 1985

ASSUMPTIONS AND METHODOLOGY FOR REVENUE PROJECTIONS

In each of the following sections, a relationship between revenues that existed in Fiscal Year 1973 is used as the basis for making projections to 1 35. To the extent that 1973 represented a "typical" fiscal year for each relationship, the projections may be considered useful. Additional assumptions are made in each section. The importance of these assumptions cannot be overemphasized; the numbers produced are completely dependent upon the assumptions.

State Franchise Tax Revenues

Revenues will remain constant at the 1973 level in real terms. The number of dollars received will increase as more firms pay the maximum and if enforcement continues to improve. These increased receipts may be just enough to keep pace with expected inflation of 5.15% per year. Other states are also becoming more competitive with Delaware for incorporation so that it will be difficult to expand revenues from the franchise tax by attracting new firms.

1973 Collections	1985 Collections (in 1973 Dollars)	1985 Collections* (in 1985 Dollars)
$48,008,488	$48,008,488	$87,706,707

*1,8269 = $(1.0515)^{12}$

State Personal Income Tax Revenues

Personal Income Tax revenues will increase as the number of people in the State increases. Revenues will also increase as people's money incomes increase and as they move upward into the higher tax brackets of the progressive rate structure of the tax. Increases in money incomes are attributable to two sources: (1) simple price and wage inflation causes money incomes to rise and (2) real economic growth permits real per capita incomes to grow. If only

the first factor was operative, 1973 per capita income taxes could be simply inflated by the expected annual inflation rate of 5.15% to yield the 1985 level of per capita income taxes. The probability that real economic growth will permit an expansion of real per capita incomes means that the per capita income tax must increase more rapidly than inflation. A reasonable assumption for the twelve year period from 1973 to 1985 might be that real economic growth will average 3% per capita per year. (This means that total real growth will be in excess of 3% per year but some will be required just to maintain the per capita incomes of an increasing number of people.) Thus, per capita money incomes may increase at about 8.15% per year. Without using the distribution of individuals in each tax bracket and specific changes in that distribution, an accurate prediction of what an increase of 8.15% per year in per capita money incomes will produce in income tax revenues is impossible. A conservative assumption might be that such taxes will rise by 8.15% per year. Therefore, per capita personal income taxes in 1985 would be 2.56 times as high as they were in 1973 (1.081512 = 2.56).

1973 Per Capita Income Tax	1985 Per Capita Income Tax	1985 Total Income Tax
$192.49	$492.77	$344,939,491
	Plus Fiscal Year 1974 10% Rate Change	34,493,949
		$379,433,440

Flat Dollar Amount State Tax Revenues

Revenues from the Motor Fuel, Alcoholic Beverage, Cigarette Taxes and all Motor Vehicle fees except the documents fee are based on a number of units rather than a percentage of value. Thus, these revenues will only expand as the number of units in the State does, or as population does. Thus, these taxes

are projected and remaining constant in per capita terms through 1985.

All Other State and Local Revenues

While other revenue sources might be treated individually, none is nearly as large as any of the preceding ones. Furthermore, many of the larger sources among the remaining revenue sources seem logically to be closely tied, in real terms, to population. Thus, all other State and local revenue sources are projected as remaining constant in 1973 dollars in per capita terms. The 1985 level in 1985 dollars is produced by multiplying by 700,000 people and inflating at a rate of 5.15% per year.

Federal Funds to State and Local Governments

Projecting future federal policies is extremely hazardous. However, there are several possible constraints on the level of federal funds available to the State. First of all, it is unlikely that there will be a net reduction in total federal funding in real dollars. This would require the elimination or substantial reduction of programs and such actions do not seem likely. Furthermore, with expanded federal funding for areas such as health care and mass transit proposed, any reductions in some programs are likely to be offset by expansions in others. Thus, a floor to future federal funding might be the present level of such funding. On the other hand, we have observed a continuously rising demand for public activity as personal incomes have risen. It would be unrealistic to fail to expect growth in real terms in the level of federal expenditures. However, expansions in federal funding are basically limited by the willingness of taxpayers to finance increased spending. If one is willing to assume that taxpayers will continue to support a division of government activity between the federal government and state and local governments

approximately like the present one, then a reasonable approach is to assume that federal funding received by the state and local governments will remain a constant proportion of total state and local government revenues. Thus, the federal portion of total revenues in 1985 may be approximately the same as it is in 1973.

1973 Federal Funds	1973 Total Revenues	1973 Non-Federal Funds	1973 and 1985 Ratio of Federal to Non-Federal*
$132,046,00	$529,818,985	$397,772,985	.3320

*Note that this ratio is the same as the ratio of per capita federal funds to per capita non-federal funds.

TABLE I

1973 AND PROJECTED 1985 REVENUES FROM STATE AND LOCAL GOVERNMENTS

	1973 Dollars				1985 Dollars	
	1973 Total	1973 Per Capita	1985 Total	1985 Per Capita	1985 Total	1985 Per Capita
State General Fund						
Franchise[1]	$ 48,008,488	$ 83.78	$ 48,008,488	$ 68.58	$ 87,706,707	$ 125.30
Personal Income Tax[2]	110,295,942	192.49	188,811,369	269.73	379,433,440	542.05
Flat Dollar Amount[3]	52,922,970	92.36	35,389,372	50.56	64,652,843	92.36
All Other General Fund[4]	89,545,585	156.28	109,392,512	156.28	199,849,181	285.50
Total General Fund	300,772,985	524.91	381,601,741	545.15	731,642,181	1,045.20
All Local[4]	97,000,000	169.28	118,499,128	169.28	216,486,056	309.27
Total State and Local	397,772,985	694.19	500,100,869	714.43	948,128,237	1,354.47
Proportionate Increase in Federal[5]	132,046,000	231.80	166,033,489	237.19	314,778,575	449.68
Total Revenues	$529,818,985	$924.64	$666,034,358	$951.48	$1,262,906,812	$1,804.15
Population	573,000		700,000		700,000	

[1]Hold constant in real terms (1973 total x 1.0515^{12} = 1985 Total).

[2]8.15% annual per capita growth (1973 per capita x 1.0815^{12} x 700,000 = 1985 Total).

[3]Hold constant in per capita terms (1973 per capita x 700,000 = 1985 Total).

[4]Hold constant in real per capita terms (1973 per capita x 1.0515^{12} x 700,000 = 1985 Total).

[5]Constant ratio (total State and Local x .3320 = 1985 Total).

Local Government

It was assumed that the 1973 expenditures per capita would remain constant. This figure was then multiplied by 700,000 (projected 1985 population) to yield 1985 expenditures.

State General Fund

The 1973 per capita expenditures were multiplied by 700,000 to yield 1985 costs in 1973 dollars for police protection, fire protection, general control, debt service and the "all other" categories. Assumptions used in the remaining categories are as follows:

Education

An estimated 1985 expenditure level was produced by applying the average annual increase 1973-76 in real dollars. It was assumed this level would then remain constant 1977-85. The Public Education costs were calculated by multiplying the per capita 1976 costs times 700,000.

Highways and Transportation

Highway expenditures were determined by multiplying the 1976 per capita costs times 700,000. Transportation systems costs were projected to increase 10% per year 1976-1985 in real dollars.

Public Welfare

The 1976 per capita expenditure was assumed to remain constant and

and was multiplied times 700,000 to yield 1985 costs.

Health and Hospitals

It was assumed that one half of these expenditures are growth responsive and therefore, the 1976 per capita costs were multiplied by 700,000 divided by 2. The other increases in expenditures are for new program costs, and were expected to equal 50% of the 1976 expenditures times 7% annual growth 1976-1985.

Sewerage and Sanitation

The 1976 per capita expenditures were assumed to remain constant and were multiplied by 700,000 to yield 1985 costs.

Parks and Recreation

The 1976 per capita costs were projected to increase 2% annually 1976-1985 in real dollars. This figure was then multiplied by the 1985 population projection of 700,000.

Financial Administration

The 1973 per capita average was projected to increase 1% annually in real dollars and was multiplied by 700,000.

Pensions

The 1976 total in 1973 dollars was projected to increase 5% annually 1976-1985.

An estimated annual inflation rate of 8% for the 1973-1985 period was used in converting 1973 dollars into 1985 dollars.

TABLE II

1973 AND PROJECTED 1985 GOVERNMENTAL EXPENDITURES
BY TYPE

(Millions of Dollars)

	1973 Total Governmental Expenditures	1973 State General Fund Expenditures	1973 Local and Other Governmental Expenditures	1973 Total Per Capita Governmental Expenditures	1973 Per Capita State General Fund Expenditures	1973 Per Capita Local and All Other Governmental Expenditures	Total 1985 Governmental Expenditures		1985 State Expenditures		1985 Local and All Other Expenditures	
							1985 Dollars	1973 Dollars	1985 Dollars	1973 Dollars	1985 Dollars	1973 Dollars
Education	$228.3	$126.7	$101.6	$ 398.4	$221.1	$177.3	$ 680.6	$270.3	$ 368.1	$146.2	$312.5	$124.1
Highways	21.9	11.8	10.1	38.2	20.6	17.6	121.6	48.3	90.7	36.0	31.0	12.3
Public Welfare	49.1	24.0	25.1	85.7	41.9	43.8	175.8	69.8	98.5	39.1	77.3	30.7
Health and Hospitals	27.4	21.0	6.4	47.8	36.6	11.2	87.6	34.8	67.9	27.0	19.6	7.8
Police Protection	17.1	7.5	9.6	29.8	13.1	16.8	59.4	23.6	23.2	9.2	29.7	11.8
Fire Protection	3.3	0.3	3.0	5.8	0.5	5.2	10.1	4.0	1.0	0.4	9.1	3.6
Sewerage and Sanitation	8.0	.9	7.1	14.0	1.6	12.4	28.2	11.2	6.3	2.5	22.0	8.7
Parks and Recreation	8.3	1.4	6.9	14.5	2.4	12.0	30.5	12.1	9.3	3.7	21.2	8.4
Financial Administration	35.1[a]	29.8[a]	5.3	61.3	52.0	9.2	119.4	47.4	103.0	41.0	16.1	6.4
General Control	17.3	10.1	7.2	30.2	17.6	12.6	53.1	21.1	31.0	12.3	22.2	8.8
Pensions	22.4	19.0[b]	3.4	35.4	29.4	5.9	108.3	43.0	98.0	38.9	10.3	4.1
Debt Service	78.0	47.2	30.8	136.1	82.4	53.8	240.2	95.4	145.3	57.7	94.9	37.7
All Other Operations	46.2	20.4	25.8	80.6	35.6	45.0	142.0	56.4	62.7	24.9	79.3	31.5
TOTAL	$562.4	$320.1	$242.3	$ 977.8	$554.8	$422.8	$1,856.8	$737.4	$1,105.0	$438.9	$745.2	$295.9

[a]Includes $24.7 million State revenue refunds.

[b]Also includes FICA and Health Insurance.

TABLE III

SUMMARY OF PROJECTED 1985 REVENUES AND EXPENDITURES

	Millions of Dollars	
	1973 Dollars	1985 Dollars[a]
State Government		
General Fund Revenues	$381.6	$ 731.6
General Fund Expenditures	438.9	1,105.2
Deficit	$ 57.3	$ 373.6
Local Governments		
Revenues	$118.5	$ 216.5
Expenditures	132.1	430.2
Deficit	$ 13.6	$ 213.7
Total State and All Other Governments[b]		
Revenues	$666.0	$1,262.9
Expenditures	737.4	1,856.8
Deficit	$ 71.4	$ 593.9

[a]An assumed annual average inflation rate of 8% for the period 1973–1985 was used to convert 1973 dollars into 1985 dollars for expenditures. It was assumed that the per capita government revenues would grow by 5.15% annually 1973–1985.

[b]Includes Federal Revenues to State and Local Governments. Federal revenues and expenditures were assumed to be equal.

APPENDIX B - SECTION 4

Part V of the Report Entitled "Committee to Investigate Delaware State Finances"

PART V

PROSPECTS FOR STATE NEEDS AND RESOURCES

This section summarizes the results of the projective survey of Delaware public expenditures and revenues. The projections were used in the appraisal, planning and development of the Committee's recommended tax program.

Major Determinants of State Expenditures

There are basically four forces continually at work influencing the trend in Delaware State expenditures: growth in the State's population and its composition and location; rising costs of the goods and services purchased by the State; improvement in the quality and scope of public services; and efficiency in the operations of State government.

Based upon the experience of the past, probably the most obvious factor shaping the magnitude of public expenditures in Delaware is the underlying workload or need for public services -- school and university enrollments, the proportion of persons living in urban areas, the number of indigent families, and the like. For example, it is possible to arrive at a first and minimum approximation of the fiscal requirement for higher education in Delaware over the next decade by applying enrollment projections to the current level of cost per student. The same technique can be applied to each of the major categories of public services; that is, quantify the principal indicator of the underlying needs of a specific function, project its future level, and apply the current, per-unit cost data. Elsewhere in this section, the procedure and resulting projection is referred to as the "constant cost" model.

In addition to the forces of demographic trends influencing the rate of growth of Delaware expenditures, there is another variable of perhaps equal importance, namely the prices of the goods and services purchased by the State. Government purchases of manpower (i.e., personal services) are particularly sensitive to price increases. They also constitute the bulk of governmental budgets. In order to attract the necessary resources into teaching, for example, teachers' salaries will at least have to keep pace with wage and salary and pension and fringe benefit increases in the Delaware economy at large. Similarly, the cost of providing public hospital and welfare care will have to mirrow the corresponding private cost structure. Over the last decade, the prices of goods and services purchased by State and local governments generally have increased by 40.8 percent, considerably above the rate of increase in overall consumer prices.

Because wage and salary levels in private industry will likely continue to increase over the next decade, the State of Delaware will be confronted with steadily rising personnel costs. Governments, like most private service occupations (e.g., legal, medical, and the like), however, cannot readily offset rising salary costs with offsetting productivity improvements. The fact of the matter is that automation and mechanization can have only a relatively limited impact on the personnel costs of government. Consequently, if the State of Delaware is to attract and retain personnel, and to acquire additional resources as well, it will have to at least match the increases in the private sector. The projection of expenditures which provides for the inflation factor is termed the "competitive" model.

A third factor accounting for growth in the level of State expenditures is changes in the scope and quality of public services. Again, experience suggests that the State can be expected to do more things and do them better in the future than in the present and recent past. To illustrate the point,

the quality of the public educational offering is constantly being improved through better-trained teachers and new programs. Similarly, many other functional fields are adopting higher professional standards for personnel who practice welfare, health, planning, law enforcement, and recreation. Moreover, there is ample evidence to support the position that with rising incomes, citizens expect and demand a higher standard of performance from the public sector. Also, levels of State expenditures are influenced by the quality and scope of services adopted by other states. New school and welfare programs initiated elsewhere, for example, create expectations and subsequent pressures for competitive emulation in Delaware. Thus, while future quality changes in the performance of public services are difficult to quantify, there is every indication they will be positive and substantial. The expenditure projection which incorporates changes in the underlying workload, inflation, and some expansion of the quality and scope of public services is referred to below as the "improvement" model.

Finally, the productivity and/or management improvements in the performance of public services will work to influence the rate of growth in expenditures. The intensive application and more effective utilization of computer technology to State governmental operations will serve to provide the same or an improved level of certain public services at lower costs. Similarly, new, integrated budgetary procedures can provide executive and legislative officials with better information for planning programs and for making choices among the alternative ways funds are to be devoted to achieve specified governmental objectives. They can aid the decision-making processes in finding new methods, through analysis and evaluation of public programs, of providing public services better and less expensively.

To sum, expenditures by the State of Delaware are going to continue to increase in the decade ahead: by an amount to accommodate demographic changes; by an amount to improve the services provided by State government; and, by an

amount necessary to match the increases in the costs of the goods and services purchased by the State. The likely magnitudes of Delaware General Fund expenditures in 1973 and 1978 are presented in the next section.

Expenditure Projections

Table 1 summarizes four series or "models" of projections of State General Fund expenditures in the fiscal years 1973 and 1978. All four models are based on the same assumptions regarding overall prosperity in the national economy, the state of the international situation, and the division of functions between State and local governments. They differ only as to the relative importance attached to the major determinants of expenditure levels.

The first series, designated the "Constant Cost" model, indicates the 1973 and 1978 levels of State General Fund expenditures required to accommodate change in what has been earlier referred to as the underlying workload. Thus, for example, the primary determinant of public education costs is pupil enrollment. The fiscal requirement for State support of public elementary and secondary school education over the next decade is determined in this model by applying projections of the number of school children to the current level of cost per pupil. The same technique has been applied to each of the major functional categories of public services; that is, quantify the principal indicator of the underlying needs of a specific function, project its future level, and apply the current per unit expenditure data.

In the "Constant Cost" model, no account is taken of probable price changes or of probable improvements in the standards and scope of existing public service programs. In the context of an expanding national and State economy, however, experience indicates that constant per unit costs can be maintained only by reducing the quality and/or quantity of existing programs.

Because of the unlikelihood of this occuring, the "Constant Cost" projections are considered highly unrealistic. It should be noted, nevertheless, that even under these highly unrealistic assumptions, the level of State General Fund expenditures will increase over the decade by over 40 percent.

TABLE 1

PROJECTIONS OF DELAWARE GENERAL FUND EXPENDITURES, 1973 AND 1978.
(In thousands of dollars)

Year and "Model"	General Fund Expenditures
1967/1968 Actual	158,875
1973/1974:	
I. Constant Cost[a]	198,665
II. Competitive[b]	230,307
III. Improvement[c]	266,989
IV. Continuation[d]	220,050
1977/1978:	
I. Constant Cost[a]	242,590
II. Competitive[b]	326,021
III. Improvement[c]	438,145
IV. Continuation[d]	283,420

[a]Expenditure projections reflect only the increase in underlying workload:
(i) Elementary and Secondary Education - school enrollments
(ii) Higher Education - student enrollment
(iii) Health and Welfare - public assistance cases
(iv) Highways - miles of roads and highways
(v) Pension and Social Security - State employees
(vi) Other - population

[b]Projections reflect underlying workload and price increases of 3 per cent per year.

[c]Competitive model and an allowance for a 3 per cent annual improvement in the scope and quality of public services.

[d]The level of expenditures which would result if expenditures increased at the same average annual rate between 1969 and 1978 as they did between 1964 and 1968 (increase equals $12.7 million annually).

The "Competitive" model gives the probable magnitudes of outlays on General Fund programs of current quality, but adjusted to reflect both underlying workload factors and the effects of inflation on public service costs. The model reflects a 3 percent average annual inflationary factor. The "Competitive" model projections are, therefore, considered the minimum level of General Fund expenditures which is at all likely. In all probability, price level changes will fluctuate between 2 per cent and 4 per cent over the next decade. It is anticipated that the inflation experienced (over 4 per cent) in the last year will not be allowed to persist over long periods of time. On the other hand, if State government is to acquire resources, particularly manpower, it will have to at least match the wage and salary increases in the private sector. Moreover, it may even have to do somewhat better than matching if it is to attract additional resources into government employment.

Increases in State government outlays have increased in the recent past by more than population (workload) and price changes alone can explain. A major contributing factor has been improvement in the scope and quality of public services. This expansion is related to the growth of the economy in various ways. In the first place, some public services are necessary complements to the growth of the private sector (e.g., enrichment of educational programs to satisfy the scientific and technical requirements of modern industry). Also, with rising personal incomes, a higher standard of performance is expected from the public sector. Just as the consumer with rising income shifts his pattern of spending to more and better quality private goods, similarly voters with rising incomes demand more and better quality public services. To accommodate this factor, a third set of

projections has been prepared. They are designated in Table 1 as the "Improvement" model. They allow for expansion in the underlying workloads, price increases, and some improvement in the scope and quality of public services. Because the pace of program improvement is subject to discretionary control, an annual, uniform 3 percent improvement factor has been employed. While this may not accurately reflect year-to-year improvements, it seems a reasonable magnitude over the long run. As indicated, the "Improvement" model projections build on the "Competitive" model, which, in turn, has the "Constant Cost" model as a benchmark.

Finally, the "Continuation" model indicates the level of General Fund expenditures which would result if outlays increased between now and 1978 at the same annual average rate as they did over the last five years, 1964-1968.

Revenue Projections

The best "fit" of aggregate General Fund revenue projections to actual total collections is obtained by the use of a time series employing the most recent five-year base period. In general, this was the method employed in arriving at the projections of General Fund revenues summarized in Table 2. Three exceptions to this rule should, however, be mentioned. To minimize cyclical fluctuations in receipts from the inheritance and estate tax and in mercantile license fees, a ten-year base period was employed. Also, because of the recent enactment of the real estate transfer tax (1966), a three-year base period, 1966-68, was used in projecting receipts from this source over the next decade.

Table 2 shows that the natural or "automatic" increase in tax revenues that takes place as the economy of the State of Delaware grows will account for more than a 75 per cent increase ($119 million) in General Fund receipts over the next decade. It should be mentioned again that these projections assume no specific discretionary changes in the existing revenue structure; that is, no new tax sources, no increases in rates on existing levies, redefinitions of tax bases, and the like.

TABLE 2

PROJECTIONS OF DELAWARE GENERAL FUND REVENUES, 1973 AND 1978, ASSUMING NO CHANGE IN TAX RATES, USAGE, OR OTHER PROVISIONS
(In thousands of dollars)

Fiscal Year	Revenue
1967/1968 Actual	156,707
1973/1974	217,337
1977/1978	276,567

Expenditure-Revenue Imbalances

Table 3 brings together the projections of expenditures and revenues for the General Fund, indicating the magnitudes of the corresponding surpluses or deficits. As indicated, depending upon the "model" selection, the estimated General Fund expenditure-revenue imbalance ranges in 1973/74 from a surplus of $18.7 million to a deficit of $49.7 million; the corresponding imbalances in 1977/78 range from a surplus of approximately $34 million to a deficit of $162 million.

TABLE 3

PROJECTIONS OF GENERAL FUND EXPENDITURE-REVENUE IMBALANCES, 1973 AND 1978, ASSUMING NO STRUCTURAL ADJUSTMENTS IN THE TAX SYSTEM
(In thousands of dollars)

Year and Model	Surplus (Deficit)
1967/1968 Actual	(2,168)
1973/1974:	
I. Constant Cost	18,672
II. Competitive	(12,970)
III. Improvement	(49,652)
IV. Continuation	(2,713)
1977/1978:	
I. Constant Cost	33,977
II. Competitive	(49,454)
III. Improvement	(161,578)
IV. Continuation	(6,853)

It is the judgment of the Committee that the "most likely" General Fund projection of expenditure-revenue imbalance is given by the "Improvement" model, which takes into account a modest improvement (3 per cent) in the scope and quality of General Fund services coupled with a small (3 per cent) rise in the price level. Under these assumptions, the revenue deficiency (gap) will be approximately $50 million in 1973/74 and $162 million in 1977/78. In other words, over the next decade, structural adjustments are required in the existing tax system to yield some 58 per cent more revenue over the next decade if the General Fund is to achieve a balanced budget position in the target year, 1977-78. Table 4 summarizes the projected need for additional General Fund revenue.

PROJECTED NEED FOR ADDITIONAL GENERAL FUND REVENUE, 1973 AND 1978
(In thousands of dollars)

Item	1973/74	1977/78
Program Expenditures*	266,989	438,145
Less:		
Revenues Under Current Laws	217,337	276,567
Equals:		
Additional Revenue Requirement	49,652	161,578

* "Most likely" projection: Improvement Model, Table 1.

No allowance, however, has been made in the projections of expenditure-revenue imbalances for an "appropriate" or "safe" level of General Fund current cash surplus. The General Fund currently faces the coming fiscal year with essentially a zero cash balance. On the assumption that a current cash balance of 5-7 per cent of revenue is desirable and necessary to match income with outgo in any given fiscal year, an additional $13 million of revenue will be required in 1973/74 and $22 million in 1977/78.

In total, therefore, additional revenue of $184 million will be needed in 1977/78 to finance General Fund programs, to re-establish a reasonable cash balance, and to provide an adequate cash flow. With these objectives in mind and considering certain other budget deficiencies in the current year, the Committee settled on a tax program to raise approximately $30 million in the next fiscal year and which, with subsequent year revenues responding to economic growth, will generate the required yields to accommodate a balanced General Fund budget in 1977/78.

APPENDIX B - SECTION 5

Extracts From the Minutes of the July 30, 1975
Meeting of the Delaware Tomorrow Commission

Extracts From the Minutes of the July 30, 1975
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Mr. Bradford said that he thinks this projection of $600 million deficit by 1985 is as good as the assumption. If a 5% deficit had shown, it would not have made much impact, but (out of the calculations came the fact that the deficit represented 50% of the revenues estimate) with such a figure, it is a guideline that indicates that something will have to be done either in curbing expenditure or by increasing the revenues. The order of figures is significant and of a serious magnitude.

Mr. Biondi commented that the magnitude of this deficit indicates that when the Commission discusses its report and the question of growth-rate comes up, the Commission should indicate two things: all sectors of the economy in the State are going to have to look forward to paying increased taxes per capita--substantially so in the next ten years--and it has reached a point where we cannot afford some of the luxury, inefficiencies and waste in State government. It may indicate that government streamlining may have to be accomplished; and the way we render services will have to be examined. Ten years from now, we will not be able to operate under the same structure as we are operating now. In terms of the Delaware family unit, this also means that in the concept of the quality of life, the standards of living will deteriorate significantly--about 50%. It was noted that the cost of State government between 1969 and 1973 increased tremendously, but this was due to all the new programs that were instituted, such as the pollution protection, etc., while this 50% increase between 1973 and 1985 is entirely without any new programs. It was said that even the biggest industries are "tightening their belts", such as duPont for instance, and there is no reason why State government could not do

the same. It was agreed that the area where this "tightening up" should be done is in the sector of public and higher education, which entails the largest part of the State budget (51%).

Unless someone undertakes the problem from this point forward to recommend broad scale government reorganization and governmental economy, the Governor who will be elected in 1984 will look like Mayor Beame.

Representative Seibel commented that there are too many layers of government for the 565,000 population. There are also things that could be done at the regional level.

Mr. Biondi said he does not look at these findings in a negative way. Considering the 1985 population projection figure of 700,000 and the projected 409,000 jobs, he thinks this is necessary and desirable. Looking at these figures as a base, and continuing to re-evaluate them--what these figures show is that we cannot go on in the next ten years thinking that everything will work itself out without any dramatic effect on the taxpayer. As the State grows, economies will have to be realized or the increases in taxes which will be necessary will kill off the minimum degree of growth.

Mr. Wiener raised this question: is the high cost of government projected by 1985 a direct result of the population increase or is it because the standards of the quality of life that we have set are too high and, therefore, we cannot pay for them. If we want these standards, we will have to pay for them.

Chairman Biondi asked what the Commission members felt about the problem. Mr. Folsom said that the Commission is not the body that will be able to do anything about this problem. It is basically a political problem.

The politicians will spend as much money to buy the services that the people are crying for and will collect as much tax as possible. The Commission will do well to point out the trend and the magnitude of the problem, it will be to no avail to cut back on education, on overhead, that we should combine the State and county police because these are political decisions brought by the pressure of the voters.

Dr. Brucker commented that if the solutions to the problems are in the hands of the politicians, and that the politicians react to the public's demands then it is up to the Commission to present the facts to the public.

Steve Chamberlin commented that the magnitude of the cost increase is not a major factor that has a direct relationship to the population increase.

It was further noted that the cost increase was due to inflation, the types of services the people are receiving, the increase in the services by certain segments of education.

Dr. Brucker mentioned that it is not only an inflation factor, but the fact that the expenditures are going to inflate faster than the revenues. We are also discovering that the cost of service oriented operation will go up much quicker than the cost of manufacturing. This is a trend in the economy, the productivity increases are not there in the social services delivery.

Jay Cooperson commented that the quality of life we have comes out of our personal dollars. There are many things that the State government spends on to improve the quality of life. There may be some serious questions asked as to what areas we should spend our tax dollars on. How much are we willing to pay for pollution control, water quality, etc. If the State government is going to provide for sewer plants, for instance, it will provide jobs,

it will provide for a distinct modifier. Maybe there should be some distinction as to where the government should spend its money.

The Commission arrived at this general consensus:

1. The State faces a problem: it will take a substantial amount of dollars more to run State government and provide services to the people, by 1985.

2. The rate of cost increase (50% by 1985) cannot be attributed to the increase in population.

3. The rate of cost increase is due mostly because the revenue grows at a different rate than that of expenditure because of the nature of certain revenues.

4. The expenditure increase is function of inflation. State government is in the service rendering business and increase in productivity, in the service area, means a decrease in the quality of the services provided.

5. In order to combat these problems, State government will have to give a serious look at more efficient ways of delivery system.

This information has to be disseminated to the public.

If the types of revenues are not going to be adequate to handle our expenditures, then the Commission should make the politicians aware of the fact that some alternate ways should be found to bring in revenues. Maybe the total funding base would have to be reconsidered--not only at the State level, but at the county and local level.

APPENDIX C

ECONOMIC DEVELOPMENT COMMITTEE

Summary

Since 1970, several developments have combined to change the "economic climate" in Delaware. The need to analyze and understand this change has been a major concern of the Commission -- a policy which would recreate a desirable "economic climate".

I. What are the major post-1970 developments which changed the "economic climate" in Delaware?

A. The high rate of population and employment growth in Delaware between 1950 and 1970 has declined sharply since 1970.

1. Between 1950-1970, Delaware was one of the fastest growing areas in the U. S. east of the Mississippi.

a. Delaware was growing at twice the national rate of growth.

b. The growth resulted in a heavy in-migration into Delaware and the population growth was matched by growth in job opportunities.

c. This rate of growth in Delaware was remarkable in view of the declining population and jobs in two significant areas of the State -- Wilmington and Sussex County.

2. Since 1970, the rate of growth in the State has dropped to the national growth rate, and the national rate of growth has been lower since 1970 than in the 1950-1970 period.

a. Delaware is still growing, but the drop in the rate of growth has been dramatic.

b. The national growth rate has declined largely because of the drop in the U. S. birth rate.

c. The Delaware growth rate has declined both because of the decline in the birth rate and a very sharp decline in the rate of in-migration.

3. Between 1950 and 1970, unemployment in Delaware was below the national average -- generally below 4%. During 1975, the unemployment rate in Delaware has gone up sharply to over 10%, rising above the national average which is in excess of 9% and which is at the highest rate in over 30 years!

(See Part I of Report for detailed discussion)

B. <u>The fiscal burden of State services has increased substantially in recent years</u>.

1. Public borrowing to finance government services has expanded rapidly.

a. The State's indebtedness grew from zero in 1945 to over $500 million in 1975.

b. City and county debt also increased substantially during this period.

c. The cost of State borrowing (debt service for interest and amortization) has caused a significant increase in current revenue requirements.

2. Deferred expenses must now be met out of current revenue.

a. The cost of pensions for State employees has risen from 3% of payroll in 1950 to 18% of total general fund payroll in Fiscal Year 1976 (partly to cover unfunded past service liabilities in excess of $200,000,000 over a forty-year period beginning with Fiscal Year 1976).

b. Similar pension cost increases are in prospect at the county and municipal levels of government.

3. The rapid growth of the State's population, the expansion in the government services, and the sharp increase in the cost of construction have all resulted in expanded capital outlays to provide for schools, highways, hospitals, courts, prisons and other facilities.

4. Since 1969, individual income and capital gains tax rates have been increased substantially.

   a. Delaware has lost a competitive advantage over other states -- it is no longer a high income/low tax State.

   b. Its total State and local tax revenues, on a per capita income basis, are about average for all states, whereas ten years ago we were the leader.

(See Report of Cost of Government Committee and Part II of this Report)

C. Other states have become more attractive to new industry.

1. Many states have created effective development departments to seek out new business and to assist them in their decision making.

   a. Government zoning and related development procedures have been streamlined.

   b. State educational agencies have been effectively utilized to retrain local manpower for new business ventures moving into the states.

   c. Tax incentives and development bond inducements have been expanded.

   d. Both public and private leaders have united to promote the development of their states.

2. Delaware can no longer expect to grow rapidly simply because of its location, its low tax base, and its large open spaces.

3. The total cost of new industrial construction in Delaware has become expensive.

4. Housing costs for in-migrants have risen sharply and the older housing stock in Wilmington has deteriorated badly.

(See Part III of Report)

D. <u>The economic vitality of Delaware has declined markedly</u>.

1. Delaware has fallen behind in its highway programs.

   a. New highways have not kept pace with expanding population and transportation demands.

   b. Existing highways have not been fully maintained.

   c. Traffic congestion has become acute in several areas of the State.

   (Note: The recent passage of a $42 million bond bill shows a recognition of this problem)

2. The railroad network is deteriorating.

   a. Freight service in the main north/south corridor has declined and the road bed is deteriorating.

   b. The rail system south of the Canal has become critically undermaintained.

3. The City of Wilmington has continued to suffer from problems similar to those of other urban centers in the United States.

   a. Blighted housing and the crime rate are serious problems.

   b. The quality of public education needs to be substantially improved.

   c. There has been a general exodus of residents and business from the City to the suburbs.

4. Several areas of the State have been faced with shortages in water and sewer facilities and air pollution problems have become a major

issue north of Wilmington.

(See Part IV of Report)

E. Leaders in government, business, labor and other groups have publicly disagreed on State tax and some environmental and developmental policies.

1. Business leaders no longer promote Delaware as "good for business".
   a. New business candidates are not encouraged by many Delaware business leaders.
   b. The Wilmington wage tax has deterred new business from locating in the City.
   c. Alternate sources of revenue must be judged for their equity and effectiveness, including the relative burden of taxation on manufacturing and business in the State.
   d. The State capital gains tax rate has become counter-productive.
2. Delaware has developed an anti-business image as compared to its past reputation as the result of such things as the 1971 Coastal Zone Act, the proposed excise tax on gasoline production, and the utility rate excise tax.
3. Delaware has yet to develop a full range of programs which offer its citizens hope that these critical situations will be reversed in the foreseeable future.

(See Part V of Report)

II. What are the present economic strengths upon which Delaware can build?

A. Its geographic location.

1. Delaware is strategically located in the northeast metropolitan corridor with favorable waterways for transportation and still has a substantial amount of land and waterways which could be used for

future growth.

2. Delaware has a high level of land devoted to agriculture; and, with the nation's food needs increasing, the favorable location of Delaware's agricultural industry should permit it to continue to make a major contribution to the State's economy.
3. The recreation and tourism industries are important and could well be a growing activity. In addition, Delaware's historic and cultural attractions should be recognized as another major economic asset.

B. The major industries in Delaware remain in the growth sectors of the economy.

1. The chemical, automotive, and distribution industries have been growing above the national average over the past 20 years and will probably continue to expand at a reasonable rate.
2. These industries pay better than average wages.
3. With the exception of the auto industry, these industries have not been subject to significant swings in cyclical employment.

C. Our analysis of job growth over the next ten years leads us to assume a growth rate equal to one-half experienced in the 1950-1970 period. This would provide as many new jobs over the next ten years as our forecast increase in work force.

The new jobs developed by present industry may not match the skills of the resident work force, therefore, it would appear that Delaware would need to be selective in attracting new industry to provide balanced employment opportunities for all its citizens, especially the unemployed and underemployed.

D. In the last ten years, Delaware has substantially improved its education system to provide better technical training at the secondary levels and

it has greatly expanded its community and technical college network.

1. Greater efforts need to be made to relate this educational system to economic opportunities within the State; and
2. To make use of this system to train and retrain resident citizens for opportunities which may open up with new business enterprise.

E. Except for the indicated problems in rail service, highway bottlenecks and localized shortages of water and sewer facilities, Delaware has a great deal to offer new businesses in the form of available land, waterways, utilities and manpower.

III. Conclusion

A. While the problems in Delaware are serious and challenging, it is the consensus of the Economic Development Committee that Delaware can have a healthy economic and social future providing: (1) that the State can obtain general agreement on goals for population and employment growth; and (2) that it is willing to make the changes required to correct some of the problems outlined above.

B. In order to establish reasonable plans for future population type of growth rate in Delaware, further information should be developed as to the impact of growth. We need more information on the following questions:

1. How much of the present debt and the related debt service was incurred to finance the post-war growth in the State?
2. Are there latent costs of that growth which have not yet appeared in the current expense budget of the State, such as, some of the cost needed to bring Delaware's highway system up to date or to expand hospitals and prisons?

3. Will future population growth in the State cost relatively more in relation to per capita income than the cost of our recent growth? Could the cost of this growth be minimized by effective planning?

4. What would be the relative benefits and liabilities of bringing into Delaware (and into different locations within Delaware) different types of businesses with their varying service requirements, job requirements, income contributions, environmental impact and related considerations?

C. The Delaware Tomorrow Commission should establish population and employment growth goals considering such things as internal population growth vs. in-migration, type and amount of new businesses desired, and a forecast of the resulting changes in State income and expenses.

D. This study has identified several unfavorable economic and social trends in Delaware today which call for action. In addition, the Economic Development Committee believes some continued employment growth within the State is not only necessary but desirable.

To accomplish these objectives we recommend the following programs which are presented in more detail in the following sections of this report.

1. It is recommended that the Governor develop an effective State system to:

   a. Coordinate all aspects of the economic development programs set forth in this report.

   b. Reinforce development efforts, consistent with these proposals, of organizations in the private sector such as commercial-industrial brokers and developers, chambers of commerce, and

utilities.

c. Report annually the results attained.

2. The Governor and Legislature should require an in-depth evaluation of Delaware's career and vocational education programs and State-supported higher education, to determine how student interests and job opportunities can be better matched.

3. To assist in attracting desirable companies to Delaware we should:

   a. Provide more complete and better organized information on such things as site availability, manpower, wage rates, etc.

   b. Expand the utilization of State general obligation industrial development bonds and the development of industrial parks.

   c. Delaware's banks should be encouraged to give greater lending support to business and industry.

4. The Delmarva Advisory Council is an effective peninsula-wide regional economic development body formed by the States of Delaware, Maryland and Virginia, which should be given the necessary financial support, particularly for development of the southern counties.

5. The State should study a revenue-sharing formula for commercial-industrial property taxes, so that all jurisdictions of our small State will share the taxes generated.

6. State and/or local programs for improved water and sewer systems and better housing must be accelerated, as these needs are unmet for the present population and also are vital to further economic development. The State government, in cooperation with Delaware's utility companies, must develop a plan for meeting long-term and short-term energy needs of business and industry, including the development of new energy sources and the conservation of present energy.

7. We should encourage concentration of employment and housing at sufficiently high densities that mass transit will be practical and profitable in the future. The I-95/Route 40 corridor in New Castle County is one of Delaware's best future industrial areas, and planning for the area should recognize this potential through proper land use allocation, access, and services for industry.
8. The State must immediately adopt a plan for continuation of and improvement of inter-state rail service.
9. Six actions are recommended to improve the economic and social environment within the City of Wilmington, which is a major area of concern within the State. (See Part IV)
10. Delaware must improve the State's business climate by making such changes as:
    a. By developing a comprehensive State-wide land use plan to remove the inequities of the Coastal Zone Act. The Coastal Zone Act was passed in lieu of a more complex Coastal Zone Act which was proposed earlier but received little support. In reality, both goals are an attempt to begin land use planning. The Committee has concluded that the time has come to replace the initial Coastal Zone Act with a Comprehensive State-wide Land Use Planning Act. The present regulations should be used intact as interim guidelines to govern and develop the coastal zone until the new land use management regulations are complete and accurate. At that time, the Comprehensive State-wide Land Use Management Plan would supersede the Coastal Zone Act and other land use control legislation presently administered by the State.

b. Bringing the personal income tax rates, including capital gains, in line with those of the more progressive states.

c. Establishing sound fiscal policies by a combination of streamlining governmental functions and establishing an equitable and adequate tax structure to provide the funds required.

11. The State should establish a program to participate in the Atlantic offshore drilling for oil and should study the development of deep-water terminals in such a way as to maximize the future economic benefits while minimizing any detrimental impact.

PART I

Change in Delaware's Rate of Population and Employment Growth

Between 1950 and 1970, Delaware experienced one of the fastest population growths of any state east of the Mississippi. This growth resulted from many favorable factors - geographic location, the industrial base in chemicals, and assembly and distribution services, the low tax rates, stable government, absence of urban blight, etc. The rate of growth has changed dramatically since 1970 for many reasons which will be covered in this report. The purpose of this section is to estimate the rate of growth in the next ten years, if no significant changes are made in the "economic climate" of Delaware.

1. The rate of population growth in Delaware is expected to slow during the next ten years, but by 1985 population may reach 700,000. This would be an increase of 101,000 over 1975 -- an increase of 17 percent in ten years. The increase would consist of 49,000 natural growth (births over deaths) and 52,000 net in-migration. This projection is based on 1970 census data and the total may be on the high side in view of the sharp drop in birth rate since 1970.

   . This is lower than the population growth rate of 23 percent in the ten years 1960-1970, but is about the same increase in number of people (101,000 for 1975-1985 vs. 102,000 for 1960-1970).

   . The ratio of in-migration to natural growth is lowering.

   . The birth rate itself has been dropping dramatically both in Delaware and the rest of the United States.

   . The <u>size</u> of the family is dropping with the drop in the birth rate. Smaller family size means a need for more dwelling units for 100,000 of population and more women entering the labor market.

. The rate of actual growth (1970 through 1974) corresponds with our estimate for 1975-1985.

2. The growth in Delaware's labor force will be more rapid between 1975 and 1985 than the growth in population for two reasons:

   a. The number of young people born during the post-war population boom now are entering the labor force faster than the present growth in population and faster than the labor force dropouts from retirement, death, etc. The labor force will tend to be somewhat younger in the next ten years. Those who will be entering the labor force in the next ten years have already been born (i.e., the growth in the labor force up to 1985 is not affected by the recent drop in the birth rate).

   b. A higher percentage of females will be seeking employment as the result of the shifting size of the family (see above). The labor force is estimated to increase by 54,000 in the 12 years between 1973 and 1985 -- from 260,000 in 1973 to 314,000 in 1985. Almost half of the increase, or 25,000, will come from resident population growth and more women in the labor market; the other 29,000 increase must come from a net in-migration of job seekers.

3. The rate of growth in employment opportunities is projected to keep pace with growth in the resident labor force.

   . This projection is based on actual growth in employment between 1953 and 1973.

   . But it assumes that there would be no greater <u>rate</u> of influx of new business and industry to Delaware in the next ten years than occurred in the last 20 years.

   . It assumes that the <u>rate</u> of <u>growth</u> in net new jobs will be only <u>half the rate</u> of increase of the last twenty years: 15% in the 1975 - 1985

period vs. 30% in the 1952 - 1973 period.

. It excludes consideration of offshore drilling for oil and gas, and/or building of a deepwater port, each with onshore support activities.

. It assumes a slowdown in the growth rate of retail trade and government employment (including education jobs).

. It may underestimate the net growth rate in jobs since there is little likelihood of significant further declines in agriculture, wood products, leather, and apparel, such as occurred in the last 20 years, and our other major employers now in the State have been in growth sectors of the U. S. economy.

. It does assume the State Division of Economic Development will match neighboring states in its efforts and effectiveness in attracting new businesses and industries to Delaware.

. If the number of jobs grows only half as fast in the next ten years -- by 15 percent vs. 30 percent in the 1952 - 1973 period -- the number of jobs in 1985 (excluding military) would seem to correspond to the projected increase in the labor force (320,000 in 1985):

254,000 - 1973 jobs

309,000 - 1985 jobs

. Unemployment would be estimated at the 1970/73 level (about 4% or 12,000) under these projections. These figures are not intended to be exact; they are a rough order of magnitude. However, if the unemployment rate stays at or above the national level, the estimated in-migration rate would be lower.

Unemployment in Delaware normally has been under 10,000 workers, but currently has soared to 25,000 (10.2% of the labor force). The

auto assembly, operating and construction areas have been hardest hit. The auto plants' shutdown has impacts on the other industries...forcing them to employ workers on a reduced basis where the loss in income is not covered by supplemental pay. The State's economy may be too dependent on the auto industry. Although Delaware's chemical industry is more stable, due to its administrative emphasis rather than production, it, too, is a dominant employer on which the State should not remain dependent.

There are also some reasons to believe that underemployment is a sizeable problem. In relation to education and age levels, many Delawareans do not seem to be receiving the incomes as well-balanced economy should provide. It appears, particularly in Kent and Sussex counties, that people are working in jobs for which the pay is less than their training and experience qualify them. Therefore, the State needs more diversity in the types of industry and jobs - to overcome underemployment and unemployment.

Although these problems are somewhat a result of the current business recession, some Delaware businesses can be expected to close down permanently in years ahead as have others in the past 20 years. Therefore, existing industries need to be encouraged in their expansion and new companies must be continuously brought into our State to provide employment for the expected natural growth of our labor force, and these new enterprises need to be carefully selected to balance employment opportunities in the State.

A minority within the Committee felt the preceding employment projections based on present industry and other types of State employment were too optimistic. Their lower job growth rate judgement was based on the declining national birth rate, less labor mobility, and pessimism over the national

energy situation in the next ten years. However, if net new jobs should not develop as rapidly as forecast, only the in-migration would be lower.

The whole Committee felt that, as a minimum and subject to the assumptions stated above, the growth in net new jobs would approximate the net growth in the labor force from the resident population.

The Committee recognizes the difficulty of forecasting precise growth data, since some of the factors that contributed to rapid economic growth in past decades may be less operative in the next ten years and some deterrents have appeared: rail service is threatened; highway and mass transit needs are unmet; natural gas is in critical shortage; water is a problem in sections of northern New Castle County, in Kent County north of Dover, and in areas of Sussex County; sewer systems are inadequate in parts of northern New Castle County; air quality limitations exist north from Wilmington; our State appears to have developed anti-industry images; the State's economic development program may not be keeping pace with those of surrounding states; and the worst slump in the Nation's post-World War II economy is upon us. On the other hand, Delaware's location, land resources, availability of labor and training facilities, corporate tax rates, and availability of financing for commercial-industrial expansion continue to be favorable.

To suggest employment projections lower than the majority's ten year forecast given above would indicate a Delaware growth rate slower than the projected national average, whereas Delaware has exceeded the national average for decades. The Committee majority...though uneasy about it...therefore adopts the above projections.

PART II

Changes in Delaware's Status As a High Income - Low Tax State

Delaware's reputation for high per capita income is misleading. Since 1950 Delaware generally has ranked in the top five or six states in per capita income, often 1st, 2nd, or 3rd in the 1950's and early 60's. In the late 60's the State's ranking slumped (to a low of 11th in 1970) but has recovered to fourth in the Nation in calendar year 1973. Delaware's ranking was misinterpreted for these reasons:

1. Personal income in Delaware has not been distributed as evenly as the Nation's, being concentrated disproportionately in its relative few high income people; for example, in the 1950's Delaware was reported to have had more annual millionaires than any state except New York. If we look at a better measure of average income, median family income, which means half of the State's families have income above this figure and half below it, we find that 12 states...not just two or three...were ahead of Delaware in the 1960 census and 13 in the 1970 census. Using this measure, Delaware is not in the top 20 percent of all states.
2. The combined State and local government taxes in Delaware now are as high per capita as most other states. This was not true in the 1950's.
3. The cost-of-living in the Philadelphia region, by which we are influenced, is about two percent higher than the average for all United States urban areas.
4. If Delaware's per capita income is adjusted to reflect the higher State and local taxes and cost-of-living, Delaware's per capita income falls from 111 percent of the Nation's average to about 105 percent.

5. Delaware's high per capita income statistic mainly reflects New Castle County's condition where two-thirds of the State's people are concentrated, particularly high income people. Kent and Sussex counties have been considerably below New Castle County in income, although a bit above other rural counties on the Delmarva peninsula. The 1970 census gives Kent's median family income as $8,503 and Sussex's as $8,258, compared to New Castle's $10,985.

PART III

Actions Needed to Make Delaware More Competitive With Other States

Delaware is largely at the mercy of external forces -- regional, national, and international -- in terms of its level of growth and development. In every aspect of Delaware's government and educational system, we must create "quick-response" capability -- enabling the State to act and/or react with the greatest speed as events and trends unfold.

State and local governments in Delaware must streamline their exceedingly cumbersome and time-consuming regulatory and review processes (zoning, subdivision control, environmental control, etc.), parts of which are unnecessary and discourage not only the worst companies but the best as well and place Delaware at a competitive disadvantage.

Industry considering locating in Delaware needs detailed information by regional area of industrial site availability, employment environment, manpower availability and skill, wage rates, training facilities, etc. Therefore, a single State agency should have a complete summary of this type of information, well organized, up-to-date, and readily available for interested industries.

1) It is recommended that one organization within the State be organized and staffed adequately to: a) Coordinate all aspects of the economic development programs set forth in this report; b) reinforce development efforts, consistent with these proposals, of organizations in the private sector such as commercial-industrial brokers and developers, chambers of commerce, and utilities; and c) report annually the results attained.

In order to maintain the required level of job opportunities and the general economic health of the State, a vastly improved State economic development program is needed. The State should accept major responsibility for economic development efforts, working closely with local leaders, agencies and groups. In order to establish and improve an edge over competing states, Delaware must be more

aggressive in selectively recruiting target business and industries and provide a "quick-response" when opportunities knock. The Governor's personal leadership and involvement is essential in implementing a strong State economic development program.

The State Division of Economic Development should be the vehicle for providing the necessary functions and given the capability to devise a full-range of programs needed to achieve the high level of economic development on which Delaware's citizenry and governments depend. These should include the "Target Industries Program" for selective recruitment of industries best suited to Delaware, financial aid for expanding tourism and recreation facilities, a program to attract foreign firms to locate manufacturing and distribution facilities in Delaware, and ability to expedite with local governments the needed permit requirements.

2) Career education in Delaware's public schools seems to be making progress. However, some students still are trained for a narrow specific job and others trained so generally that it's no training. In most cases when the student is unable to obtain or loses a job, he must be completely retrained for another job.

In all occupational training programs more emphasis is needed on "job clusters" or "job ladders" that teach basic skill or operational concepts applicable to many jobs. Taking another job becomes only a new application of these concepts rather than complete retraining. Emphasis on "continuing education" programs throughout life must be made possible. Similarly, students and workers should be trained for opportunities in the multistate job market -- not in Delaware's job market alone.

Delaware Technical and Community College and our Vo-Tech Centers must become more flexible -- able to respond to immediate or short-term

training needs as well as to long-term. More jobs will require post high school technical or service degrees. For the next ten years we should attempt to attract employers with moderate skill requirements, while simultaneously changing our vocational training in the direction of job clusters or ladders.

The Governor and Legislature should require an in-depth evaluation of Delaware's career and vocational education programs and State-supported higher education, to determine how student interests and job opportunities can be better matched.

The percentages of Delaware high school vocational education graduates available for work who become employed full-time in jobs for which they were trained (or related jobs) have been 86.3 (1969), 63.7 (1970), 76.6 (1971), 90.6 (1972), and 75.2 (1973). What difficulties do the other 10, 15 or often 25-30 percent, have in obtaining, keeping and advancing in jobs unrelated to their training? Is it by choice or necessity that they seek other work? Can we do better in matching training to job openings?

Employment service files provide evidence of softness in the Delaware markets for lower level managerial and administrative personnel, school teachers, retail sales clerks, clerk-typists and other clerical workers, truck drivers, waitresses, hospital attendants and other service workers. For Delaware high school graduating classes, unemployment the year following graduation was only 7.2 percent for the class of 1969 but rose to 10.8 percent for the class of 1973. Of the 1,812 students who completed the office vocational program in 1973, 328 or 18.1 percent were unemployed at year's end and another 244 or 13.5 percent were employed in jobs unrelated to their training. In other words, one out of three students trained in the office program did not get a related job.

The State Department of Labor and State Department of Public Instruction must greatly improve their data on employment, unemployment, underemployment, wage rates, people seeking work, projected graduates in vocational/technical curricula, and other aspects of the Delaware labor force, especially at community -- or at least county -- level. These data are needed by companies interested in Delaware sites and for many other planning and development purposes.

Therefore, it is recommended that the Governor assign one State agency the basic responsibility to coordinate and produce the needed information.

3) As our best inducements to new industry are the State general obligation industrial development bonds, the authorization limit on them should be raised as needed. Also, the Industrial Bonds Act describing eligible projects and terms should be continually reviewed and amended as necessary to give maximum flexibility in assisting new projects, including provision for non-manufacturing projects not presently eligible. Additional State financial aid for assembly of industrial land, preparation of industrial parks and construction of speculative industrial buildings may be required.

4) Delaware's banks should be encouraged to give greater lending support to business and industry. Commercial-industrial loans represent a smaller percentage of all bank loans in Delaware, and this should be increased toward the United States average as another way of encouraging business development and expansion in the State.

5) The Delmarva Advisory Council is an effective peninsula-wide regional economic development body formed by the States of Delaware, Maryland and Virginia, which should be given increased financial support, particularly for development of the southern counties.

6) The State should study a revenue-sharing formula for commercial-industrial revenue so that all jurisdictions of our small State will share in the revenue equitably.

7) State and/or local programs for improved water and sewer systems, transportation and better housing must be accelerated, as these needs are unmet for the present population and also are vital to further economic development. The State government, in cooperation with Delaware's utility companies, must develop a plan for meeting long-term and short-term energy needs of business and industry, including the development of new energy sources and the conservation of present energy.

8) We encourage concentration of employment and housing at sufficiently high densities that mass transit will be practical and profitable in the future. The I-95/Route 40 corridor in New Castle County is one of Delaware's best future industrial areas, and planning for the area should recognize this potential through proper land use allocation, access and services for industry.

PART IV

Problems Affecting The "Quality of Life" in Delaware

1. An urgent and important matter is action to save Delaware's threatened rail service. There is no time to lose. Rail service is the life blood of the economy downstate. In a few weeks decisions will be made. Proposals are now nearing final form at the Federal level.

The State must immediately support a plan to insure not only continuation but improvement of Delaware's rail freight service, it being an essential to further economic development. The plan should provide for sound rail service preferably by acquisition and operation of essential rail facilities by one or more existing solvent railroad companies.

The Secretary of the Department of Highways and Transportation be requested to forward this statement of policy made by the Delaware Tomorrow Commission to the relevant federal officials dealing with the problem of the southern acquirement of the railroad and the rate problem and that it be also sent to our Congressional Delegation and to the Delmarva Advisory Council.

Any plan considered must incorporate satisfactory north-south as well as east-west interstate service, the latter having been adequate in the past and apparently provided for the future with publicized solvent carrier acquisition plans. Delaware should strive to optimize traffic corridors between Delaware and southern states by supporting two routing systems; one via the Delmarva and the Cape Charles, Virginia car ferry, and the other a complete land route between the Wilmington area and Washington, D. C. Service by the latter route will permit maximum flexibility in choice of carrier beyond Washington. Both north-south rail services would be most logically and appropriately developed through acquisition by southeastern based railroad(s), the absorption representing the

the type of end-to-end acquisitions meeting the "merger" criteria of the U. S. Secretary of Transportation and the Federal administration. Such acquisitions will insure high quality north-south rail service, which is questionable at this point in time based on what is currently known about the proposals under consideration.

The State plan should further concern itself with insuring maximum routing flexibility permitting Delaware industry the unrestricted opportunity to select the best rail service available to all sections of the country. To this end the U.S.R.A. Final System Plan for reorganization of Northeast rail services must either require the Consolidated Railway Corporation to open routes via all rail connections north, south, east and west or make provision for solvent southeastern rail carriers to gain access to Delaware industry through trackage rights and/or acquisition of the necessary rail facilities.

2. The City of Wilmington presents special economic and social problems and probably is the major area of concern within the State. Unemployment is high because of the exodus of people and businesses to the suburbs and the concentration of unskilled low-income families in the city. The result is inadequate tax revenue to maintain city services, which in turn leads to higher tax rates, which brings on further exodus. Since the City of Wilmington is central to the health of the State's economy, it is essential that solutions to its problems be given top priority.

It is recommended that the following steps be taken to improve the economic and social environment within the City of Wilmington:

a. Direct economic growth to Wilmington, where there are unused industrial buildings and land, water and sewer systems are adequate, and a complete infrastructure built to serve 110,000 people now serves less than 75,000.

b. Expand educational programs to upgrade residents' skills and motivations.

c. Expand the activities of and employment at the Port of Wilmington by carrying out the recommendations of the "Port of Wilmington Study Committee" including the necessary capital investment.

d. Improve redevelopment in Wilmington: we urge study of ways the tax load might be spread beyond the city limits to encompass all of northern Delaware, as the city is an integral part of the whole area and one cannot prosper without the other.

e. Improve all city services to make it an attractive and safe place to operate a business.

f. Give special tax inducements to businesses which will locate in areas of the city where adequate facilities are already in existence so as to make use of existing investments not now being fully utilized.

3. Homebuilding in Delaware has fallen from 5,800 units in 1970; 7,900 in 1971; 8,800 in 1972 and 9,600 in 1973, to only 4,400 in 1974. The loss of housing construction as an economic force has been critical.

PART V

Lack of Unity Between Political and Business Leaders in Delaware

There has been a critical change developing between the leaders of government and industry in Delaware. The disagreements involved have been summarized in a variety of public statements over the past two years and the Committee has further documented these problems in the form of letters from various business leaders in Delaware.

The core of this controversy revolves around the upper limit of the State's personal income tax rate at 19.8%; the lack of a ceiling on earned income; and the 100% capital gains tax.

1. Individuals in the upper income brackets are establishing their residence outside the State when possible or after retirement. Such change in residence can seriously erode the tax base. High personal income tax rates are a serious detriment to the location of new business in Delaware.

2. Many business leaders are making either luke-warm or outright discouraging recommendations to other businessmen considering the selection of Delaware for new business locations.

Another major concern has been the anti-business image of Delaware resulting from such actions as:

1. The controversy over the present Coastal Zone Act.

2. Recent efforts by the State Legislature to adopt discriminatory excise taxes.

The Committee makes the following recommendations to unify the business and government leadership in the State and to correct the anti-business image of Delaware:

1. The Coastal Zone Act, as initially passed, was intended as a stop-gap measure to prohibit certain types of industry.

This bill was passed in lieu of a more complex Coastal Zone Act which had been proposed earlier but received little support. In reality, both bills were an attempt to begin land use planning at the State level. The Committee has concluded that the time has come to replace the initial Coastal Zone Act with a comprehensive State-wide land use planning act. The present regulations should be used intact, as interim guidelines, to govern development in the coastal zone until the new land use management plan and regulations are complete and enacted. At that time the comprehensive State-wide land use management plan would supercede the current Coastal Zone Act and other land use control legislation presently administered by the State.

2. The present income and capital gains tax structure in Delaware puts the State at a serious disadvantage in completing with other progressive states for new business. An objective study of these tax sources should be made promptly as they relate to the total revenue needs of the State and as they relate to their impact on potential new business ventures locating in the State.

a. Such a study should up-date and evaluate the recommendations of the Hagemeyer and Carvel/Williams Committee reports.

b. The study should involve the resources of the Finance Department, the University of Delaware, and the business community.

c. The study should assess the counter-productive effects of causing upper-income citizens to change their legal residence and of imposing much heavier tax burdens on capital gains and earned income than the federal tax structure.

d. Alternate sources of revenue must be judged for their equity and effectiveness including the relative burden of taxation on manufacturing and business in the State.

3. The State should establish a program to participate in the Atlantic offshore drilling for oil and the development of deepwater terminals in such a way as to maximize the future economic benefits while minimizing any detrimental impact.

Deepwater terminals and offshore drilling may develop along the East Coast. Delaware should be alert to and involved in such developments, both to reap the benefits of the job and revenue opportunities and to maintain control to avoid undesirable environmental and other effects.

Delaware's location in the eastern transportation corridors, our coastal resources that could be vital to Federal energy policy, and our small area that limits growth-generation within our borders, make the State quite sensitive to external forces. If offshore drilling reaches peak production by 1985 and has a full impact in Delaware (in addition to New Jersey, Maryland and Virginia), the State's direct job opportunities in support of oil exploration and extraction could increase by some undefined increment, possibly in the thousands. These basic jobs might add three times as many more service jobs. At the other extreme, if production is small and/or all or most of the impact accrues to other coastal states, as it may, the effect on Delaware from offshore drilling could be minimal.

The Committee did not have the data required to predict such impact. Delaware awaits the findings of study on this subject by the Congressional office of Technology Assessment, supplemented by consulting services that Delaware may employ. The State Planning Office should coordinate this effort. The highest priority for the State Planning Office under the Coastal Zone Management Program, should be research to predict and eventually direct the landside impact of offshore drilling for oil and gas and/or of a deepwater port. To offset the substantial fiscal deficits and employment/income/tax revenue fluctuations likely from such landside impact, the State must attempt to build into other sectors of our economy all the strength, diversity and stability possible.

APPENDIX D

AN ANALYSIS OF CHANGES IN THE DELAWARE TAX CODE 1960 - 1974

by
The Delaware Econometric Model Group

AN ANALYSIS OF CHANGES IN THE DELAWARE TAX CODE, 1960-1974

by

The Delaware Econometric Model Group*

September, 1974

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This project has profited greatly from the work and cooperation of a number of people. Most of the work of compiling this report was done under my direction by David Hutchinson through the summer months of 1974. Dave spent countless hours in law libraries and interviewing individuals in and out of state government to obtain the most accurate possible picture of state taxes and their changes through the past fifteen years. From this data he prepared the adjustments to the data required to provide a smoothed series for our use in model forecasting. His independence, training, intelligence, hard work and ability to get along with people are responsible for the success of this project.

Through the months Dave labored on this project he had the excellent cooperation of a number of state officials. Hisham Khalil, in particular, gave freely of his time and vast expertise in dealing with statistics and state revenue matters. Bruce Hudson of the State Planning Office cooperated fully in providing valuable data and insights. Jack Malarky, Secretary of Finance for the State of Delaware used his influence to obtain data that would have been otherwise impossible to gather. State Representative John Billingsley was kind enough to review a rough draft of the manuscript and provided many helpful suggestions.

Among the non-government persons who provided valuable insights and information concerning state finances were Bruce Ralston of the Delaware State Chamber of Commerce and Bob Davis of the Diamond State Telephone Company. Gerald Hart, the manager of the Delaware Model, took on the responsibility for editing the final manuscript and re-doing the charts into more readable form. Lew Silver, the Delaware Model's computer analyst, gave generously of his time and effort and was very instrumental in the overall success of this manuscript.

The responsibility for any remaining errors of ommission or commission is mine alone.

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I. INTRODUCTION

In order to forecast, one must first understand the past. Delaware tax laws and enforcement procedures have changed substantially over the past fifteen years. In order to use past tax receipts in forecasting future state income, it is necessary to review such changes and make appropriate adjustments in the series for their impact. This study is an attempt to draw together the changes which have occurred between 1960 and 1974 in the Delaware tax code, in enforcement procedures and major economic events in the state which resulted in abnormal fluctuations in tax receipts.

The following sections each detail the behavior of a specific tax source and include graphs of the actual and adjusted data. Lists are provided of the code changes and of the other factors influencing the tax data. The text explains how adjustments were made and the conclusion summarizes the major changes in the Delaware tax picture over this period.

We hope this report will be useful to those forecasting state tax revenues. These results are being incorporated into the Delaware Econometric Model and when this has been accomplished, greater in-depth economic analysis can be done on all sectors of the Delaware economy. Any suggestions for additions to or modification of this study would be greatly appreciated.

II. THE DELAWARE PERSONAL INCOME TAX

The Delaware Personal Income Tax is the largest single source of state revenue. Delaware does not employ a general sales tax (the largest revenue source in many states), so other taxes must generate a larger share of needed revenue than is the case in most states. The ongoing decision to use a relatively high income tax rather than a sales tax in conjunction with a lower income tax is based on public policy toward the effect of taxes on individuals with different incomes. In general, sales taxes are regressive, and even though recent efforts have been made to develop and institute a sales tax excluding those items that contribute most to regressivity, this state has found it preferable to retain and update its progressively graduated income tax.

While rates have always been somewhat progressive, changes during the past few years have made them increasingly so, as shown in Table II-1. The effective rates average out to between three and four percent of Federal Adjusted Gross Income.

One of the benefits of a graduated tax is that it adjusts itself to fluctuations in overall economic conditions. The recent Revenue Study Commission (The Hagemeyer Report) noted that the class of taxpayers earning between eight and twenty thousand dollars of taxable income per year pay the same tax rate and

that because of this, the income elasticity of the tax is not as large as it could be. The commission suggested creating smaller classes in this range to build additional elasticity into the tax.

The tax is based on an income figure which is derived by making some modifications to the federally defined adjusted gross income (computed by each taxpayer in completing his federal tax return which is due 15 days before the due date for state returns). Use of the federal income as a base for state returns began in 1971, stimulating a simplification of procedures and a substantial increase in the collection of taxes owed. There have been suggestions recently for a tax that is simply a percentage of the federal tax paid (supporters of this type of tax note that several states have already implemented such tax structures yielding significant savings in paperwork and record keeping).

Employers withhold income taxes from their employees and deposit those withholdings with the state on a regular basis. Persons not subject to withholding but earning income during the year are required to estimate such earnings as soon as practicable and to pay quarterly installments of their estimated taxes. The combination of withholding and estimation requirements spreads the revenues out over the year so that most taxpayers are on a de facto "pay as you go" schedule. This also results in smaller

peak load problems in collection.

It is state policy to tax all income connected with the state, but at the same time to avoid the inequities of double taxation whenever possible. Thus, residents of the state are taxed on all of their income for the year but are credited for taxes paid to other states, while non-residents pay taxes only on that portion of their income derived from sources within the state. The tax is collected and administered by the Division of Revenue, Department of Finance.

TABLE II-1

PERSONAL INCOME TAX RATES

Taxable Income	1959	As Of 7/1/61	As Of 8/1/71	As Of 1/1/74
$ 0- 1,000	1.5%	1.5%	1.5%	1.6%
1,000- 2,000	2	2	2	2.2
2,000- 3,000	3	3	3	3.3
3,000- 4,000	4	4	4	4.4
4,000- 5,000	5	5	5	5.5
5,000- 6,000	6	6	6	6.6
6,000- 8,000	7	7	7	7.7
8,000- 20,000	8	8	8	8.8
20,000- 25,000	8	8	8.5	9.3
25,000- 30,000	8	8	9	9.9
30,000- 40,000	8	9	11	12.1
40,000- 50,000	8	9	12	13.2
50,000- 75,000	8	10	14	15.4
75,000-100,000	8	10	15	16.5
Over $100,000	8	11	18	19.8

TABLE II-2

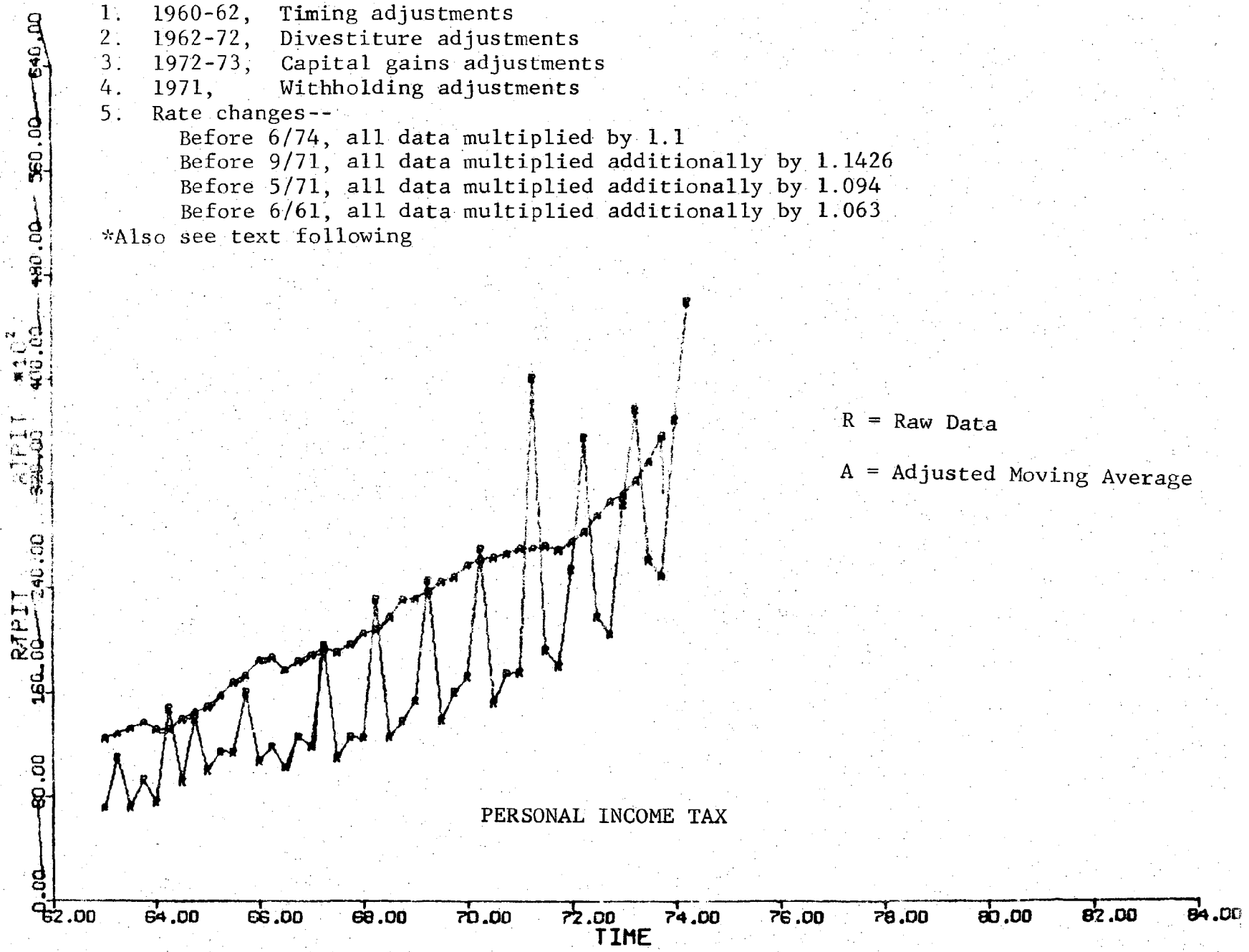
PERSONAL INCOME TAX RECEIPTS
($1,000)

Fiscal Year	Gross Income Tax Receipts	Refunds	Net Income Tax Receipts
1960	$27,311	$ 918	$26,393
1961	29,704	2,254	27,450
1962	36,194	1,570	34,624
1963	34,947	1,471	33,476
1964	38,864	3,510	35,354
1965	44,694	2,511	42,183
1966	49,934	4,801	45,133
1967	54,296	5,338	48,958
1968	59,218	4,664	54,554
1969	66,336	4,916	61,419
1970	74,047	5,561	68,486
1971	90,259	10,815	79,494
1972	98,155	12,436	85,719
1973	110,296	15,643	94,653

ADJUSTMENTS:*

1. 1960-62, Timing adjustments
2. 1962-72, Divestiture adjustments
3. 1972-73, Capital gains adjustments
4. 1971, Withholding adjustments
5. Rate changes--
   Before 6/74, all data multiplied by 1.1
   Before 9/71, all data multiplied additionally by 1.1426
   Before 5/71, all data multiplied additionally by 1.094
   Before 6/61, all data multiplied additionally by 1.063

*Also see text following



Adjustments to Personal Income Tax Receipts Data

The raw data includes many fluctuations that inhibit estimation of future receipts, and even meaningful study of past receipts.

First of all, wide seasonal fluctuations are evident. Because seasonalizing is not practical with this data (the pattern is not sufficiently regular), twelve month moving averages were taken, and the results used to represent the centered month.

Next, research was done into the changes in collections resulting from rate changes, procedural changes, and windfalls. Adjustments were made as follows:

From 1960 through 1962, procedures for estimation, withholding, and final payments of the tax changed. These changes led to several, one-time adjustments.

From 1962 through 1972, the court ordered divestiture of General Motors stock by the DuPont Company led to a windfall of 29.5 million dollars. This money trickled in along with regular tax payments, and was periodically shifted out in large chunks. This resulted in misleading monthly fluctuations over this period. While records do not exist to permit a perfect adjustment, approximations were made.

During 1972, and for half of 1973, 50% of Capital Gains were

not taxable income. To put this period into line with the rest of the data, two million dollars was added in as an adjustment.

In 1961, the rates for incomes of over $30,000 were raised. After examination of an income level breakdown, it was approximated that the effect of this change was similar to what would have taken place with a 6.3% across-the-board increase. That adjustment was made.

In 1971, three things happened that led to needed adjustments. First, the change to monthly withholding led to an adjustment of $3,000,000 in May and $5,000,000 in June. Second, a rate increase for incomes of more than $20,000 came into existence. The impact of this change, approximated as above (the 1961 adjustment), was 14.26%.

The other change in 1971 was the switch to a modified piggyback method of figuring out the tax (using Federal Adjusted Gross Income). The effect of this change is nearly impossible to accurately determine, but available sources suggest that it was similar to a revenue increase of 9.4%.

In 1974, there was an across-the-board rate increase of 10%, for which the data was adjusted.

The resulting data was then averaged over twelve month periods as before.

DELAWARE CODE CHANGES - PERSONAL INCOME TAX

Effective Date	Description of Change
2-01-61	End of quarterly payments of tax after payment of tax for 1960 which is to be paid ¼ by 4/30, ½ by 6/15, and ¼ by 10/30.
7-01-61	Rate increase for incomes over $30,000.
9-09-61	Minor change in withholding procedure.
1-01-62	Allowance for accelerated deduction of losses in "disasters."
4-17-62	Provision for estimation of taxes and payment therefor.
4-19-62	Capital gains from stock distribution to be only 50% taxable (GM-DuPont divestiture).
6-21-63	Exempted income of non-resident partners whose income is not related to the state.
7-18-63	Changed definition of dependent.
12-17-63	Minor easing of refund procedure.
1-01-64	Union dues made deductible.
6-09-65	Foreign corporations withholding Delaware income taxes must post surety bond.
1-01-66	Interest rate for late payments raised from 4% to 6%.
2-25-66	Federal gift taxes no longer deductible.
3-09-66	Provision making information returns (dividends, interest paid) more numerous.
1-01-67	Several definitions changed, non-residents now required to apportion deductions like income, end of reciprocal agreement with Maryland.
1-01-68	Added definition of a deduction for "Head of Household."

Effective Date	Description of Change
1-01-69	Notification of state required for those amending Federal returns, change in treatment of gain from sale of home, deduction allowed for care of dependents to free taxable for work.
6-19-69	Interest rate for refunds raised from 4% to 6%.
6-28-69	Interest rate for late payments raised from 6% to 12%.
7-10-70	Deduction up to $300 allowed for expenses of adoption.
7-14-70	Interest rate on refunds, late payments where extension is granted raised from 6% to 12%.
7-23-70	Establishment of Finance Department.
1-01-71	Renovation of the Personal income tas, estimation dates to coincide with those for federal taxes.
5-06-71	Those withholding more than $200 monthly must deposit those withholding monthly.
8-01-71	Rates increased for incomes over $20,000.
1-01-72	Capital Gains made only 50% taxable.
3-29-72	Date for April estimation changed from 15th to 30th.
1-01-73	Maximum income for those using exemptions raised, everyone now permitted to itemize deductions.
4-26-73	Interest now paid on refunds held over 45 days.
7-01-73	Taxes paid to subdivisions of other states no longer credited.
7-06-73	Capital Gains once again 100% taxable.
1-01-74	Rates raised at all income levels (10% increase).

OTHER FACTORS AFFECTING DATA - PERSONAL INCOME TAX

1962 - According to the Tax Department, this was a year of improved enforcement.

1962-65 - Court forced divestiture of stock by DuPont Company and family led to windfall capital gains inflating income tax receipts by 28.6 million dollars over the years noted.

1964 - Refunds were paid relatively earlier than in recent years.

1964,65 - Preliminary, final agreement of cooperation with Internal Revenue Service.

1964 - (December) Due to the Federal tax cut, many persons paid their state tax early.

1965 - All refunds out by end of July.

1966 - Tax Department extablished "Trouble Section" to notify delinquents.

1967 - Refunds went slowly (70% by end of July)

1968 - Refunds out relatively fast.

1968 - Tax Department went to Merit System of employment.

1969 - Refunds slow-75% by August 1, 100% by August 15.

1970 - Money appropriated for "modernization" of Tax Department.

1970 - Six new field auditors hired.

1970 - Refunds slow-some say on purpose to make fiscal 1970 look better on paper.

1971 - Division of Revenue began using computers.

1972 - Refunds very late--not all out until October.

1972 - According to independent autidors, the year marked a "significant turnaround in performance" by the Division of Revenue.

1973 - Refunds out quickly--resulted in $5 million paper cost in fiscal 1973.

1974 - Refunds out quickly--94% by May 30.

III. CORPORATION FRANCHISE TAX

The Franchise tax is the price a corporation must pay to enjoy the benefits of being incorporated under the laws of Delaware. This tax is levied upon all domestic corporations regardless of whether they do any business in the state.

Delaware is often referred to as "The Corporation State" because of the extraordinarily large number of incorporations here (including approximately 40% of the companies listed on the New York Stock Exchange, and a majority of the 100 largest corporations in the country). While the Delaware Franchise tax is not high, there are many states with lower ones, and others with no such tax at all. Thus, while the tax cost of locating in Delaware is certainly one factor affecting decisions on where to incorporate, the major "drawing card" of the state is its combination of an updated legal framework favorable to corporations and a predictable, efficient court system.

The tax is imposed on all corporations except banks, building and loan companies, companies with assets in unfriendly nations, agricultural cooperatives, drainage companies, and religious, charitable, and education organizations.

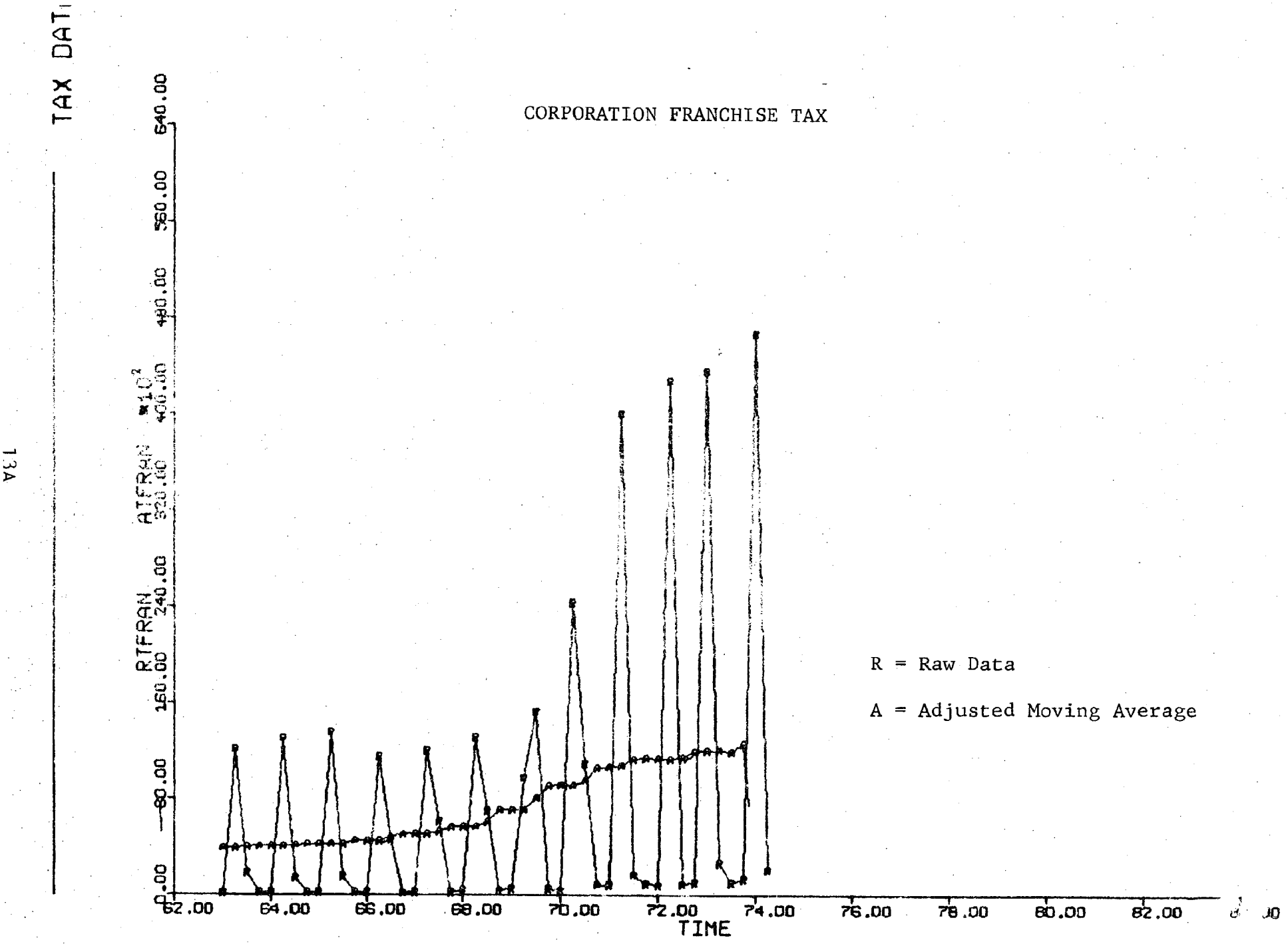
It is based on either the total number of authorized shares of capital stock or gross assets (a term left undefined until July 16, 1974), whichever calculates to be the lesser tax.

Corporations which are inactive for a tax year pay only 50% of the normal tax payment usually required.

An important feature of the Delaware system is the existence of both a minimum and a maximum tax ($20, $110,000, except Regulated Investment companies, for which the maximum is $55,000). A 1969 report showed that 30 companies were paying the maximum $110,000 figure, while 10 were paying the $55,000 maximum. The significance of these rates is evidenced by the fact that in 1962, General Motors acknowledged that without the ceiling, they would have owed $1,300,000 under the then existing rates. There has been constant debate as to what effect an increase in the maximum tax would have, would revenues be increased or would enough corporations leave the state or decide not to move here to make such an increase fruitless? Several studies have expressed the belief that since it is the General Corporation Law and not the Franchise tax that attracts corporations, significant untapped potential still exists and an increase in the maximum would be an easy way to increase state revenue. Those opposing such a move, including the Department of State, note that Delaware, while collecting less than some states in absolute dollars, relies on the franchise tax for a much greater percentage of its revenue than any other state. Because of the size of this percentage, those people do not want to risk losing the "goose that lays the golden egg."

Payment of the tax is due annually on March 1, and corporations in arrears for more than one year have their charters voided. Under a recently changed procedure, the corporations determine their own tax bill and file a return with their payment.

The tax is collected and administered by the Franchise Tax Division, Department of State.


TAX DATA
CORPORATION FRANCHISE TAX
RTFRAN
ATFRAN
0.00
80.00
160.00
240.00
320.00
400.00
480.00
560.00
640.00
62.00
64.00
66.00
68.00
70.00
72.00
74.00
76.00
78.00
80.00
82.00
TIME
R = Raw Data
A = Adjusted Moving Average

Adjustments of Franchise Tax Data

Several adjustments were made on the data for Franchise Tax collections.

First, recent changes in due dates necessitated a shifting of data from one month to another (for instance, data for July, for the years in which the tax was due July 1, was shifted to March, since the tax is now due on March 1) in order to have a consistent and usable pattern.

Because of late deposits arising out of Fiscal Year budgetary "games" the figures for June and July of 1969 were reversed.

Prior to the increase of the maximum tax to $100,000 (in 1961), $1,250,000 was added to each year's figures.

Prior to the 10% rate increase in 1970, all data was adjusted upward by a factor of 1.10 to compensate.

DELAWARE CODE CHANGES - CORPORATION FRANCHISE TAX

Effective Date	Description of Change
1-01-61	Maximum tax raised from $50,000 to $100,000. Maximum for Regulated Investment Companies stays at $50,000.
6-28-63	Minor procedural change shortening period for filing of annual report.
1-01-66	Minimum tax changed to $10 for companies with less than 1000 shares (was $5.50 for less than 250, $11 for 250-10,000). Review and appeal procedures changed.
9-01-66	Moved from Tax Department to Department of State.
7-15-69	Minimum tax raised to $20, maximum to $110,000, others up 10%.
1-01-70	Professional corporations no longer exempt.
7-01-70	Last day for payment changed from July 1 to June 1.
1-01-71	Corporations in arrears for one year will be voided (was 2 years).
7-05-71	Investigations of corporations failing to file made discretionary.
1-01-73	Last day for payment changed to March 1, corporations now figure out own tax and file returns.

OTHER FACTORS AFFECTING DATA - CORPORATION FRANCHISE TAX

1962 - Overstated relative to 1961 by delays (June, July, 1961)

1964 - Computers used by Tax Department for Franchise tax

1966 - Back to manual administration in State Department

1967 - Major revision of General Corporation Laws

1969 - July overstated by late reporting

1970 - Field audits began

1971 - State Department switched to computers

1973 - Return system more efficient, according to State Department

IV. CORPORATION INCOME TAX

The Delaware Corporation Income Tax was instituted in 1958, and is similar to taxes in neighboring states. Two departures from the "usual" corporation income tax are present and notable --Investment and Holding Companies are exempted, and liberal deductions are allowed with respect to intercorporate dividends and interest from investments. There have been recent moves to put the Delaware tax in line with the others, but so far these peculiarities remain at least partially in force.

Certain groups of corporations are exempt in addition to those named. Included in this category are insurance companies, domestic international sales corporations, fraternal organizations, corporations or trusts created for religious, charitable, scientific, or educational purposes, and non-profit corporations in general.

Both domestic and foreign corporations are subject to this tax, which is levied on net income from business activities and/or property within the state. If a company does all of its business in the state, taxable income is substantially that computed for federal purposes. Companies doing some business and/or owning some income producing property outside the state pay for only that part of their income connected with the state. This figure is ascertained by averaging three ratios (property

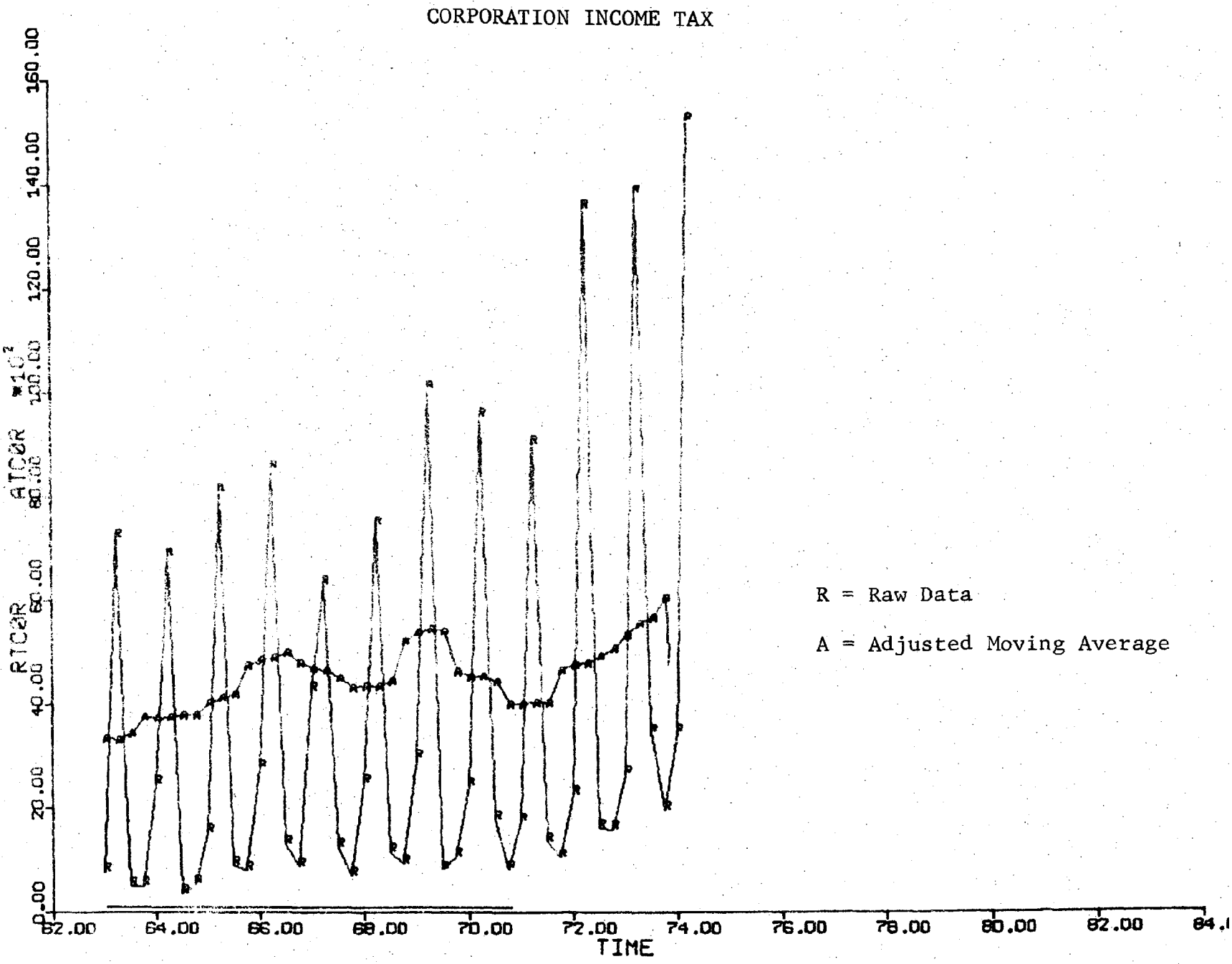
owned in the State/all property owned, wages and salaries paid in the state/all wages and salaries paid, gross receipts in the state/total gross receipts) and taking the resulting proportion of the company's total Federal net income.

The fact that Delaware has no sales tax, coupled with the fact that her neighbors do, means that non-residents often do their shopping in this state. Therefore, it is conceivable that changes in sales taxes in these neighboring states could affect sales, thus profits, and thus corporation income tax revenues in Delaware.

The present rate of the tax is 7.2%, and the tax is payable on the first day of the fourth month following the end of the company's fiscal year (about 60% are calendar year companies, paying on April 1). A tentative payment of an estimated 50% of the tax is made each year on the first day of the fourth month of the current year.

To encourage community awareness and improvement, a deduction of up to 5% of the tax or $50,000, whichever is smaller, is allowed to companies involved with "neighborhood assistance." This deduction cost the state over $550,000 in its first three years, but presumably, the benefit to the state from these assistance projects is such as to justify the deductions.

The tax is collected and administered by the Division of Revenue, Department of Finance.


CORPORATION INCOME TAX
RTC2R
RTC2R *10^3
0.00
20.00
40.00
60.00
80.00
100.00
120.00
140.00
160.00
62.00
64.00
66.00
68.00
70.00
72.00
74.00
76.00
78.00
80.00
82.00
84.0
TIME
R = Raw Data
A = Adjusted Moving Average

Adjustments of Corporation Income Tax Data

There have been two rate changes since 1960 for which it was necessary to adjust the data.

In 1968, the rate was raised from 5% to 6% of net income, and then in 1971 the rate was upped to its current level of 7.2%.

Due to these changes, the data up to December 1969 has been multiplied by 1.44 while that up to December 1971 was upped by a factor of 1.20.

DELAWARE CODE CHANGES - CORPORATION INCOME TAX

Effective Date	Description of Change
4-06-60	Small change in refund procedure.
1-01-66	Interest rate for late payments raised, 4% - 6%.
1-01-68	Neighborhood tax credit introduced.
5-08-69	Penalty for failure to file up to 5% per month.
6-19-69	Interest rate for those granted extension raised, 4% - 6%.
6-28-69	Interest rate for late payments raised, 6% - 12%.
7-01-69	Tax rate raised, 5% - 6%, tax base widened to include some of interest, capital gains, interest.
7-14-70	Interest rate for those granted extension raised, 6% - 12%.
7-23-70	Shifted to Department of Finance.
8-01-71	Surcharge into effect, 20% of tax
1-01-72	Domestic international sales corporations exempted.
7-01-72	Neighborhood tax credit changed to deduction.
1-01-73	Expenses relating to interest income from U. S. securities must be added in to get Delaware taxable income, discretion allowing in weighting of three factors for non-residents, no interest is to be charged for an underestimation if it is at least as great as the previous year's actual income, but in general penalties for lateness, etc. apply to tentative payments.
7-01-73	Surcharge ends.
7-06-73	Tax rate raised to 7.2%, refunds are to be paid from General fund.

OTHER FACTORS AFFECTING DATA - CORPORATION INCOME TAX

1960 - Steel strike

1962 - According to the Tax Department, this was a year of improved enforcement

1965,66 - Enforcement again stepped up

1968 - Tax Department went on Merit system for employment

1970 - Money appropriated for "modernization of Department"

1970 - Major strikes

1970 - Field audits began in July

1971 - Department began to use computers

1972 - Independent auditors noted "a significant turnaround in performance" by Division of Revenue.

V. MOTOR FUEL TAXES

The Delaware Motor Fuel Tax is divided into two parts--the Gasoline Tax and the Special Fuels Tax. The current rates are 9¢ per gallon for gasoline and 8¢ per gallon for special fuels.

The tax is imposed on all motor fuel sold at retail or used in the state. Fuel sold to the state or its political subdivisions and that used for private use of the streets and highways (such as for lawn mowers, farm vehicles, boats, airplanes, etc.) is exempt from the tax.

Distributors and retailers must make reports and pay their taxes monthly. Both distributors and retailers must also be licensed, and bonded.

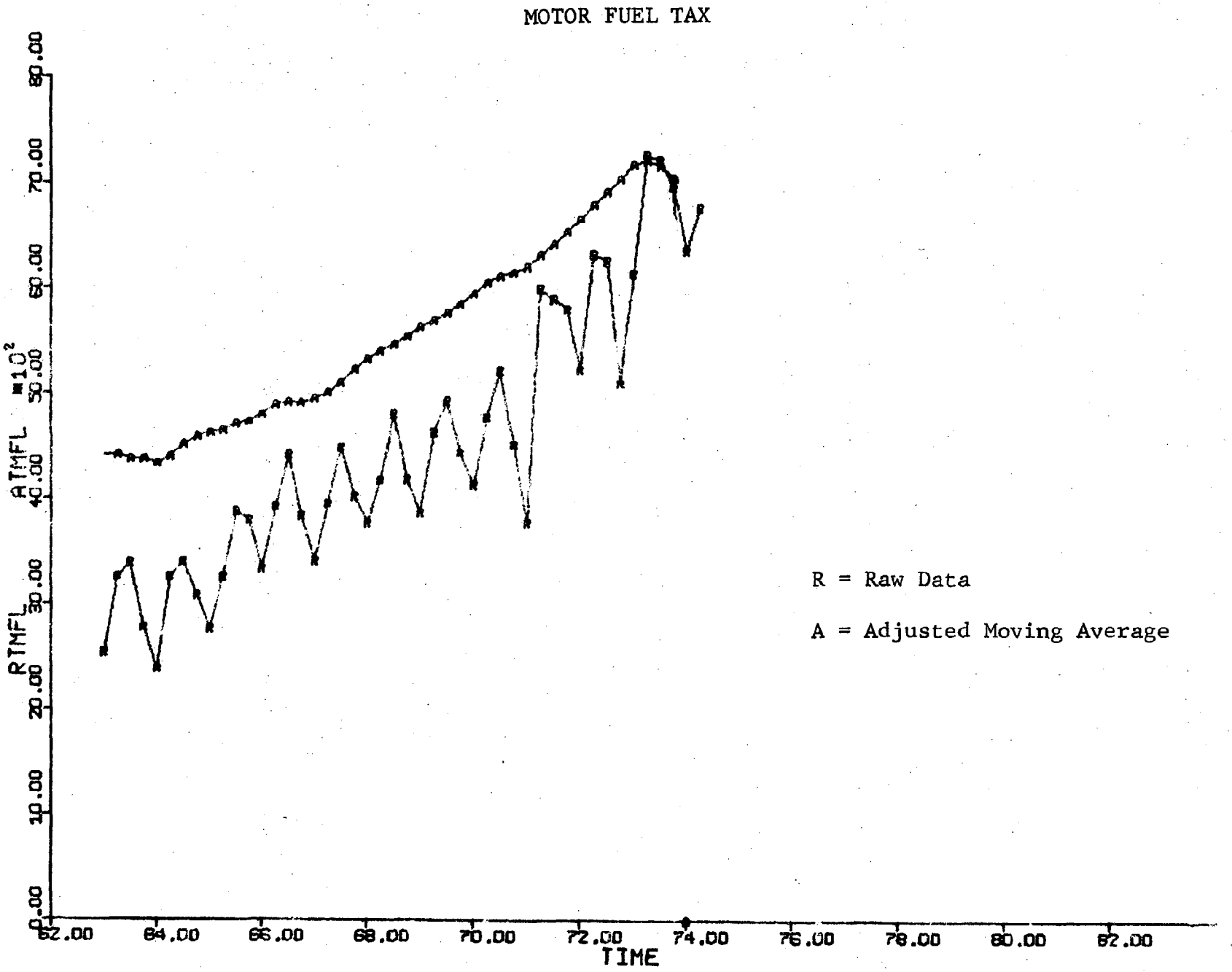
There is a related tax which indirectly affects the Motor Fuel tax receipts. That is the Motor Carriers Road Tax. This has been imposed to assure that users of the state's highways pay their share of the expenses of maintaining the roads even if they do not purchase their fuel here. Undoubtedly, the imposition of this tax and the way it is set up have caused many road users to buy their gas, or at least part of it, in Delaware.

The Motor Fuel Tax is typical of a consumption based tax

in that it affects the incomes of lower middle class taxpayers more (percentage-wise) than it affects others.

The tax is collected and administered by the Motor Fuel Tax Division, Department of Public Safety.

TAX DATA


MOTOR FUEL TAX
RTMFL ATMFL ■10²
0.00
10.00
20.00
30.00
40.00
50.00
60.00
70.00
80.00
62.00
64.00
66.00
68.00
70.00
72.00
74.00
76.00
78.00
80.00
82.00
TIME
R = Raw Data
A = Adjusted Moving Average

Adjustments of Motor Fuel Tax Data

There were three different types of adjustments made in the data for Motor Fuel Tax collections.

One type had to do with a late report by one large oil company. This resulted in changes of the figures for December 1973 (from $1,891,000 to $2,142,000) and January 1974 (from $2,557,000 to $2,234,000).

The second type of adjustment was due to procedural inefficiencies while the tax was the responsibility of the Division of Revenue, from July 23, 1970, until July 17, 1973. The data during this period has been smoothed into a more regular pattern, while the overall total has been retained.

The other type of adjustment was due to the various rate changes. The rate went from 5¢ per gallon to 6¢ on December 15, 1961, to 7¢ on August 1, 1965, to 8¢ on August 1, 1971, and to 9¢ on August 1, 1973. On July 1, 1967, sales to the state and its political subdivisions were exempted from the tax, and this led to an adjustment of about 2%. The following factors were used to properly adjust the data for these changes in rate (actual or effective): 1.764 up to 12/61; 1.47 up to 8/65; 1.262 up to 6/67; 1.28 up to 8/71; and 1.125 up to 8/73.

DELAWARE CODE CHANGES - MOTOR FUEL TAX

Effective Date	Description of Change
12-15-61	Rate raised for all fuels from 5¢ per gallon to 6¢.
7-16-63	Tax divided into Gasoline, Special Fueld, procedures revamped, provisions for licenses, bonds instituted.
6-09-65	Maximum rebate from this tax to municipalities raised from 1.2 to 2 million dollars (no effect on receipts).
8-01-65	Rate for both classes raised from 6¢ to 7¢.
7-01-67	Sales to the state and subdivisions thereof exempted.
7-01-70	Institution of Motor Carriers Road Tax
7-23-70	Collection and administration duties moved from Highway Department to Finance Department.
8-01-71	Rate for both classes raised from 7¢ to 8¢.
1-01-71	Adoption of reciprocal agreement with other states regarding exemption from Motor Carriers Road Tax--presently affecting only Pennsylvania, but potentially any other state adopting similar agreements.
7-17-73	Collection and administration duties moved from Finance Department to Department of Public Safety.
8-01-73	Rate for gasoline only temporarily raised (through 6-30-74) to 9¢ (was permanently raised to 9¢ in June of 1974).

OTHER FACTORS AFFECTING DATA - MOTOR FUEL TAX

1964 - Completion of Delaware Turnpike

1973,74 - Fuel crisis, voluntary rationing

Gasoline tax rates in neighboring states per gallon

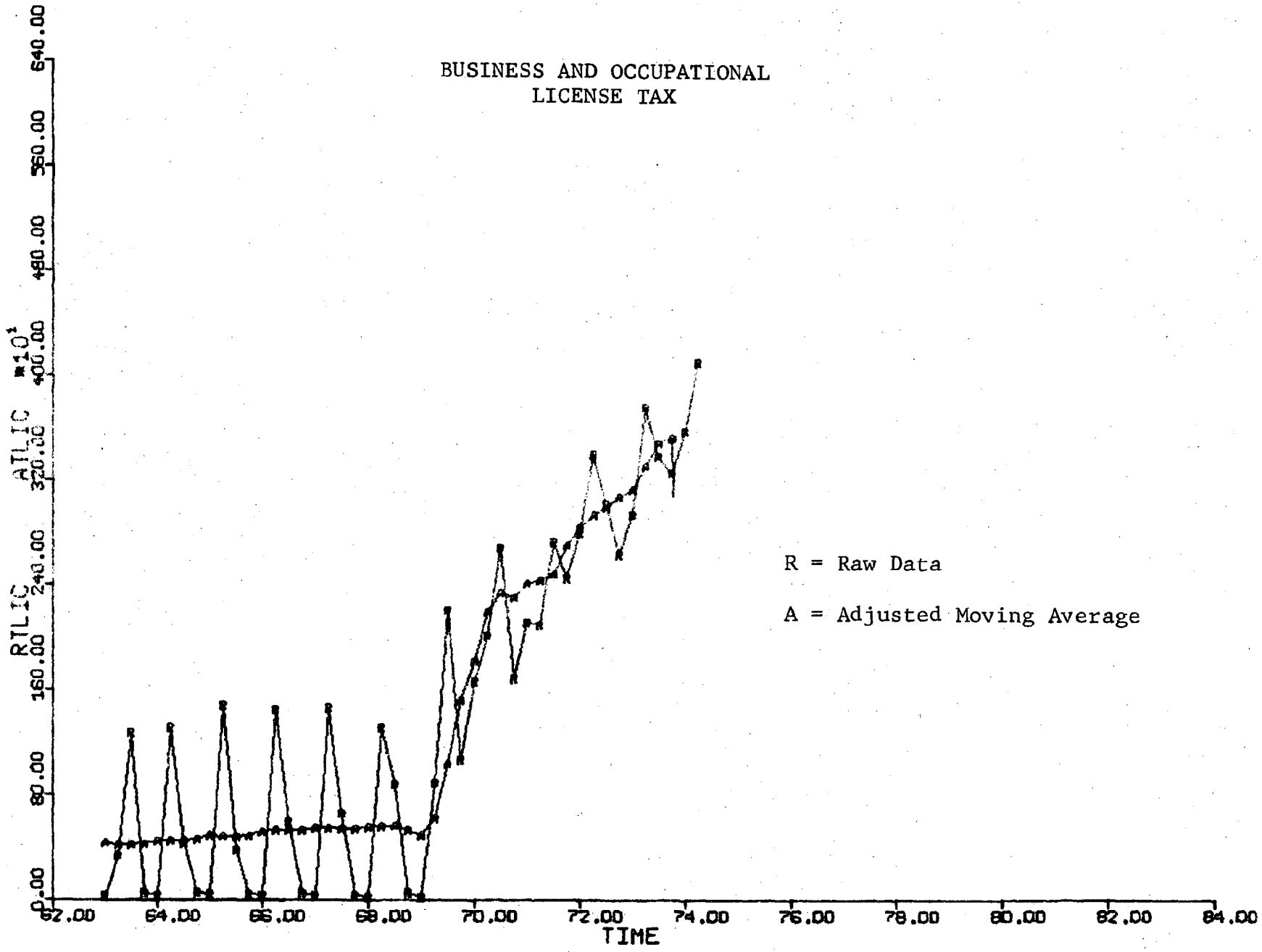
	1959	60	61	62	63	64	65	66	67	68	69	70	71	72	73
Del.	5	5	5	6	6	6	6/7	7	7	7	7	7	7/8	8	8/9
Md.	6	6	6	6	6	6	7	7	7	7	7	7	7	7	9
Pa.	5	5	7	7	7	7	7	7	7	7	7	7	8	8	8
N.J.	5	5	6	6	6	6	6	6	6	6	7	7	7	7	8

VI. BUSINESS AND OCCUPATIONAL LICENSE TAX

Licenses are required in Delaware for the privilege of performing certain occupations and conducting certain businesses. Licenses perform both regulatory and revenue functions in that the standards set for issuance of licenses act to regulate while the fees help to build state revenue.

Prior to 1969, rates were quite low, the tax base was fairly narrow, and enforcement was almost non-existent. However, since then, licensing has been updated in all areas. The biggest changes are in the areas of gross receipts of wholesalers, contractors, manufacturers, and others, and of purchases by retailers. In addition to a flat annual fee of $30 (payable on July 1), each of the above mentioned persons or companies must pay a percentage of their gross receipts or, in the case of retailers, purchases. The fact that retailers pay a percentage of their purchases rather than receipts can be criticized for leading to a higher percentage tax on low mark-up items than on high mark-up goods. The 1969 revision of the law increased the percentage rates drastically and established a system whereby these "fees" are paid quarterly. These gross receipts and purchases percentage fees dominate the totals for this tax category in that they account for approximately 90% while the flat licensing fees account for only about 10%.

The Business and Occupational License Tax is collected and administered by the Division of Revenue, Department of Finance.


BUSINESS AND OCCUPATIONAL
LICENSE TAX
RTLIC ATLIC *10¹
0.00
80.00
160.00
240.00
320.00
400.00
480.00
560.00
640.00
62.00
64.00
66.00
68.00
70.00
72.00
74.00
76.00
78.00
80.00
82.00
84.00
TIME
R = Raw Data
A = Adjusted Moving Average

Adjustment of License Tax Data

Because of the massive changes on July 1, 1969, which brought the License Tax from a relatively minor tax position into prominence as a substantial revenue source, comparisons cannot realistically be made from one side of that data to the other. Therefore, no adjustments of importance were made to the prior data.

However, the newer data has been updated to keep it in line with current receipts. Twice, there were lump sums paid as a result of court action for back taxes. These sums ($1,100,000 from General Motors in August, 1969, and $132,000 from Delmarva Power and Light in October, 1971) have been deducted from the data as they are misleading to anyone trying to discover payment patterns and trends.

Beginning in May, 1970, the exemption from the mercantile tax was raised from $25,000 per year to $20,000 per quarter. The effect of this was about a 4% drop in license tax receipts. In August, 1971, the gross receipts tax rate for manufacturers was raised from .1% to .2%, and since this area of the tax (manufacturers gross receipts) represents about 27% of the total, this change had an effect similar to an overall 13% rate increase.

The two aforementioned changes were adjusted for by

multiplying the data for the period after July 1, 1969, and before September, 1971, by 1.13, and that between July 1, 1969, and May, 1970, by an additional factor of .96.

DELAWARE CODE CHANGES - BUSINESS AND OCCUPATIONAL LICENSE TAX

Effective Date	Description of Change
	Throughout period--minor changes in rates, base.
7-01-69	Massive revision of rates, base, procedures, including: Contractors from $5, 1/10% to $30, 1/2% Manufacturers from $5, 1/40% to $30, 1/10% Wholesalers from $5, 1/7% to $30, 1/5% Retailers from $5, 1/7% to $30, 4/5%
4-30-70	Mercantile exemption raised from $25,000 per year to $20,000 per quarter.
7-23-70	Collection and administration moved to Finance Department.
8-01-71	Rate for manufacturers raised from 1/10% to 2/10%.
6-30-73	All sales to the state classified wholesale.

OTHER FACTORS AFFECTING DATA - BUSINESS AND OCCUPATIONAL LICENSE TAX

Throughout 1960's--Most lax area of collection

1963 - Some recording of payments delayed by shift to computer

8-19-69 - General Motors paid $1,100,000 in back fees

9-22-71 - Delmarva Power and Light paid $132,000 in back fees

1972 - Massive effort by officials to enforce existing laws

Also note sales taxes of neighboring states (accompanying material on Corporation Income Tax), for changes in these taxes may cause more persons to shop in Delaware, thus affecting fees for the businesses involved.

VII. TOBACCO TAXES

The tobacco taxes of Delaware are divided into two divisions--cigarettes and other tobacco products. Cigarette taxes are based on each ten cigarettes sold, so that the present tax of 7¢ leads to an effective tax of 14¢ per package of twenty cigarettes.

The cigarette tax is imposed by requiring a stamp on each package transferred in Delaware. A stamp is applied only once per package and must be affixed by the first possessor in the state. Stamp affixers must pay for their stamps by the end of the month following their purchases, except that all stamps purchased in June must be paid for in June for fiscal year accounting purposes.

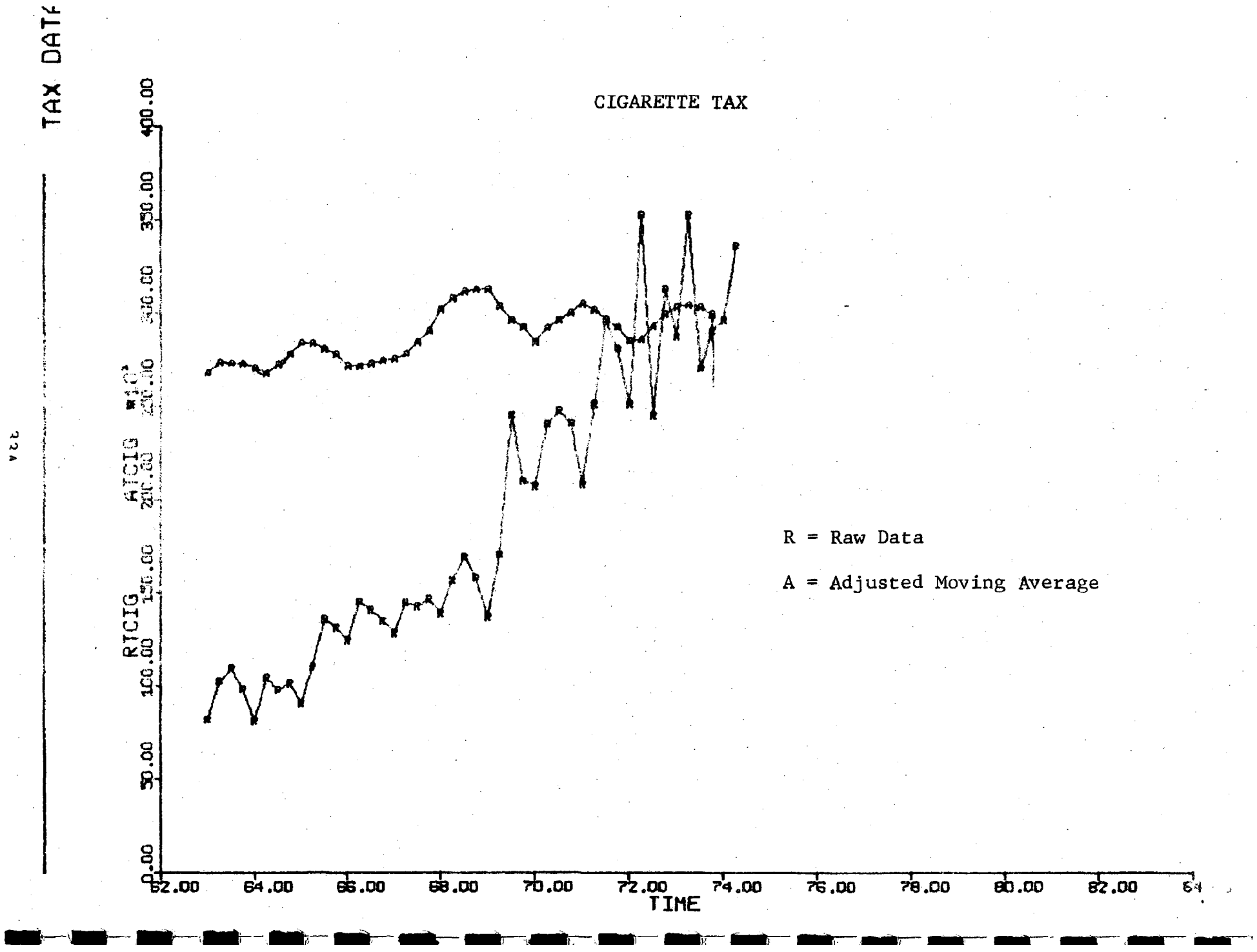
This tax is quite regressive, taking a significantly higher proportion of a taxpayer's income, the lower that income is.

Rates vary widely from state to state and constitute a significant percentage of the price to the consumer, so any changes in the tobacco tax rates between neighboring states can have unexpected results (for instance, even if the overall elasticity of demand for cigarettes is very slight, the availability of lower taxes nearby could lead to an actual decline or more likely a diminution of the expected increase in revenue

following an increase in tax rate in some circumstances). Delaware, being a very small state, is especially vulnerable to such effects.

The tax on other tobacco products (30% of the wholesale price) was instituted in 1969, but after collections of only 23¢, a court test led to the invalidation (on Constitutional grounds) of the method of imposing the tax. The tax is still on the books, however, and it seems that it would be a very simple procedure to begin enforcing it. Nevertheless, it has been lying dormant for almost five years.

The cigarette tax is collected and administered by, and the power to collect and administer the tobacco products tax lies with, the Division of Revenue, Department of Finance.


TAX DATA
CIGARETTE TAX
RICIG
0.00
50.00
100.00
150.00
200.00
250.00
300.00
350.00
400.00
62.00
64.00
66.00
68.00
70.00
72.00
74.00
76.00
78.00
80.00
82.00
TIME
R = Raw Data
A = Adjusted Moving Average

Adjustments of Tobacco Tax Data

Two types of adjustments were made in the Tobacco Tax Data. First, because of payment deadlines, June is a big collection month and July a small one. This is a recent development, and data for those years prior to 1971 have been changed accordingly.

The tax rate has changed several times: from 3¢ to 5¢ per pack of 20 cigarettes in 1961; to 7¢ in 1965; to 11¢ in 1969; and to 14¢ in 1971. Adjusting for these changes meant multiplying the data by the following factors: before November 1961, 4.67; up to July 1965, 2.80; up to June 1969, 2.00; up to July 1971, 1.273.

DELAWARE CODE CHANGES - TOBACCO TAX

Effective Date	Description of Change
11-01-61	Rate raised from 1½ to 2½ cents per ten cigarettes.
6-01-64	General provisions, procedures of tax updated.
8-01-65	Rate raised from 2½ to 3½
12-22-65	Penalties for evasion of the tax tightened.
7-01-69	Rate raised from 3½ to 5½, 30% tax on other tobacco products imposed.
7-23-70	Responsibility of collection, administration to Finance Department.
8-01-71	Rate raised from 5½¢ to 7¢, stamp affixers now allowed to pay for stamps by end of month following purchase, except in June (previously, payment was required upon purchase).

OTHER FACTORS AFFECTING DATA - TOBACCO TAX

1962 - Field audits began

1965 - Completion of Delaware Turnpike--hurt sales (fewer stopping points)

1966 - State joined a multi-state cooperative to cut down on illegal imports and sales (The North Carolina Operation)

1968 - Increased efficiency, according to the department

1969 - December 17--Court of Chancery finds collection procedure for tobacco products unconstitutional

Rate of tax per twenty cigarettes

State	1959	60	61	62	63	64	65	66	67	68	69	70	71	72	73
Del.	3	3	3	5	5	5	5/7	7	7	7	7/11	11	11/14	14	14
Md.	3	3	3	6	6	6	6	6	6	6	6	6	6	6	6
Pa.	5	6	6	6	6	8	8	8	8	13	13	18	18	18	18
N.J.	5	5	5	7	7	8	8	8	11	14	14	14	14	14	19

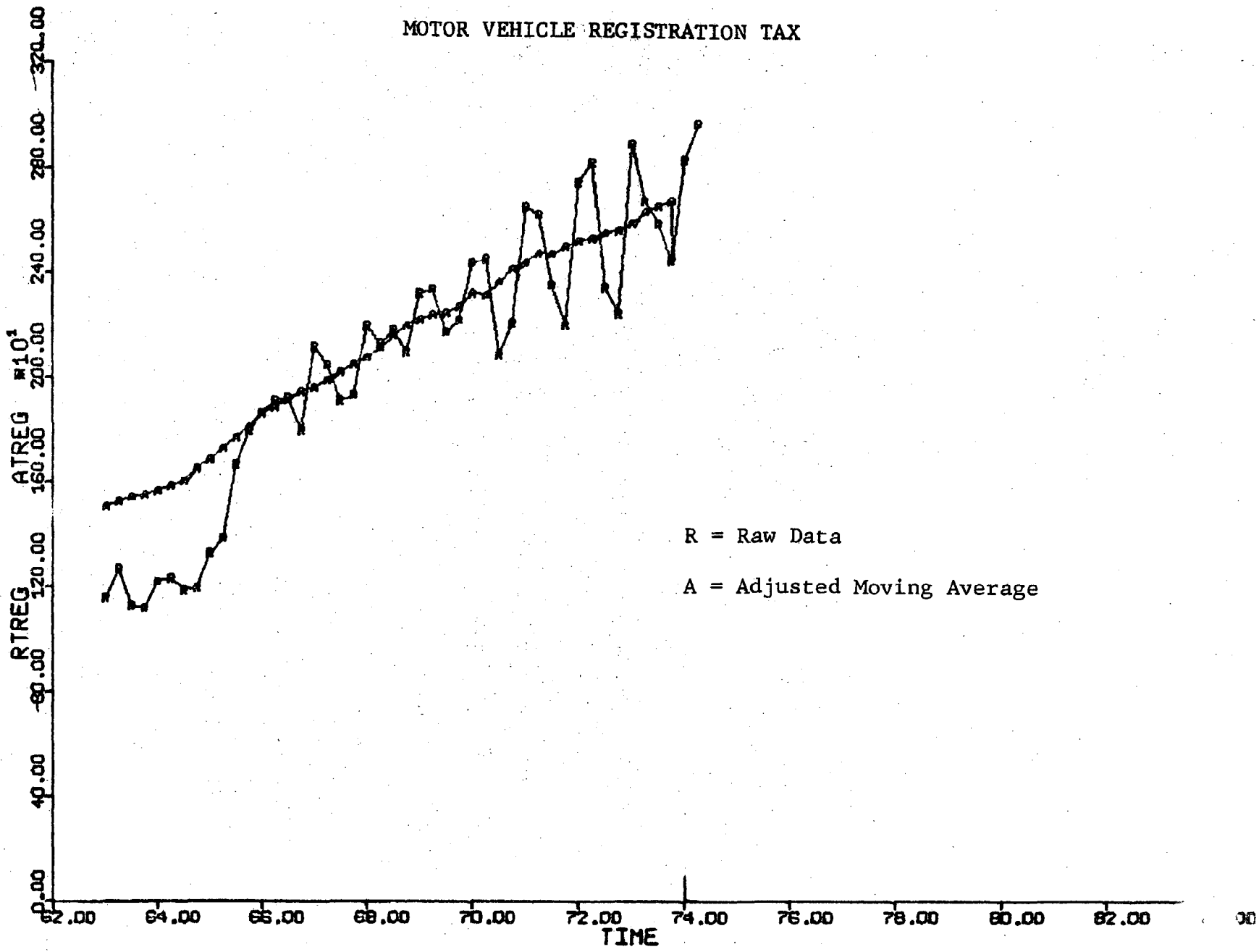
VIII. MOTOR VEHICLE REGISTRATION

All motor vehicles, trailers, semi-trailers, and pole trailers that are "driven or moved" must be registered and licensed by the state.

There is a flat rate of $20 per year for "pleasure vehicles," a category that encompasses the vast majority of registered vehicles. The other classes have rates based on the weight of the individual vehicle. The pleasure vehicle rate once was also determined by weight, and the change to a flat rate has brought much criticism from those who feel that the small car owners are paying part of what the big car owners should be paying.

The licenses are valid for one year, and they expire at the end of the corresponding month in which they were issued the previous year. A recent change from quarterly expirations was effected in order to spread the vehicle inspection load out as much as possible and thus to lessen the peak load problems around the deadline dates.

These regulations are administered and fees collected by the Department of Public Safety.


MOTOR VEHICLE REGISTRATION TAX
ATREG
RTREG
*10¹
0.00
40.00
80.00
120.00
160.00
200.00
240.00
280.00
320.00
62.00
64.00
66.00
68.00
70.00
72.00
74.00
76.00
78.00
80.00
82.00
TIME
R = Raw Data
A = Adjusted Moving Average

Adjustments of Motor Vehicle Registration Data

In 1965, there was a rate change for pleasure vehicles. Prior to the change, those pleasure vehicles weighing more than 4000 pounds were taxed at $16 per year, while those weighing less were taxed at $10. After the change, the two classes were eliminated, and all pleasure vehicles were and still are taxed at a rate of $20 per year.

Since the time of the change, light pleasure vehicles have accounted for about 75.9% of the total tax receipts from pleasure vehicles, and heavy ones about 24.1%, for an overall net increase of 81.9% in the pleasure vehicle category. Since pleasure vehicles were about 39.7% of the total Motor Vehicle Registration Tax, the net effect of the change was an increase of 32.5%, so all data prior to July, 1965, was multiplied by 1.325.

DELAWARE CODE CHANGES - MOTOR VEHICLE REGISTRATION TAX

Effective Date	Description of Change
9-29-61	Small rate increase in some minor areas
7-01-65	Pleasure vehicle rate raised from $10 (up to 4,000 pounds), $16 (over 4,000 pounds) to $20 (regardless of weight).
6-30-70	Changed from quarterly to monthly expirations.
7-06-70	Collection and administration duties moved from Highway Department to Department of Public Safety.
5-21-73	New category introduced, recreational vehicles.

IX. INHERITANCE AND ESTATE TAXES

Delaware employs both an estate tax and an inheritance tax. The former exists merely to make use of allowances in the corresponding federal law. The latter, which comprises the bulk of the revenue from this source, has a fairly complex rate system, broken down by the amount of the inheritance and the relation of the giver to the receiver (higher rates for more distant relations).

This tax is extremely unpredictable as far as receipts are concerned. Delaware is such a small state (population-wise) that the death of a single very rich person will cause a notable upturn in any year's inheritance taxes. While actuaries can give us a reliable estimate as to the number of Delawareans who will die in any given year, they cannot accurately predict when members of the DuPont family will die. Such a prediction would be needed in order to make any usable forecast of receipts from this tax. The only viable alternatives are (1) to not make predictions regarding this tax, and to consider its proceeds as a windfall of sorts, or (2) to make rough predictions for receipts over a large number of years, and use those receipts for some long term goal.

These taxes are collected and administered by the Division of Revenue, Department of Finance.

TAX DATA
INHERITANCE AND ESTATE TAX
R = Raw Data
A = Adjusted Moving Average
RTEST
ATEST *10²
TIME
0.00
20.00
40.00
60.00
80.00
100.00
120.00
140.00
160.00
62.00
64.00
66.00
68.00
70.00
72.00
74.00
76.00
78.00
80.00
82.00
84.00

DELAWARE CODE CHANGES - INHERITANCE AND ESTATE TAX

Effective Date	Description of Change
7-30-71	Redefinition of brackets in some areas, and extensive rate increase in all areas of inheritance taxes.
9-30-71	Implementation of State Gift Tax.

X. ALCOHOLIC BEVERAGE TAX

Taxes are imposed on the distribution of alcoholic beverages in Delaware. All makers, distributors, and retailers of such beverages must be licensed by the state. The tax is imposed on whoever makes the beverages within the state, and whoever brings them already made into the state.

Although tax rates vary widely from state to state and constitute a large percentage of the price to the consumer, probably the largest factor causing Delawareans to buy liquor and beer in other states (which is technically illegal except for one quart per person per day, but unofficially permitted) is the existence of fair trade laws that wholesalers use to their advantage to force sellers in this state to charge articicially high prices. Because of these "laws," discount liquor stores in Maryland are easily able to undersell their "competitors" on this side of the state line.

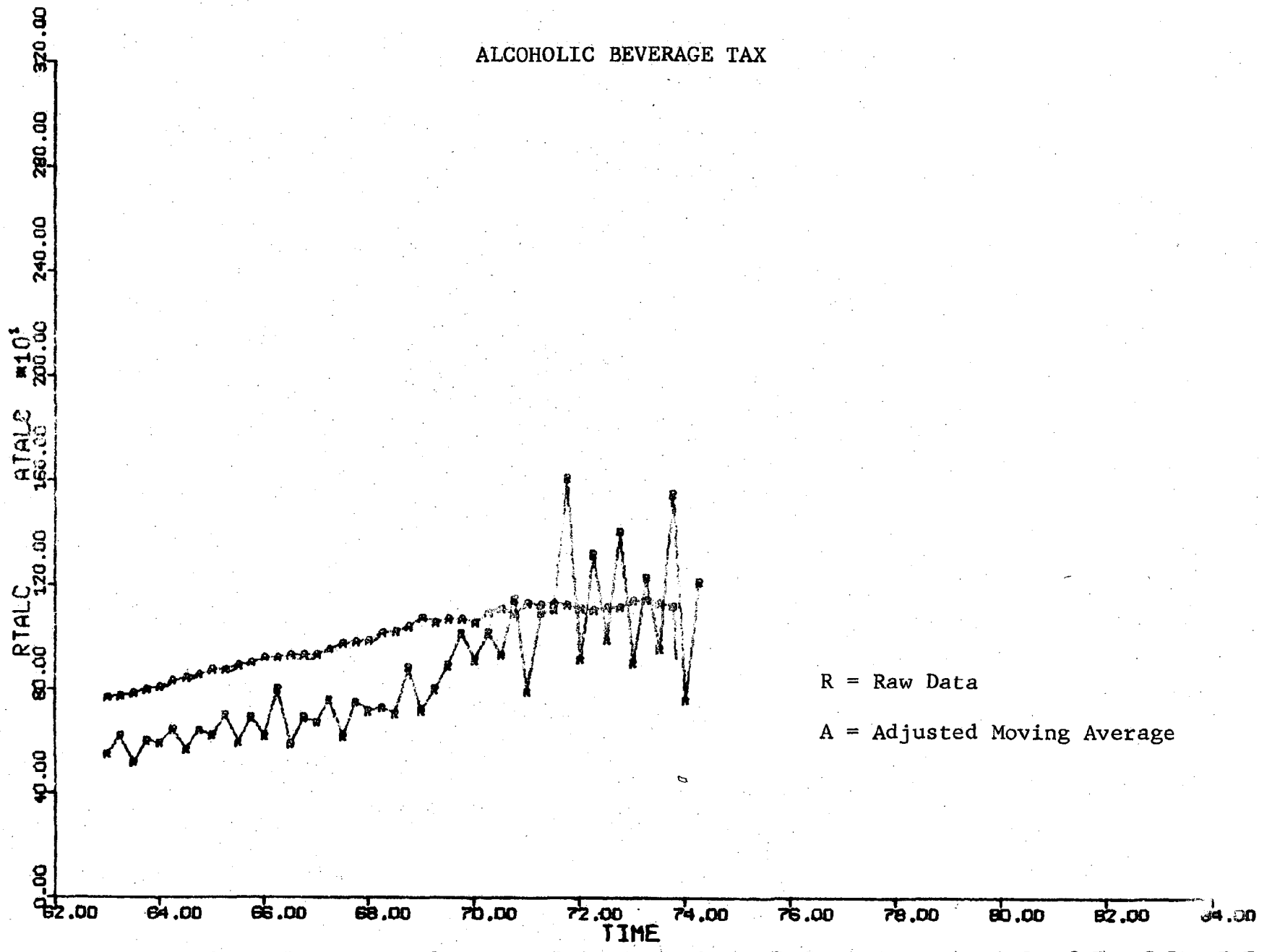
The current rates are:

Per barrel of Beer -- $2
Per gallon of Wine -- $.40
Per gallon of Spirits
25% of less ethyl alcohol -- $1.50
more than 25% ethyl alcohol- $2.25

The tax on spirits of more than 25% ethyl alcohol brings in about half of the receipts. Beer is the next most productive area, followed by wine, and then spirits of less than 25% ethyl alcohol.

These taxes are collected and administered by the Division of Revenue, Department of Finance, with aid from the Alcoholic Beverage Commission.

TAX DATA


ALCOHOLIC BEVERAGE TAX
RTALC
ATALC
*10¹
0.00
40.00
80.00
120.00
160.00
200.00
240.00
280.00
320.00
62.00
64.00
66.00
68.00
70.00
72.00
74.00
76.00
78.00
80.00
82.00
84.00
TIME
R = Raw Data
A = Adjusted Moving Average

Adjustments of Alcohol Tax Data

The Alcohol Tax Data as represented here is the sum of taxes on Wine, Beer, Spirits, and other things. The receipts from the Beer Tax comprise about 20% of the total and Wine Tax receipts come to about 10%. Spirits is divided in two groups depending on the ethyl alcohol content. The tax on spirits with less than 25% ethyl alcohol comprises only about 1% of the total, while that on spirits with 25% or more ethyl alcohol accounts for about 50%.

These percentages are vital to judging the effect of rate changes. Adjustments were made as follows.

In 1961, the Wine Tax was raised by 130%, so an adjustment of 13% was necessary. In 1969, the higher Spirits Tax rate was raised by 45%, so an adjustment of 22% was made. In 1971, both Spirits Taxes were increased (low by 67%, high by 36.4%) which led to an adjustment of 18%. Then in 1972, the Wine Tax was lowered by 50%, which necessitated a 5% adjustment.

Specifically, the overall (cumulative) factors were: 1.545 up to June, 1961; 1.368 up to June 1969; 1.12 up to July, 1971; and .95 up to September, 1972.

DELAWARE CODE CHANGES - ALCOHOLIC BEVERAGE TAX

Effective Date	Description of Change
6-23-61	Rate for Wine raised from 35¢ to 80¢ per gallon.
7-01-69	Rate for spirits more than 25%, from $1.15 to $1.65 per gallon.
7-23-70	Collection now by Finance Department.
8-15-71	Rate for spirits more than 25%, from $1.65 to $2.25 Rate for spirits no more than 25%, from $.90 to $1.50
10-01-72	Rate for Wine lowered from 80¢ to 40¢.
6-25-73	Overall revision of licensing of makers, distributers, retailers.

XI. PARIMUTUEL SALES AND ADMISSIONS

Revenues from Equine racing establishments is broken into three areas--Horse (Thoroughbred) racing, Horse Racing in Kent County, and Harness Racing.

Taxes are levied in each area both on a per capita attendance base and on the parimutuel handle. Current rates are 10¢ per admission for Harness Racing and Horse Racing in Kent County, 20¢ per admission for Horse Racing, 5% of the parimutuel handle for Horse Racing and Horse Racing in Kent County, and 5½% of the handle for Harness Racing (½% of this tax is earmarked for the Delaware Standardbred Fund).

These taxes are collected and administered by the Division of Revenue, Department of Finance with the aid of the State Racing Commission.

RACING DAYS

Year	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74
Dela. Prk.	55	54	54	52	55	55	55	55	61	60	61	65	64	65	65
Dover Downs (thoroughbred)	0	0	0	0	0	0	0	0	0	54	54	44	43	54	25
Dover Downs (standard bred)	0	0	0	0	0	0	0	0	0	0	42	85	78	74	75
Brandywine	*	*	*	*	*	89	75	92	100	101	101	101	101	104	138
Georgetown	*	*	*	*	*	0	68	58	77	65	44	18	29	0	(
Harrington	*	*	*	*	*	36	40	55	62	56	76	62	68	64	80
TOTAL	*	*	*	*	*	170	238	260	300	336	378	375	383	361	383

* Unavailable

TAX DATA

PARI-MUTUEL TAX
R = Raw Data
A = Adjusted Moving Average
RTHOR
0.00
80.00
160.00
240.00
320.00
400.00
480.00
560.00
640.00
62.00
64.00
66.00
68.00
70.00
72.00
74.00
76.00
78.00
80.00
82.00
84.00
TIME

Adjustments of Parimutuel Sales and Admission Tax Data

The rates for the various sources of this tax have changed numerous times (see Delaware Code Changes). Research showed that recently, the subdivisions paid approximately the following shares of the totals reported here: Horse Racing, 31%; Horse Racing in Kent County, 7%; and Harness Racing, 55%.

The above figures were used along with the rate changes as reported in the Delaware Code to come up with the following factors of adjustments: before June 1965, 1.36; up to July 1965, 1.274; up to June 1967, 1.099; up to December 1967, 1.116; up to May1970, 1.048; up to December 1970, 1.80; up to July 1971, 1.096; up to December 1971, .97.

This graph must be looked at in conjunction with the table concerning racing days through the years. The receipts by themselves are not regular enough to provide guidance, but when looked at along with the days, some conclusions may be drawn as to the effects of increases and decreases in meet lengths. A reliable adjustment for these changes can not be made because the elasticity of the tax receipts (by racing days) is not close enough to zero.

DELAWARE CODE CHANGES - PARIMUTUEL TAX

Effective Date	Description of Change
	Throughout period--additions to length of permitted meets (increase in total racing dates)
5-26-65	Horse Racing handle rate raised from 4½ to 5½%.
7-01-65	Harness Racing handle rate raised from 3½ to 4½%.
11-01-65	Georgetown Harness Track opened.
1-01-67	Law clarified to assure prompt payment of taxes weekly.
7-27-67	Horse Racing in Kent County section established, rates 10¢ per admission, 4½% of handle.
12-29-67	Harness Racing handle rate raised from 4½ to 5%.
3-08-69	Dover Downs opened.
5-28-70	Horse Racing handle rate lowered from 5½ to 5%.
1-01-71	Horse Racing handle rate lowered from 5 to 4½%.
8-01-71	Horse Racing handle rate raised from 4½ to 5½%. Horse Racing in Kent County handle rate raised from 4½ to 5%. Harness Racing handle rate raised from 5 to 5½%.
1-01-72	Horse Racing handle rate lowered from 5½ to 5%.

XII. REALTY TRANSFER TAX

The Realty Transfer Tax is a tax levied on the document transferring ownership of real property. It is levied not only on sales of land (with or without buildings thereon) but applies equally to sales of condominiums and transfers of rights under leases with a potential duration of at least five years. The present rate of the tax is 2% of value, and value is ascertained usually by sale price, but sometimes by other measures.

The tax is collected and administered by the Division of Revenue, Department of Finance.

TAX DATA

REAL ESTATE TAX
R = Raw Data
A = Adjusted Moving Average
RTREL
ATREL
*10³
0.00
40.00
80.00
120.00
160.00
200.00
240.00
280.00
320.00
62.00
64.00
66.00
68.00
70.00
72.00
74.00
76.00
78.00
80.00
82.00
84.0
TIME

Adjustments of Realty Transfer Tax Data

The only adjustment made in the Realty Transfer Tax data was due to a doubling of the rate as of August 1, 1971. The adjustment was multiplication of all previous data by 2.

DELAWARE CODE CHANGES - REALTY TRANSFER TAX

Effective Date	Description of Change
8-01-65	Effective date of the law (rate--1%).
7-23-70	Collection and administration duties transferred from Tax Department to Department of Finance.
8-01-71	Rate raised from 1 to 2%.
7-07-73	Condominiums and long leases made taxable when transferred.

XIII. INSURANCE TAXES

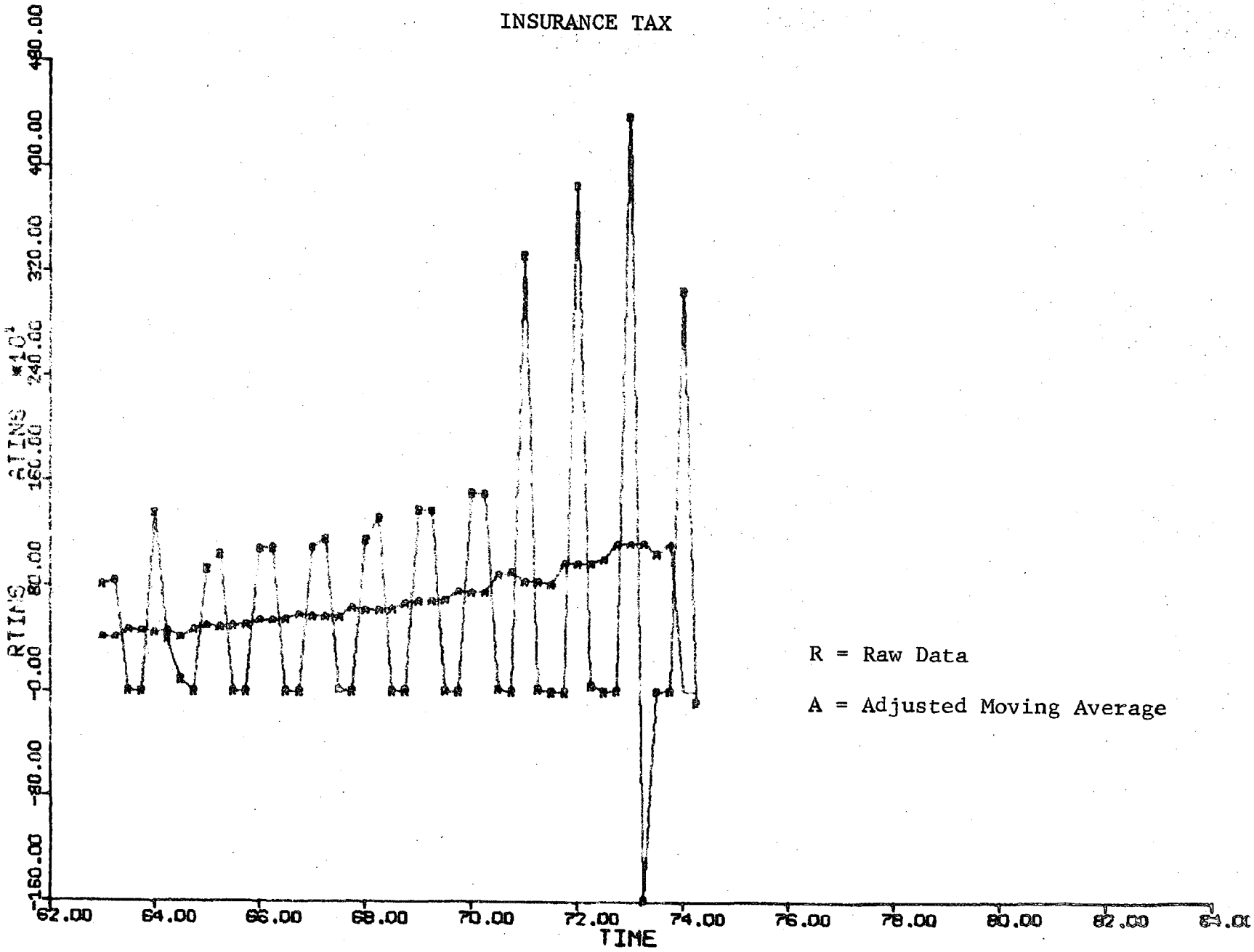
The Insurance Tax in Delaware is based on gross premiums received. The overwhelming majority of premiums are taxed at a rate of 1.75%.

A significant portion of the 1.75% tax goes to help fund fire companies, and that portion is determined each year by the amount of premiums paid for fire and related insurance.

Premiums for workmens' compensation insurance are taxed at a rate of 4%, while profits from marine insurance are taxed at 5%.

The tax is due March 1 each year, and is collected and administered by the Insurance Commission.

TAX DATA


INSURANCE TAX
RTINS
RTINS *10^1
480.00
400.00
320.00
240.00
160.00
80.00
-0.00
-80.00
-160.00
62.00
64.00
66.00
68.00
70.00
72.00
74.00
76.00
78.00
80.00
82.00
84.00
TIME
R = Raw Data
A = Adjusted Moving Average

Adjustments of Insurance Tax Data

Beginning in 1972, the Fire Tax was taken out of the 1.75% Insurance Tax receipts, rather than being collected separately. Therefore, each year beginning with 1973, an adjustment must be made to make up for the transfer of funds for this purpose.

Thus far, this transfer has been made as a lump sum in April, and amounted to $1,697,000 in 1973 and $1,780,000 in 1974. Adjustments were made to the data accordingly.

DELAWARE CODE CHANGES - INSURANCE TAXES

Effective Date	Description of Change
1-01-72	Fire tax now deducted from 1.75% tax receipts and transferred to a special fund instead of originally going into the special fund. Tax is now paid by all insurers, and not just fire insurers.

XIV. PUBLIC UTILITY TAX

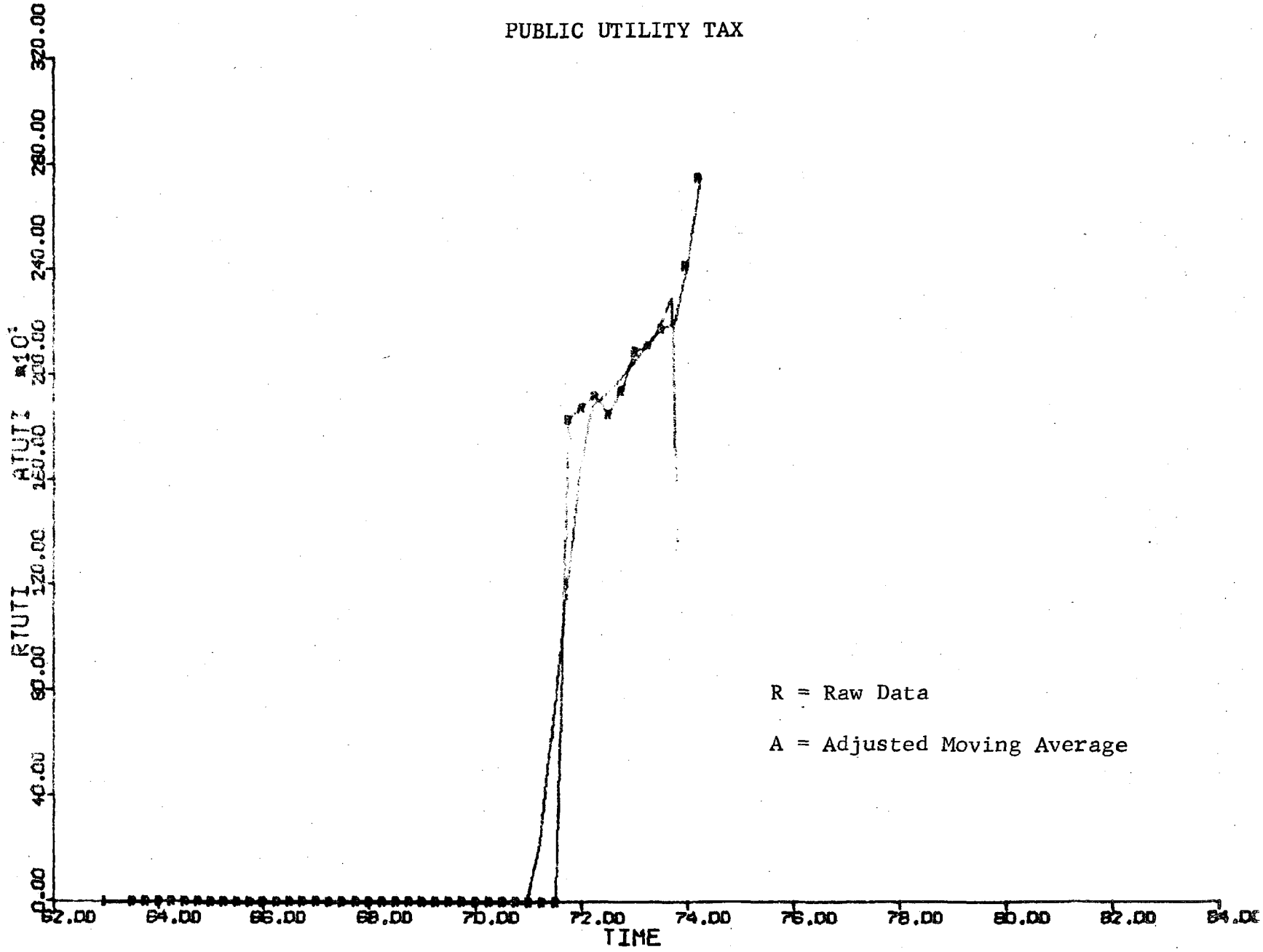
The Delaware Public Utility Tax is a tax placed on telephone, telegraph, gas, electricity, and cable television usage. It is imposed in addition to other taxes such as license taxes, income taxes, and specialized gross receipts and privilege taxes.

This tax in its present form was instituted in 1971, and has been criticized because of its regressive features; that is, it taxes essentials such as power for heating, cooking and lighting and as such, hits the low incomed the hardest.

The rate of the tax is 5% of the total cost to the consumer. The tax on telephone use is expressly passed on to the consumer and is noted as a tax on the bill as received from the telephone company. However, the taxes on telegraph, electricity, gas, and cable television are specifically written into the Delaware Code to be taxes on distributers and not on consumers, but another section of the Code allows regulated industries to change their rates so that changes in the tax will not affect their net receipts. Thus it appears that it is really a direct 5% tax on consumption of these utilities, and that the tax incidence does indeed fall directly upon the consumer.

The tax is paid by the distributers to the state monthly, by the 15th of the following month. It is collected and administered by the Division of Revenue, Department of Finance.

TAX DATA


PUBLIC UTILITY TAX
RTUTI
*10
320.00
280.00
240.00
200.00
160.00
120.00
80.00
40.00
0.00
62.00
64.00
66.00
68.00
70.00
72.00
74.00
76.00
78.00
80.00
82.00
84.00
TIME
R = Raw Data
A = Adjusted Moving Average

DELAWARE CODE CHANGES - PUBLIC UTILITY TAX

Effective Date	Description of Change
8-01-71	Law into effect.
7-01-73	Telephone use by the state and its political subdivisions exempted from the tax.

XV. OTHER TAXES

For convenience and due to their size relative to revenue generating abilities, the remaining revenue sectors are consolidated into one category, OTHER TAXES. Obviously, since they are consolidated, there will be no list of code changes or adjustments to this series. In the future, if their size or economic significance warrants it, one or all of these series will be analyzed independently. Presently, as set out in the monthly reports of the Department of Finance, they are as follows:

a. Corporation Fees
b. Motor Vehicle - Operator License Fee
   - Document Fees
   - Titling Fees
   - Reference Fees
c. Dividend and Interest
d. Hospital Board and Treatment
e. Court Fines and Costs
f. Motor Carrier Use
g. Telephone and Telegraph
h. Public Accommodation
i. Gift
j. Del. Tech. Tuition
k. All Other Revenue
l. Non-Revenue

As the graph shows, these sectors when lumped together are becoming more and more important as a revenue source and must be carefully considered when forecasting state revenues.

ALL OTHER TAXES
R = Raw Data
A = Adjusted Moving Average
TIME
82.00
84.00
86.00
88.00
90.00
92.00
94.00
96.00
98.00
00.00
02.00
04.00

PRELIMINARY ANALYSIS OF DELAWARE EMPLOYMENT IN NINE MAJOR INDUSTRIAL SECTORS

by
The Delaware Econometric Model Group

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The Delaware Econometric Model Group*

September, 1974

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This report was prepared by the Delaware Econometric Model Group under contract with the Delaware State Planning Office.

ACKNOWLEDGEMENTS

The title page of this report lists only the names of the directors and manager of the Delaware Econometric Model Group. The list of individuals who contributed essentially to the report is far more extensive. It includes all the students who have worked with us over the past nine months, the private businesses, agencies and individuals who have been supportive of our efforts to model the State's economy.

Especially deserving of mention are David Truesdale, who collected and verified much of the data, John Lew Silver, who ably accomplished computer programming and analysis for us, and Kevin Dunleavy and Michael Pilot, who developed the individual sectoral equations discussed in the report. We are also grateful to the State Planning Office for the financial support which made the research reported herein possible.

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INTRODUCTION

The objective of this report is to examine the aggregate relationships between Delaware industries and the factors affecting them. Since this is a preliminary analysis, future reports will refine the comments and relationships identified herein.

The industrial sectors considered in this report are highly aggregated. The whole Delaware economy is considered to consist of only nine sectors: chemicals, transportation equipment, other manufacturing, construction, agriculture, Federal government, services, retail trade and wholesale trade. This level of aggregation is necessary in a preliminary analysis to identify the major factors contributing to variation in the economic activity of the sectors. In examining less highly aggregated industrial sectors, far more period-to-period variability would be present, thus masking the underlying relationships causing that variability. It is felt that by first examining aggregate relationships in which less variability appears, the major factors influencing industries in the Delaware economy can be identified. Future studies can then refine these factors to determine their impacts on less highly aggregated industries in the state.

Many aggregate models of the United States economy specify that the summation of all activities, GNP, can be divided into

five major categories: (1) government spending for goods and services and investment, G; (2) business spending for new plant and equipment, I; (3) household spending for goods and services, C; (4) spending by the three preceding agents for the products produced in other economies, M; and (5) spending by agents in other economies on the products of agents in the U. S. economy, X.

In equation form this can be expressed as:

$$GNP = C + I + G + X - M$$

Sufficient data are not available to summarize economic activity in the state of Delaware in the above categories. However, an alternative way of summarizing economic activities can be used which is very similar to the above method. In this method economic activity is classified by industrial sector rather than by agent (where the term "industrial" means specific economic activities thus encompassing all economic activities in the state including agriculture and retailing).

In this report the aggregate industrial sectors examined are the chemical industry, the transportation equipment industry, the agricultural industry, and the summation of all other manufacturing industries. These four sectors together constitute the major exporting sectors of the Delaware economy and their activities correspond roughly to the X activities in the above equation. The sector which most closely corresponds to an investment sector

is the state construction industry, another of the industries considered in this study. Corresponding most closely to government activity at the national level are state industrial sectors designated as federal government, local government, and state government sectors. Only the former is dealt with in this study. Corresponding to consumption spending of households at the national level are three sectors in the Delaware economy: wholesaling, retailing, and services.

Since quarterly output data are not available by sector for the Delaware economy, employment is used as a proxy for sectoral economic activity in this report. It is our future plan to estimate output and expenditures for each of the above sectors.

Since Delaware is a relatively small economy, other things being equal, it would be expected that activity in the Delaware economy would follow closely activity in the national economy. There are, of course, reasons why one would not expect this to be true in all cases. If a major proportion of some industry's total U. S. employment were in Delaware, then it would be expected that employment in this sector would be relatively independent of the U. S. total. Therefore, one might consider the preceding statement regarding an expected relationship between Delaware industry and national industry to be a hypothesis that will be subjected to tests, sector by sector, in this study.

In this report we examine only nine individual sectors, one at a time, and identify empirically some of the major factors

that explain variation in each sector's employment. Missing from this analysis are several more useful, quantitative measures such as the direct and indirect multipliers for each sector which account for the interrelationships among the sectors. The multipliers would show how changes in any of the sectors initially impact the Delaware economy and what the ultimate effects would be after the initial impact has been transmitted through all the interrelated sectors. This more sophisticated type of analysis requires both the simlutaneous estimation and the systematic simulation that can be produced only with the aid of an advanced econometric model. Such a model is now being developed for the State of Delaware. The analysis of this report represents preliminary work on necessary inputs to that econometric moedl, pointing out some of the dynamic interrelationships found to be important in the Delaware state economy and indicating how sectors interact in a sequential manner to lead to changes in personal income in Delaware.

1.0 ANALYSIS OF EMPLOYMENT IN NINE MAJOR SECTORS

We begin the analysis of employment by sector in the Delaware economy by concentrating on the export sectors which respond to changes in the level of national demand for particular products and in turn provide a driving force for the state economy. It will be seen that the following four industrial sectors (chemical, transportation equipment, other manufacturing, and agriculture) all respond to changes in the national demand for these products as indicated by changes in the national employment levels in these sectors. It will later be seen that the response of state employment in these export sectors in turn helps to provide the impetus for changes in the employment levels in the more locally-oriented sectors of the state economy (services, retail trade, and wholesale trade).

Before proceeding, we describe briefly the theoretical framework embodied in the following analysis. From a micro-economic point of view the quantity of labor employed in a particular sector as well as the wage level can be described within a supply and demand framework of the labor market. The demand for labor as an input into the production process is derived from the demand for the final output produced by the labor. In this sense the demand for labor is affected by factors which influence the level of demand for the product

which the labor is producing; such factors include the level of personal income, the level of GNP, the price level and, in some instances, may be proxied by national employment in the particular sector. In addition, the quantity of labor demanded responds to the wage rate currently being offered. For example, if wages rise or are expected to rise, producers can begin to substitute other factors-of-production such as land and capital equipment for labor. Of course, such substitution is not always possible and when possible generally takes a long period of time to be effected. Thus, the impact of changes in wage rates upon the demand for employment can be assumed to take several quarters, if not years. It is the demand-for-labor equations described here, with certain modifications, which will be estimated and discussed in the following portions of the paper. Turning to the supply side of the labor market, it is assumed in the analysis below that the wage rate in the particular sector within a quarter is determined by outside and past forces and does not vary with current levels of employment. Thus, for example, wages in the Delaware economy may be assumed, within a particular quarter, to be dependent upon such factors as national wages in the particular sector, past changes in local labor market conditions, recent changes in union contracts, etc. Thus it is assumed that the supply curve within a particular quarter is horizontal at the going wage.

The discussion of each sector below begins with a graph which compares Delaware employment with national employment in the sector since 1963 on a quarterly basis through the fourth quarter of 1972.[1] There are thus forty separate observations on national employment and state employment in each sector to use for making the comparison. Care must be taken in interpreting the magnitudes in each graph, however. In order to compare easily variations in state employment with variations in national employment, many of the graphs have had the state magnitudes adjusted upward by a factor which ranges from zero to one hundred. Therefore, one must note carefully what the adjusting magnitude is for each state series before comparing visually the absolute size of state employment to national employment in any sector. The factor by which each state employment series has been multiplied is clearly indicated on each graph.

After examining the graphical relationship between state employment and national employment in each sector, a statistical technique, multiple, least-squares regression analysis, is used to determine whether or not a significant proportion of the variation in state employment can be explained by variations in national employment in the sector. In those cases where this is

---

[1]Additional data on state employment are available through the second quarter of 1973. The source of the employment data is the U. S. Labor Department publication, Employment and Wages. The additional state data was obtained from the research division of the State Department of Labor.

not true, or where national employment alone provides an incomplete explanation, other factors are then examined to provide a better explanation of variation in the state employment for each individual sector. Again, it must be emphasized that since this is a preliminary report, no final conclusions regarding the factors influencing each sector can be drawn at this time. However, it is interesting to note that the factors which have been identified for most of the sectors explain a very high percentage of the variation in employment in the sector.

In some cases the relationship specified may not represent intuitively appealing relationships. This may be due, in part, to the fact that this study is embedded in a larger study which seeks to forecast the future level of state employment in each of the sectors. For this reason, a conscious attempt has been made in some cases to use variables which are related to each sector in a sequential rather than a simultaneous relationship so that one variable is a statistically reliable predictor of the other. For example, it has been found that employment in the state's wholesale industry during the current period is a very good predictor of employment in the state's retail industry three periods in the future. Thus, wholesale employment lagged two periods is used to explain retail employment even though one would normally expect that wholesale employment would be a function of previous retail employment rather than the reverse relationship found. While a complete understanding of why such a

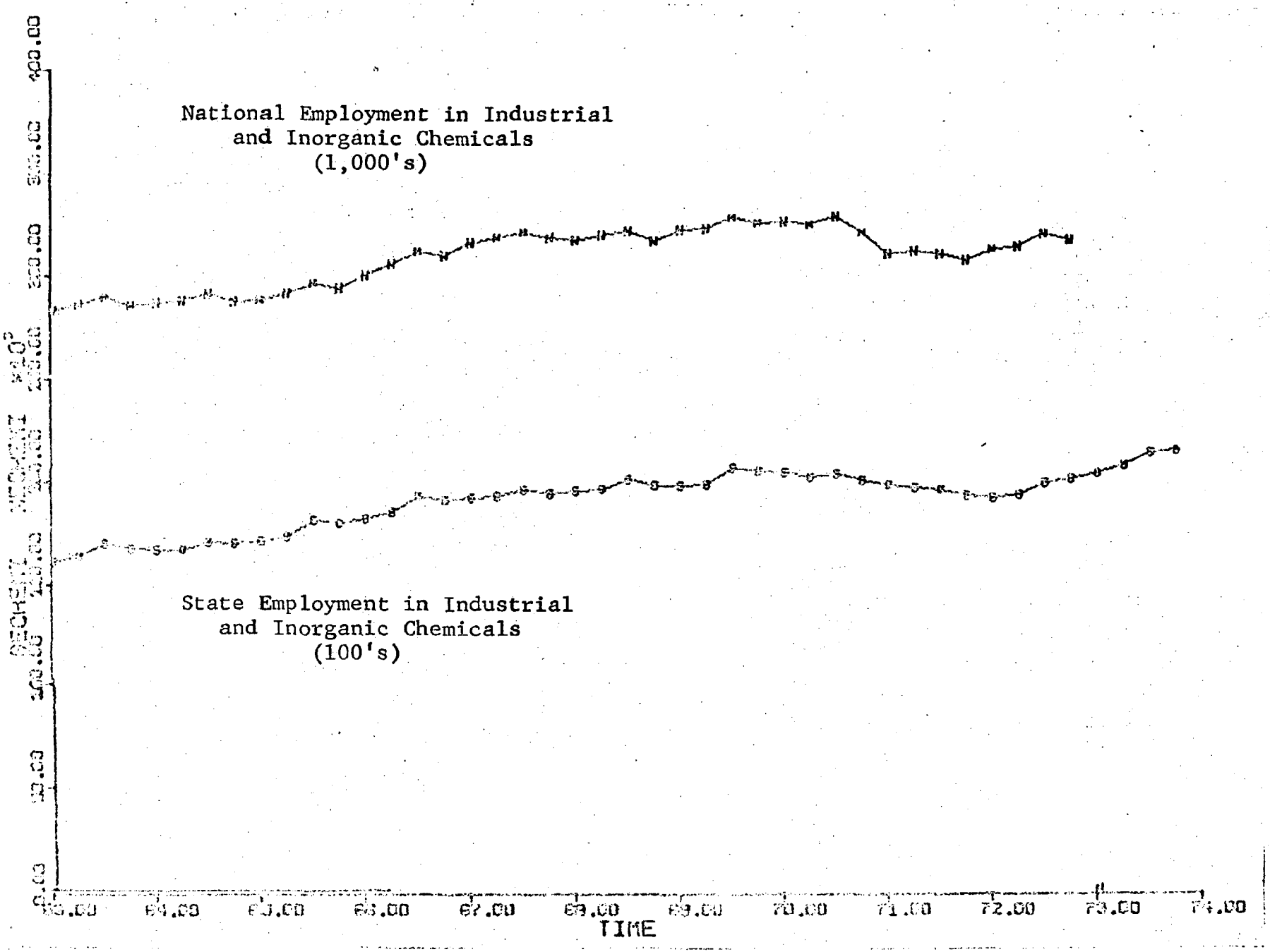
relationship would exist is not available at this time, it is felt that such a relationship probably can be explained when the Delaware economy is more adequately understood. For the present, this relationship is used only because it provides the best prediction of retail employment. In other cases lagged values of variables are included for strong theoretical reasons, as when real personal income is used to explain the level of employment in the service industry.

1.1 Delaware State Employment in the Chemical Sector

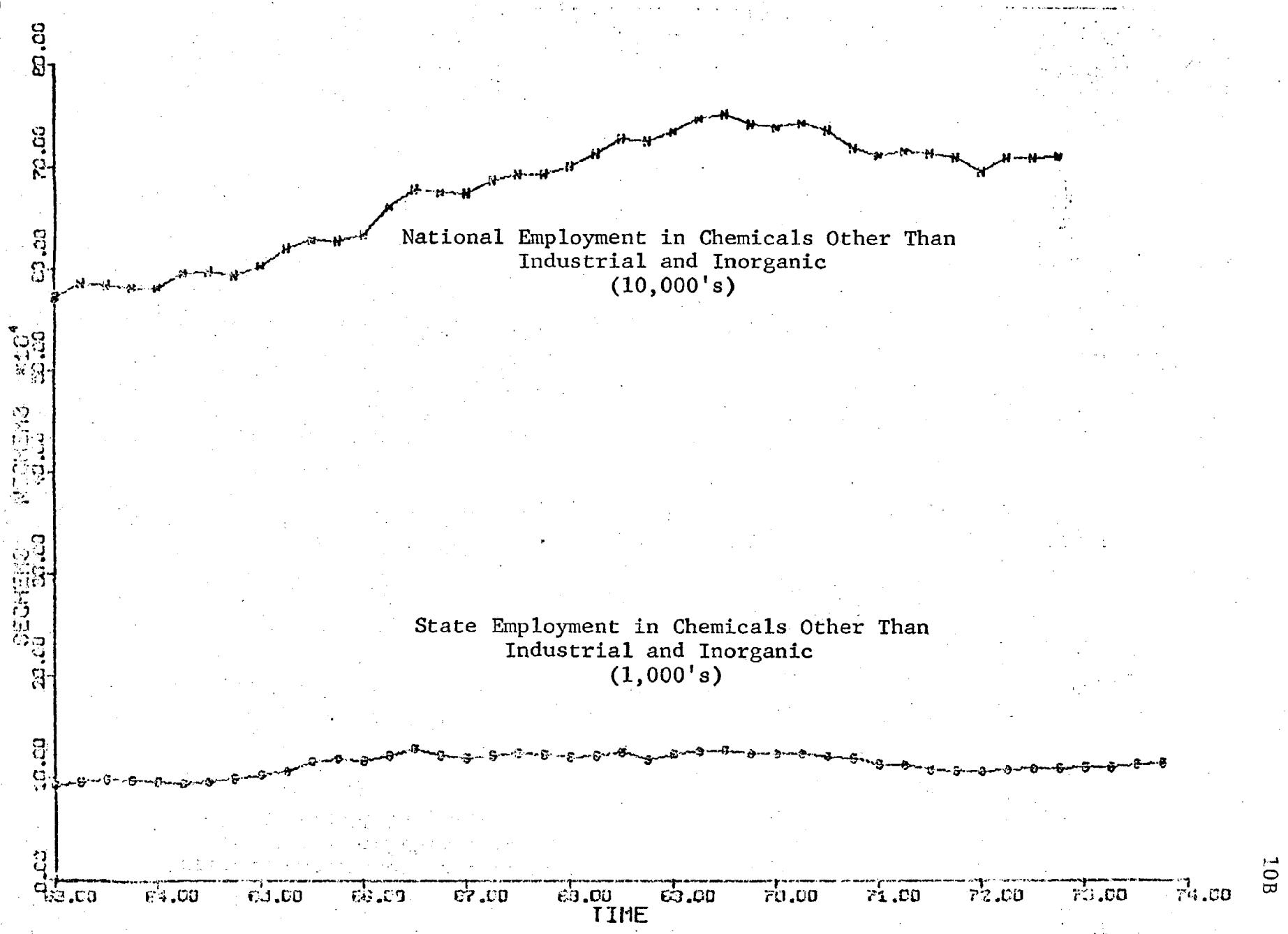
Roughly three-quarters of the labor force in the chemical industry in Delaware is employed by duPont, the largest chemical company in the United States, specializing in industrial chemicals. Wilmington is the headquarters of duPont, Hercules, and formerly of Atlas. As a consequence, roughly two-thirds of the total chemical employment is engaged in management and research. As evidenced in the plot of state employment in the chemical industry over time versus national employment in inorganic and industrial chemicals, Delaware employment follows very closely the national employment level.

Further evidence confirming this hypothesis is provided by multiple regression analysis which indicates that the national employment level explains approximately ninety-two percent of variation in the state employment level. From further comparison of the graphs, it appears that Delaware employment is at least as stable, if not more stable, than national employment. The two series tend to follow roughly the same pattern until recent years when a significant departure may have begun, although there have not as yet been enough observations to determine whether or not this departure has any degree of permanency.

Perhaps because chemical employment in the state of Delaware is a significant portion of national chemical employment, the


National Employment in Industrial
and Inorganic Chemicals
(1,000's)
State Employment in Industrial
and Inorganic Chemicals
(100's)
TIME

10A


National Employment in Chemicals Other Than
Industrial and Inorganic
(10,000's)
State Employment in Chemicals Other Than
Industrial and Inorganic
(1,000's)
TIME

equation which provides the best explanation of variation in Delaware employment in the chemical industry includes, besides the constant term, only the single variable, national employment in the industrial and inorganic chemical industry.

$$\text{SECHEM} = -15639.5 + \underset{(18.65)}{.1492}\ \text{NECHEMI}$$

$R^2 = .916$ (Approximately 92% of the variations in Delaware employment in the chemical sector is explained by this equation)

SECHEM = Delaware employment in the chemical sector

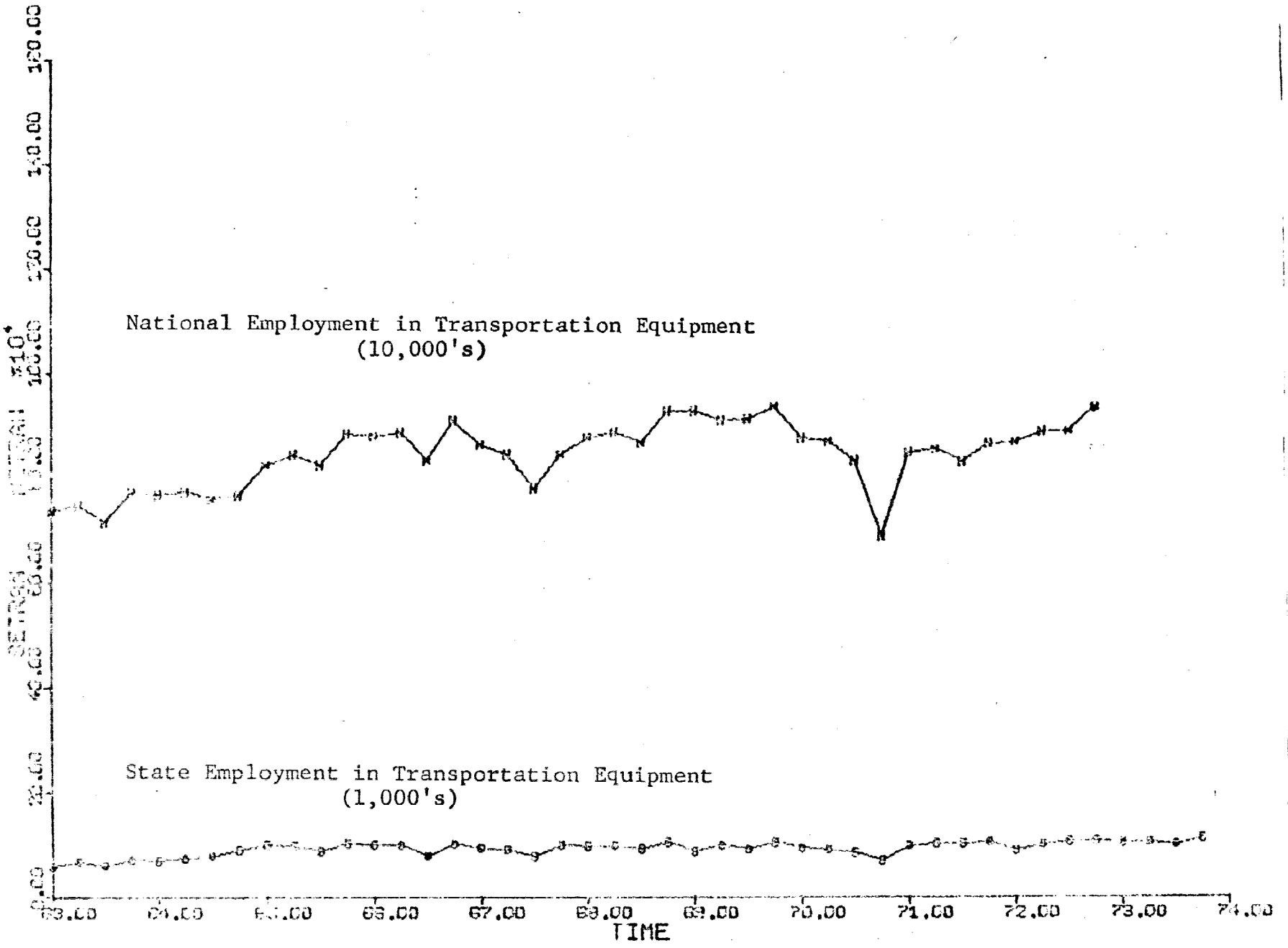
NECHEMI = National employment in industrial and inorganic chemicals

To illustrate what this equation means in practical terms, let us consider a change in the level of national employment in the industrial and inorganic chemical industry from its present level to a level ten-thousand employees higher than at present. The coefficient .1492 in front of NECHEMI indicates that 1,492 additional employees would be expected in the chemical industry in Delaware in association with a 10,000-person increase in employment in industrial and inorganic chemicals at the national level resulting, perhaps, from a general increase in demand for the chemical products. The number (18.65) beneath the regression coefficient indicates that this increase in Delaware employment is indeed statistically significant. (The number is a t-value which can be considered to indicate significance when greater than 1.5.) The standard error of estimate of this equation is 650 or approximately 2.15 percent of the mean value of state employment in

chemicals. This indicates, from a predictive basis, that the equation will predict state employment in chemistry with a degree of accuracy of approximately two percent.

1.2 Delaware Employment in the Transportation Equipment Industry

The employment graphs indicate that Delaware state employment in the transportation equipment sector is a fairly small percentage of the national total. (Note that the state employment graph at the bottom of the figure has been multiplied by a factor of ten.) State employment in Delaware in this sector has trended upward at a fairly steady pace over the last fifteen years and appears to be slightly more stable when compared with the behavior of national employment in transportation equipment. A significant amount of variation in the national series is due to strikes. For example, the strike in the fourth quarter of 1970 is clearly evidenced in the national series and, upon close inspection, in the state employment series as well. As a result, the multiple regression analysis which follows has included a dummy variable entitled "strike" to allow for this particular phenomenon. As implied in the graph, the strikes before 1970 did not have as significant an effect upon state employment as the 1970 strike; the regression analysis confirms this hypothesis. Also as evidenced in both graphs there is a strong seasonal pattern in employment in this particular sector with employment falling


National Employment in Transportation Equipment
(10,000's)
State Employment in Transportation Equipment
(1,000's)
TIME

through the course of the model year, and bottoming during the model changeover occurring in the third quarter of each year.

Most recently, state employment shows a leveling off since 1971. It appears that the plants in Newark and Boxwood Road had stabilized the level of their employment despite a gradual increase in employment at the national level over this same period. This is probably the result of capacity constraints in combination with the indivisibility of shifts in the industry.

The regression equation explains well the employment in the transportation sector but does not behave as well as chemicals, since only approximately 85 percent of the variation in state employment is explained by the equation.

$$\underset{}{SETRAN} = \underset{}{1375.0} + \underset{(10.50)}{.8425}\ (SETRAN\text{-}1) + \underset{(4.96)}{.0155}\ (POSNET) + \underset{(5.18)}{.0164}\ (NEGNET) - \underset{(-2.99)}{1569.4}\ (STRIKE) + \underset{(2.85)}{616.1}\ (MODEL)$$

$R^2 = .853$ (Approximately 85% of variations in Delaware employment in transportation equipment sector is explained by this equation)

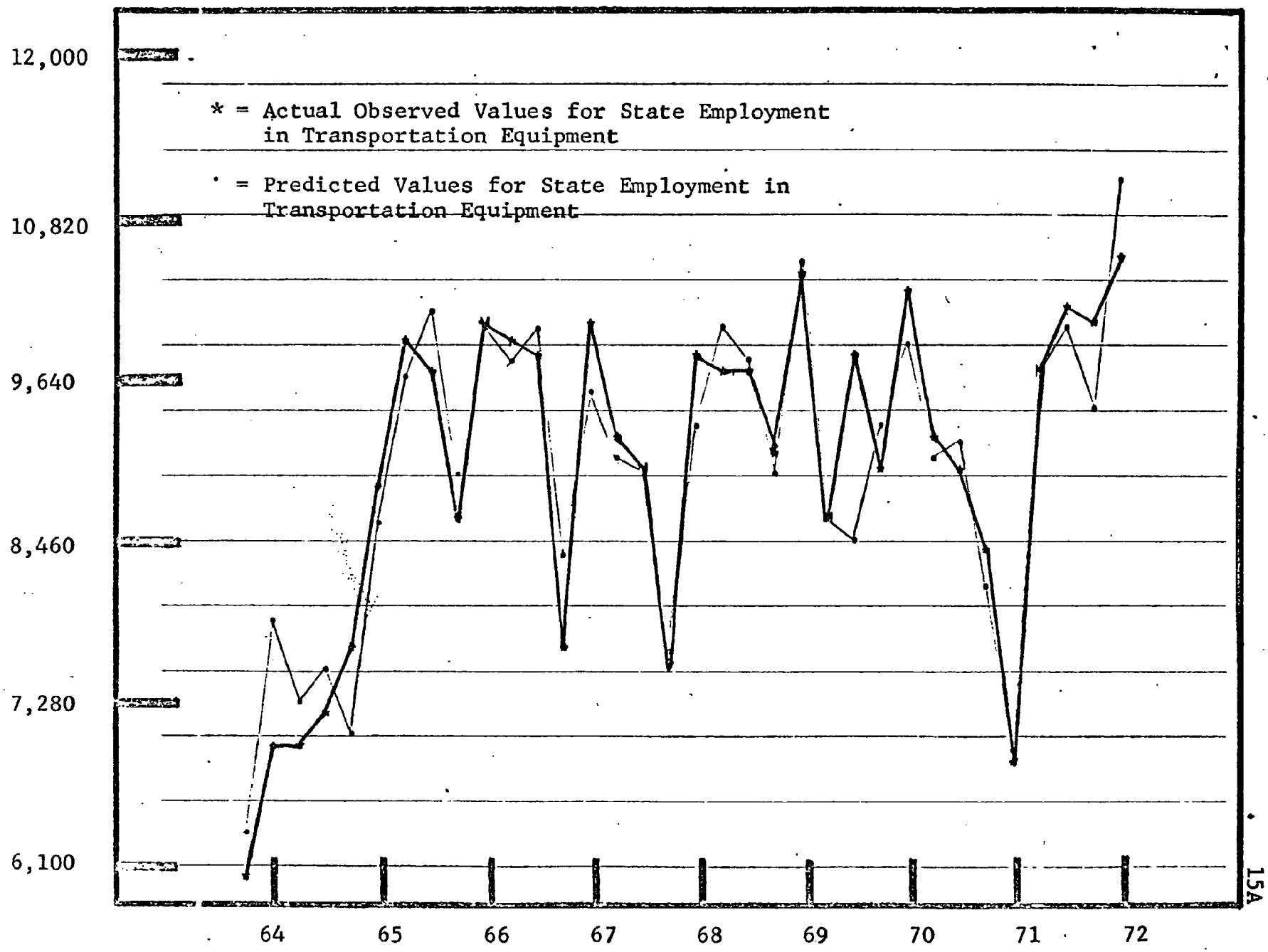
SETRAN = Delaware employment in the transportation equipment sector
SETRAN-1 = Value of SETRAN one quarter previously
POSNET = Value of positive quarterly changes in national employment in the transportation equipment sector (0 when negative)
NEGNET = Value of negative quarterly changes in national employment in the transportation equipment sector (0 when positive)
STRIKE = Shift variable to account for major automobile strike (= 1 for strike, 0 otherwise)
MODEL = Shift variable to account for model changeover in the third quarter

The standard error of estimate is approximately 500 which indicates that about five-and-a-half percent error in prediction of the employment level, again not as good as the performance for the chemical industry.

Turning to a discussion of the variables included in the regression analysis, the presence of SETRAN-1 in the equation indicates that current levels of employment in the transportation industry are closely associated with employment in the preceding period. The two variables POSNET and NEGNET indicate that state employment responds positively and significantly to changes in the demand for transportation equipment at the national level as proxied by changes in national employment in the sector. The two variables are entered separately in the equation to test the hypothesis that positive movements in national employment in the transportation sector and negative movements in national employment in the transportation sector would have significantly different effects on state employment in the transportation sector. Because the two coefficients have approximately the same magnitude, .0155 versus .0166, this hypothesis is rejected. One interpretation of this result is that the state industry is equally susceptible to shocks from the national level in both the downward direction as well as the upward direction.

Because of the presence of SETRAN-1, the dynamic structure of the state employment in the transportation equipment sector is such that state employment responds to changes in national demand conditions with a lag distributed out over time. This lagged response to national changes, stretching out over several periods, adds to the difficulty in trying to explain changes in state employment in the transportation industry. Employment in the automobile plants in Delaware is somewhat difficult to explain for several additional reasons. There are significant indivisibilities apparent in the method of production, as for example, when an entire shift is added or laid off. Furthermore, the output is homogeneous and the mix of products is always changing and it never seems to be repeated.

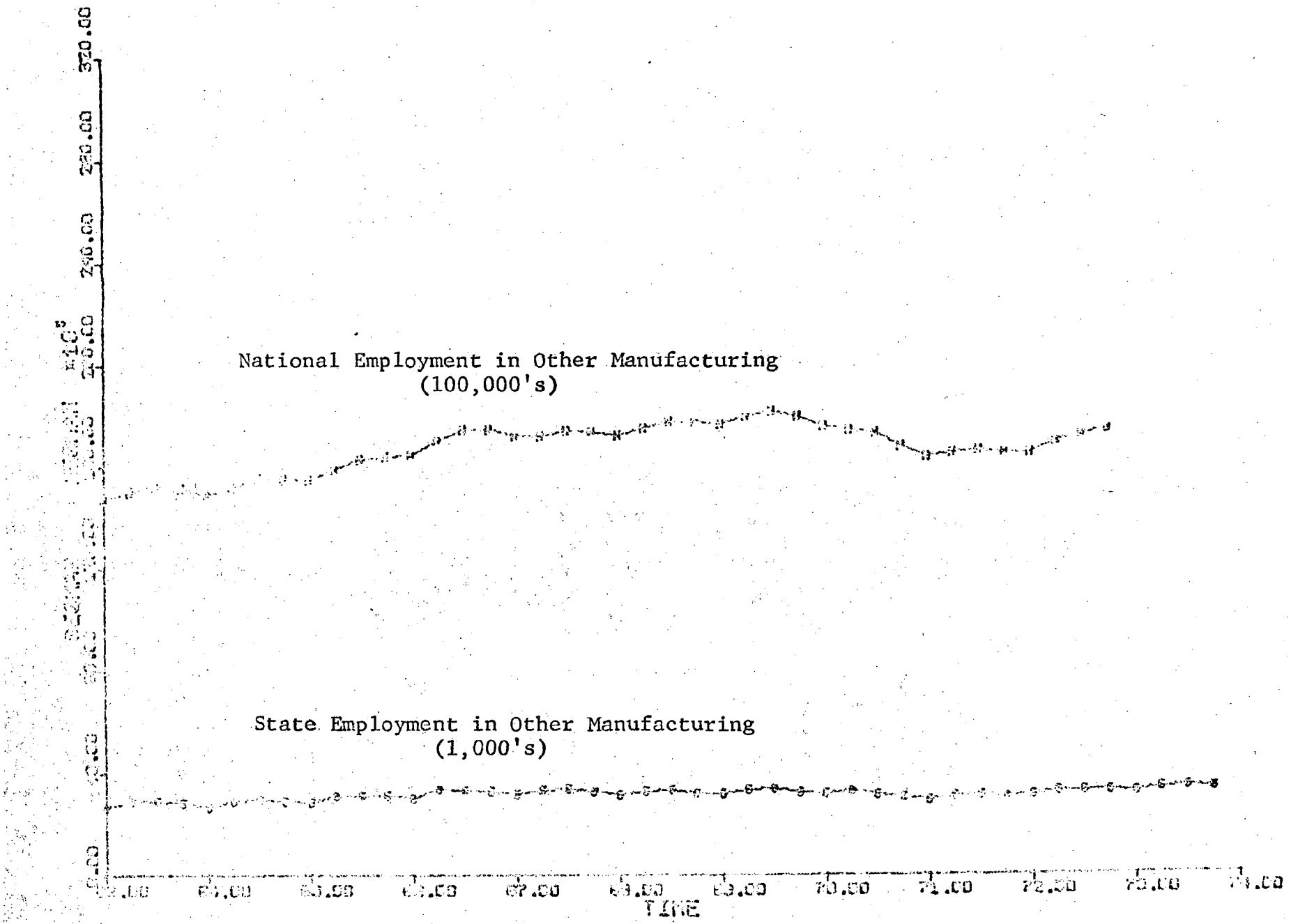
A final graph for the transportation sector plots the actual level of employment in transportation versus the predicted level as implied by the least squares regression equation. As one can see, the least squares equation explains fairly well changes in the state employment level. More importantly, the regression equation seems to pick up the turning points in state employment. This is particularly heartening in view of the fact that this sector has a particularly complex dynamic pattern and for other reasons is difficult to model.


12,000
10,820
9,640
8,460
7,280
6,100
* = Actual Observed Values for State Employment in Transportation Equipment
· = Predicted Values for State Employment in Transportation Equipment
64
65
66
67
68
69
70
71
72

1.3 Delaware State Employment in Other Manufacturing Industries

The plots of state and national employment in the other manufacturing industries sector again indicates that the Delaware economy represents a fairly small percentage of total national employment in the sector (state employment has been magnified one-hundred times). Employment at both the state level and the national level have been gradually rising over time, with the national level showing more variation than the state level. With regard to recent experience, both series indicate a decline in employment in the last quarters of 1970 and the early quarters of 1971. Over the entire period, employment in Delaware in other manufacturing does seem to correspond fairly closely to employment at the national level, as expected for export-oriented industries. It should be noted at this point that the reason that all of the other manufacturing industries have been aggregated together is that no single industrial sector, besides transportation equipment and chemicals, are large enough to merit separate recognition in a study at this level which attempts to indicate the general forces responsible for changes in state economic activity.

The regression equation confirms that employment at the national level in other manufacturing is indeed a highly significant explanatory variable in the equation for state employment in other manufacturing. Employ-


National Employment in Other Manufacturing
(100,000's)
State Employment in Other Manufacturing
(1,000's)
320.00
280.00
240.00
200.00
160.00
120.00
80.00
40.00
0.00
TIME

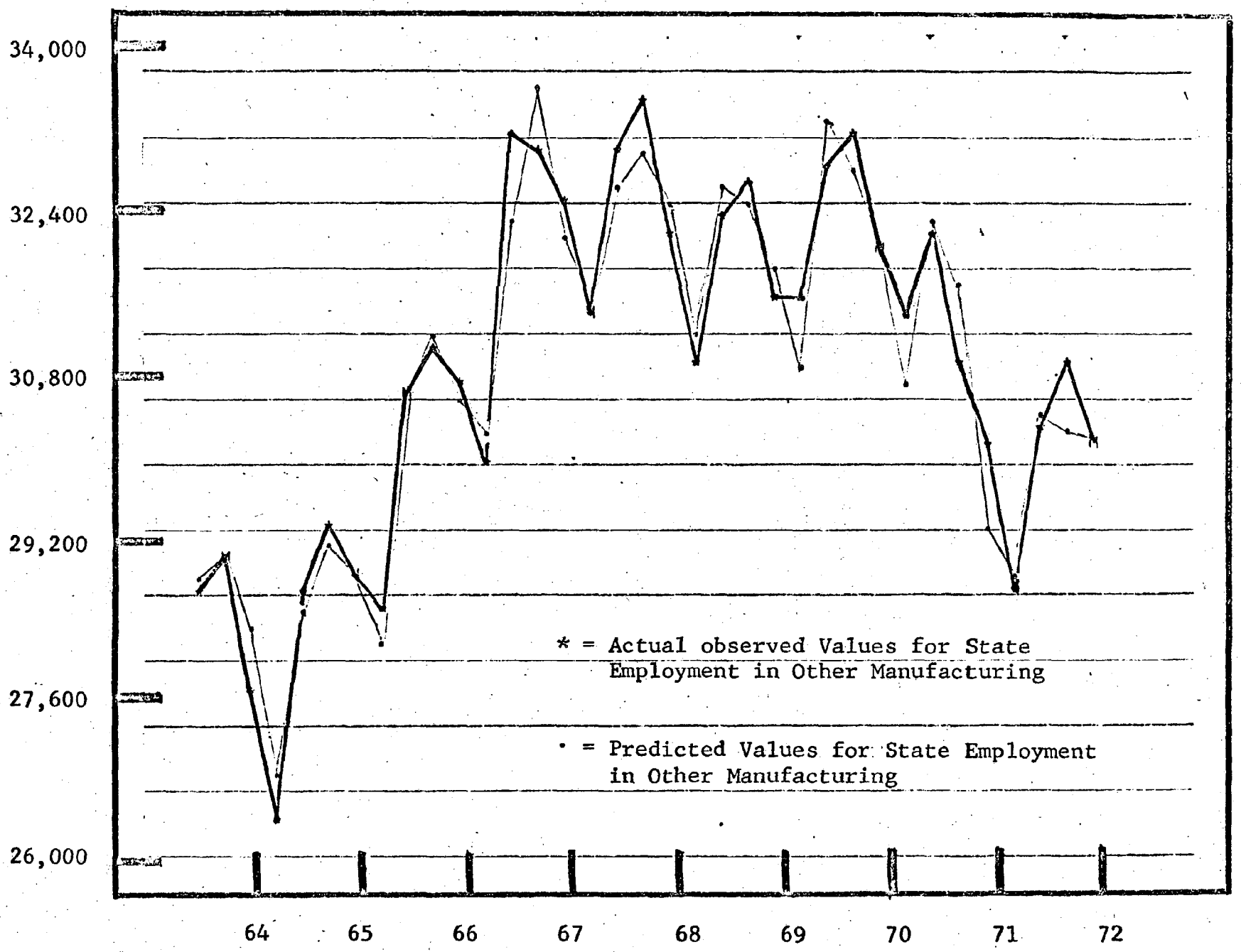
ment in other manufacturing responds to variation in national demand factors as proxied by national sectoral employment. Again the hypothesis that these industries are export oriented and linked to the national economy is confirmed. However, variation in the national employment level does not provide a complete explanation of state employment; two additional factors appear to be particularly important. First is the seasonal variation in the series and second is the dynamic structure of the sector, captured by the lagged values of SEOMAN.

$$\begin{aligned} \text{SEOMAN} = 934.9 &+ \underset{(5.02)}{.6792}\ (\text{SEOMAN-1}) + \underset{(1.95)}{.2695}\ (\text{SEOMAN-2}) \\ &+ .0022\ (\text{NEOMAN-CH}) + 1705.3\ (\text{QUARTER 2}) \\ &+ 887.1\ (\text{QUARTER 3}) \end{aligned}$$

$R^2 = .952$ (Approximately 95% of the variations in Delaware employment in other manufacturing is explained by this equation)

SEOMAN = Delaware employment in the other manufacturing sector
SEOMAN-i = Value of SEOMAN i quarters previously
NEOMAN-CH = Change in national employment in other manufacturing from previous to present quarter
QUARTER i = Shift variable to account for regular seasonal difference from omitted quarters in quarter i (= 1 in quarter i and 0 otherwise)

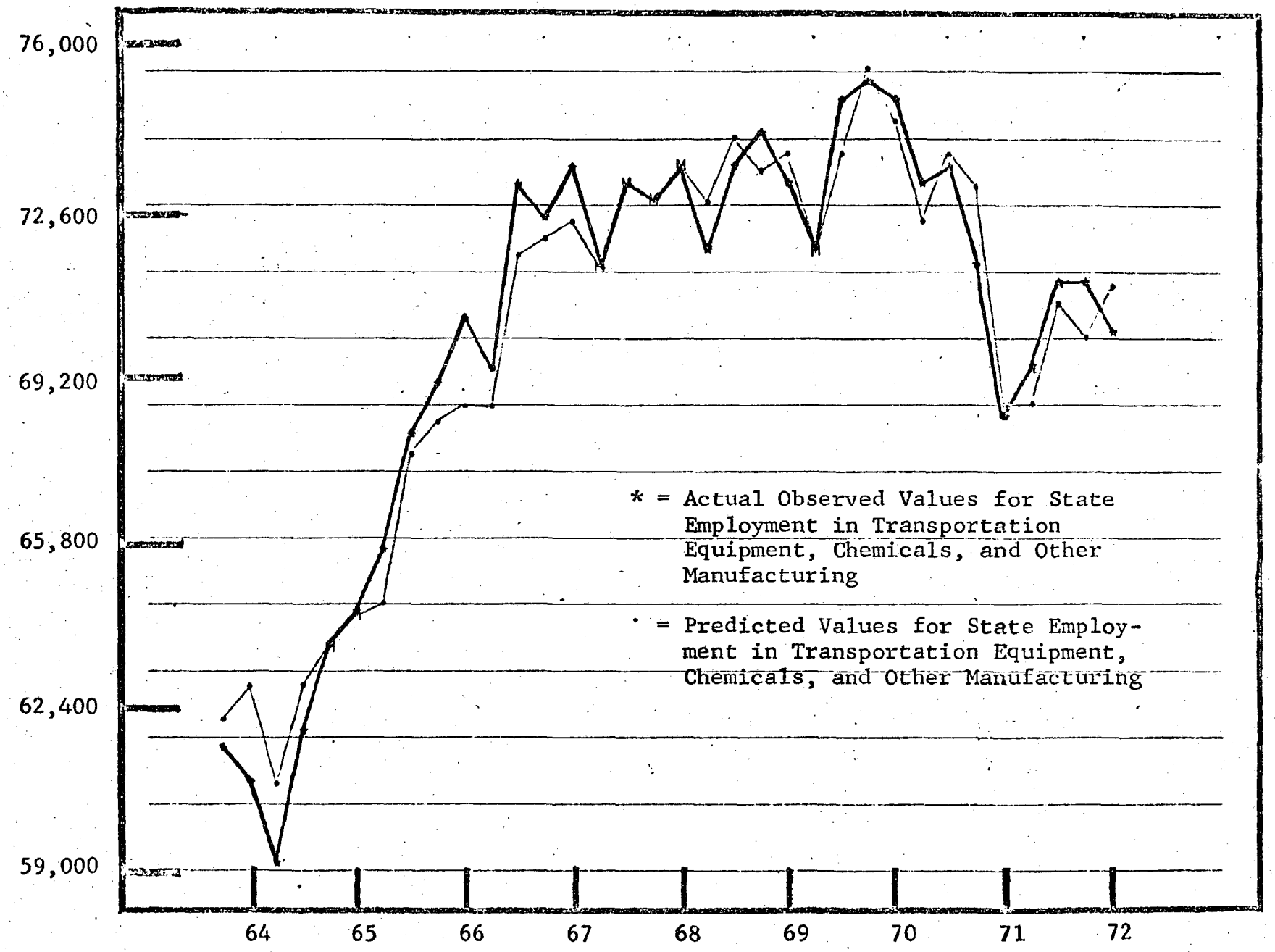
Again the dynamic structure of the state other-manufacturing sector is such that changes in national demand conditions lead to changes in Delaware employment but not immediately. In addition, this impact is felt over several quarters into the


34,000
32,400
30,800
29,200
27,600
26,000
64
65
66
67
68
69
70
71
72
* = Actual observed Values for State Employment in Other Manufacturing
• = Predicted Values for State Employment in Other Manufacturing

future, complicating the problem of explaining state employment. These factors combine to provide a very good explanation of state employment, with approximately 95 percent of the variation in state employment accounted for. The standard error of estimate for this equation is 420; thus, the predictive accuracy of this particular equation is about 1.4 percent.

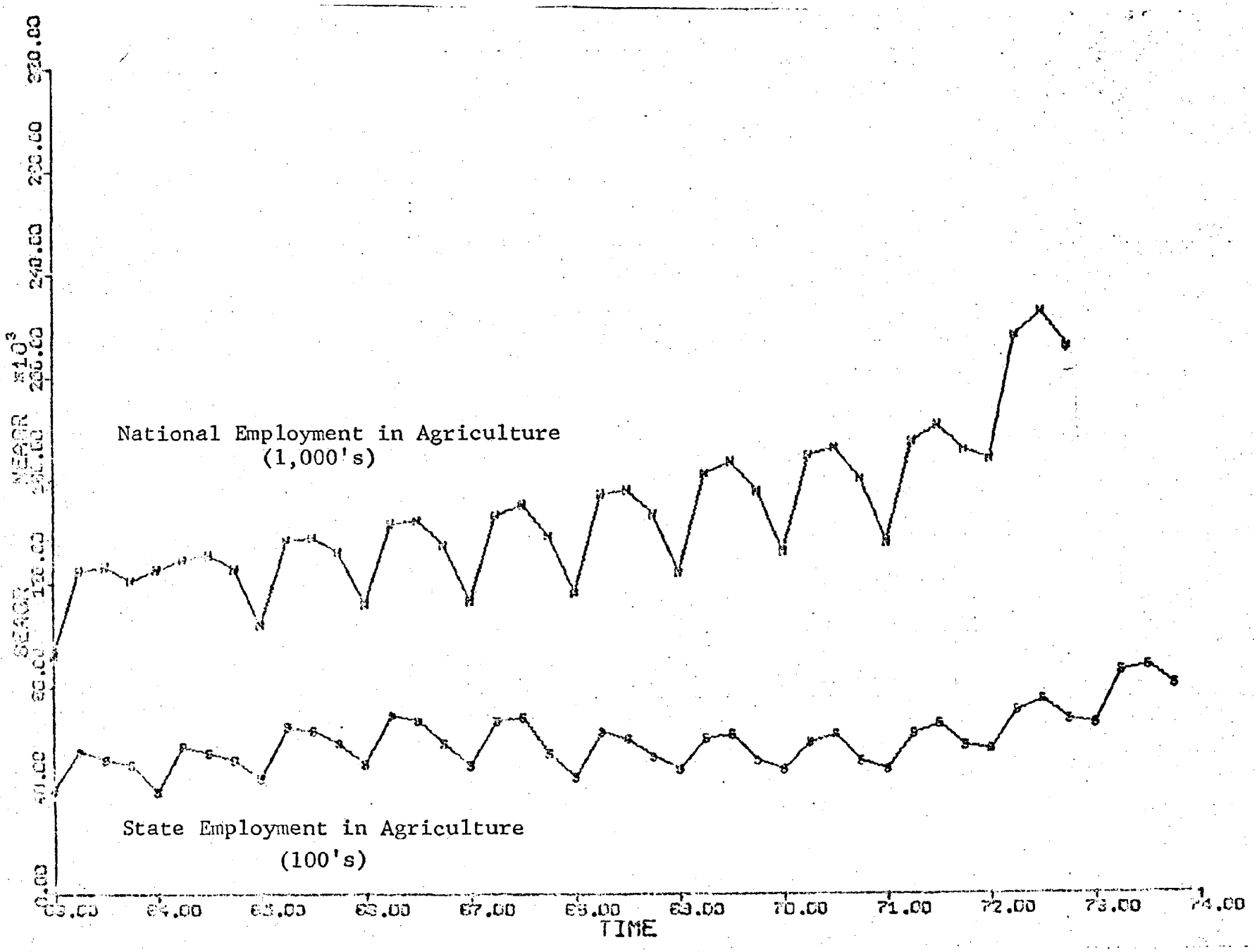
As a final indication of the quality provided by the regression equation, the actual levels of state employment in other manufacturing and the levels predicted by the regression equation have been plotted. Again the regression equation picks up the turning points in the series very well.

In an attempt to summarize behavior of the three industrial sectors considered above, a separate regression analysis has been conducted to explain the total employment level summed over the three sectors. Rather than present this equation, the actual and predicted levels of employment have been plotted. As can be seen in the figure, the regression line provides an excellent explanation of state employment in the export-oriented manufacturing sectors particularly in the most recent years.


76,000
72,600
69,200
65,800
62,400
59,000
64
65
66
67
68
69
70
71
72
* = Actual Observed Values for State Employment in Transportation Equipment, Chemicals, and Other Manufacturing
· = Predicted Values for State Employment in Transportation Equipment, Chemicals, and Other Manufacturing

1.4 Delaware State Employment in the Agricultural Sector

The last export-oriented sector considered in this paper is the agricultural sector. Again the plot for state agricultural employment has been magnified by a factor of one-hundred because agriculture is not large vis a vis national agricultural employment. It should be mentioned at the outset that these employment figures represent only covered employment, i.e., employment covered by federal unemployment insurance compensation, and that covered employment does not represent a large percentage of the employment in the agricultural industry. As a result, the employment data here are merely indicative of a certain portion of the agricultural labor force and must be treated with some degree of caution. The figures indicate that employment has been rising both nationally and regionally, particularly since 1970 where the upward trend seems to have accelerated at both the national and state level, with perhaps a greater increase in the national level. The rate of increase here is somewhat illusionary, however, beacuse of the increases in coverage in the reported data. A second feature of these particular series which delineate them very clearly from the previous sectors considered is the strong degree of seasonality, expected in the agricultural industries. The series also indicate a slight decline in state employment in the 1967-68 period.


National Employment in Agriculture
(1,000's)
State Employment in Agriculture
(100's)
TIME
63.00
64.00
65.00
66.00
67.00
68.00
69.00
70.00
71.00
72.00
73.00
74.00

Again the regression equation indicates that state employment responds positively to changes in the demand for agricultural products at the national level, as expected for an export-linked sector. This is reflected in the regression equation for the state agricultural sector which finds that state employment responds to changes in the wholesale price index for farm products. Thus with the rapid growth of food prices and farm products in the recent past the levels of state and national covered employment have both increased.

$$SEAGR = -212.165 + \underset{(5.42)}{5.9229}(FARMINDEX-2) - \underset{(-1.50)}{457.502}(RELWAGE-4)$$

$$+ \underset{(3.79)}{110297.761}(RELEMP-4) - \underset{(-2.17)}{75.2951}(QUARTER\ 1)$$

$$+ \underset{(1.99)}{41.945}(QUARTER\ 2) + \underset{(2.25)}{45.731}(QUARTER\ 3)$$

$R^2 = .815$ (Approximately 82% of the variation in Delaware employment in agriculture sector is explained by this equation)

SEAGR = Delaware employment in agriculture sector
FARMINDEX-2 = Value of U. S. index of wholesale farm prices two quarters previously
RELWAGE-4 = Ratio of Delaware wages in agriculture to Delaware wages in all sectors four quarters previously
RELEMP-4 = Ratio of Delaware employment in agriculture to total state employment four quarters previously
QUARTER i = Shift variable to account for regular seasonal difference from omitted quarter in quarter i (= 1 in quarter i and 0 otherwise)

Also significant in the regression equation is the seasonality and the dynamic structure of the employment sector. The regression equation includes the value of state employment in agriculture lagged four quarters, which indicates that last year's employment during the same quarter is an important explanatory variable of this quarter's employment. As such there is a certain amount of inertia in the state agricultural series and the response of conditions in the state industry to changes in national demand factors are distributed out over future periods in time.

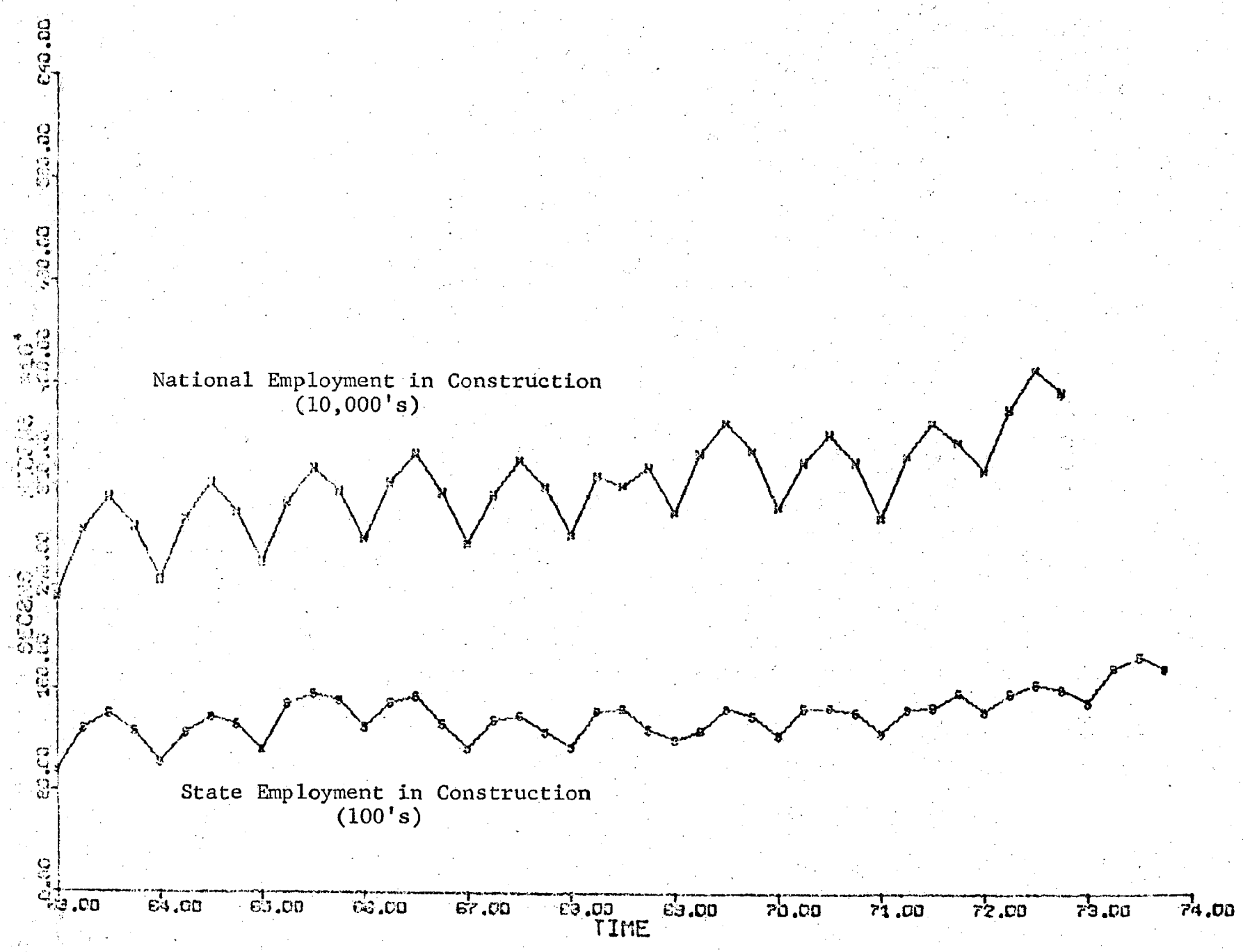
Finally, one additional variable which has not appeared in the above equations is the relative wage in the agricultural sector. As might be expected, as wages rise in the agricultural sector, employment is reduced. When labor becomes more expensive, the equation implies that farmers apparently find alternative ways of producing their produce, ways which involve less labor-intensive processes. This substitution of capital or land for labor is not unexpected in an industry like agriculture, where the technology is such that such substitution is much easier than in the other sectors analyzed above. However, as expected and anticipated in the introduction the impact of wages on state employment occurs with a long lag, here over a period of one year and even longer. Thus the substitution of inputs occurs only slowly, waiting for management decisions to be made

and then put into effect.

1.5 Delaware State Employment in the Construction Industry

The above discussion has considered the industrial sectors in the state economy, corresponding roughly with the major exporting sectors of the Delaware economy. Attention is now turned toward the construction industry, which most closely corresponds to an investment sector in the state economy. It might be reemphasized that in models of regional growth it is the exporting sectors which provide impetus for rapid growth in any economy, while the remaining sectors in the state's economy merely reflect the need for services, including the construction of capital facilities to permit the activities in the exporting sectors.

The employment graphs indicate a slight trend in the construction industry both at the national and state levels with a greater increase in the state level since 1970. Since the state employment series has once again been magnified by one-hundred, it is not so large relative to the national series as appears on the graphs. There is some evidence here, however, that activity in the state construction sector is somewhat independent of the national sector, particularly over the past few years. Also exemplified in the series is a strong seasonal trend much like the seasonality observed in the agricultural sector above. It is not unexpected that the low point in the seasonal swing occurs in the first quarter of the year. Over recent years it appears


National Employment in Construction
(10,000's)
State Employment in Construction
(100's)
TIME
63.00
64.00
65.00
66.00
67.00
68.00
69.00
70.00
71.00
72.00
73.00
74.00

that the Delaware construction industry has been able to insulate itself somewhat from the strong seasonal trends that occurred in state employment in the early and middle '60's in construction. This is not true of the national industry which seems to be as susceptible to seasonal changes in the late '60's and early '70's as it was in the middle and early '60's.

Turning to the regression results for the construction industry, the quality of the explanation is less satisfactory than one would hope. For example, the percentage explanation in variation of the state employment series provided by the equation is only approximately 82 percent. Second, the standard error of estimate is large enough to indicate a prediction error of between four and five percent. In addition, the specification does not meet certain theoretical standards, since, for example, the coefficient for the average wage coefficient, REAWCONS, is positive, whereas micro-economic theory would indicate a negative relationship here. This must be interpreted as a source of specification error in the equation, providing a signal that additional work need be done.

SECONS = -13378.3 + .0035(NECONS) + 17006.1(RELWAGE)

-957.8(QUARTER 2) + 517.4(QUARTER 3) + 646.3(QUARTER 4)

R^2 = .820 (Approximately 82% of the variation in Delaware employment in construction sector is explained by this equation

SECONS = Delaware employment in construction sector
NECONS = National employment in construction sector
RELWAGE = Ratio of Delaware to national wage
QUARTER i = Shift variable to account for regular seasonal difference from omitted quarter in quarter i (= 1 in quarter i and 0 otherwise)

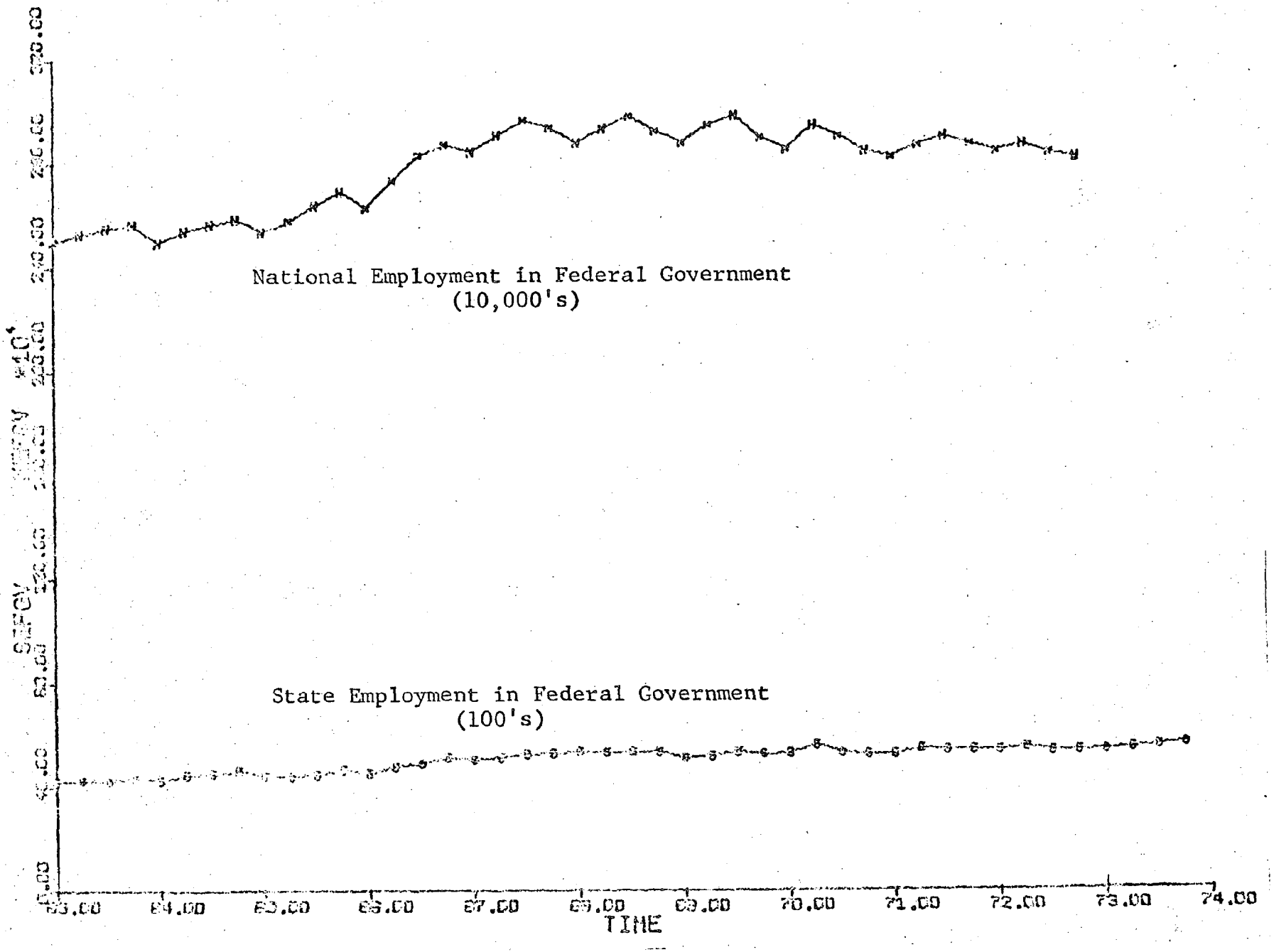
Nevertheless, even though the specification has certain weaknesses, the equation does predict fairly well. Thus this particular specification was picked not because of its explanatory power, but rather because of its predictive power. The possibility that such a situation could arise was mentioned in the introduction. The equation does indicate the strong seasonal pattern observed in the employment figures above. In addition, and in spite of the fact that construction is not an export industry, there seems to be a strong relationship between national and state employment. This may be because capital markets in the United States are national rather than regional in character, and construction projects in Delaware must compete on a national level for funds necessary to finance them. It is to be expected, then, that local construction activity will correspond fairly closely to activity at the national level, given the dependence of both the state and national industry on the national capital market.

In future studies we plan to include directly into the model of the Delaware economy a model of the financial sector of the Delaware economy and its ties to the national financial sector. This extension is really necessary to understand the behavior of the investment sectors of the state economy.

Unlike some of the above equations, the dynamic structure of the construction industry does not appear to be particularly complex. However, it should be noted that given the recent experience in national capital markets the dynamic structure of this particular sector may be changing; if this is so, past information becomes less useful in predicting the future level of state construction.

1.6 Delaware State Employment in the Federal Government Sector

The plot of state employment for federal government employees has been magnified by one-hundred times; thus, it can be seen that the total employment in the federal government is much greater in the other forty-nine states than it is in Delaware. It is expected that state levels of federal government employment increase with national levels, as the effects of increased government employment filter down into Delaware's share. The plots indicate a rapid increase in Delaware's federal government employment from the first quarter of 1966 to the first quarter of 1968, an increase which also occurred at the national level.


National Employment in Federal Government
(10,000's)
State Employment in Federal Government
(100's)
TIME
63.00
64.00
65.00
66.00
67.00
68.00
69.00
70.00
71.00
72.00
73.00
74.00

Over the past few years, while federal government employment at the national level has tended to decline somewhat, employment in Delaware has continued to rise, particularly in late 1972 and early 1973.

The regression equation explains the state employment of federal employees fairly well, with approximately 88 percent of the variation in state employment being accounted for by the equation. First, the regression equation evidences a seasonal pattern in federal government employment which is not so pronounced as in either the agricultural or the manufacturing sectors above. Second, the level of state employment in the federal sector responds positively to changes in national employment, reflecting the filtering down of federal jobs into Delaware alluded to above. The equation indicates, however, that Delaware employment in this sector responds with a lag of almost one year to changes in national federal government employment.

$$\begin{aligned} SEFGV = {} & 9.1 + \underset{(2.41)}{3.000}(GNP\text{-}2) + \underset{(3.44)}{.001}(NEFGV\text{-}4) \\ & -84.479(SAWFGV\text{-}2) - \underset{(-.43)}{26.731}(QUARTER\ 1) \\ & + \underset{(.38)}{23.377}(QUARTER\ 2) - \underset{(-.72)}{45.920}(QUARTER\ 3) \end{aligned}$$

$R^2 = .879$ (Approximately 88% of variation in Delaware employment in the federal government sector is explained by this equation.)

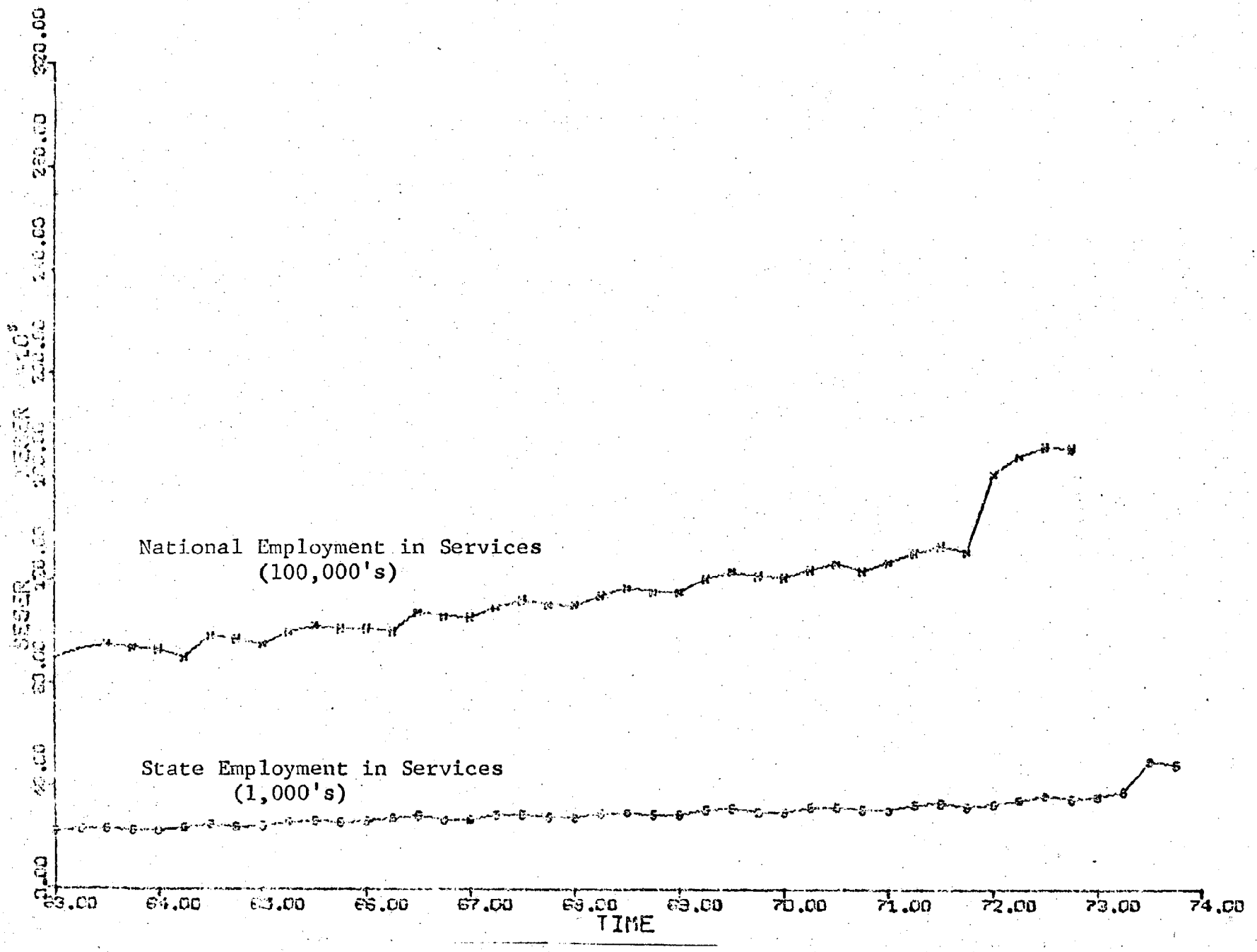
SEFGV = Delaware employment in federal government sector
GNP-2 = Gross national product two quarters previously
NEFGV-4 = National employment in federal government sector four quarters previously
SAWFGV-2 = Delaware average wage in federal government sector
QUARTER i = Shift variable to account for regular seasonal difference from omitted quarter in quarter i (= 1 in quarter i and 0 otherwise)

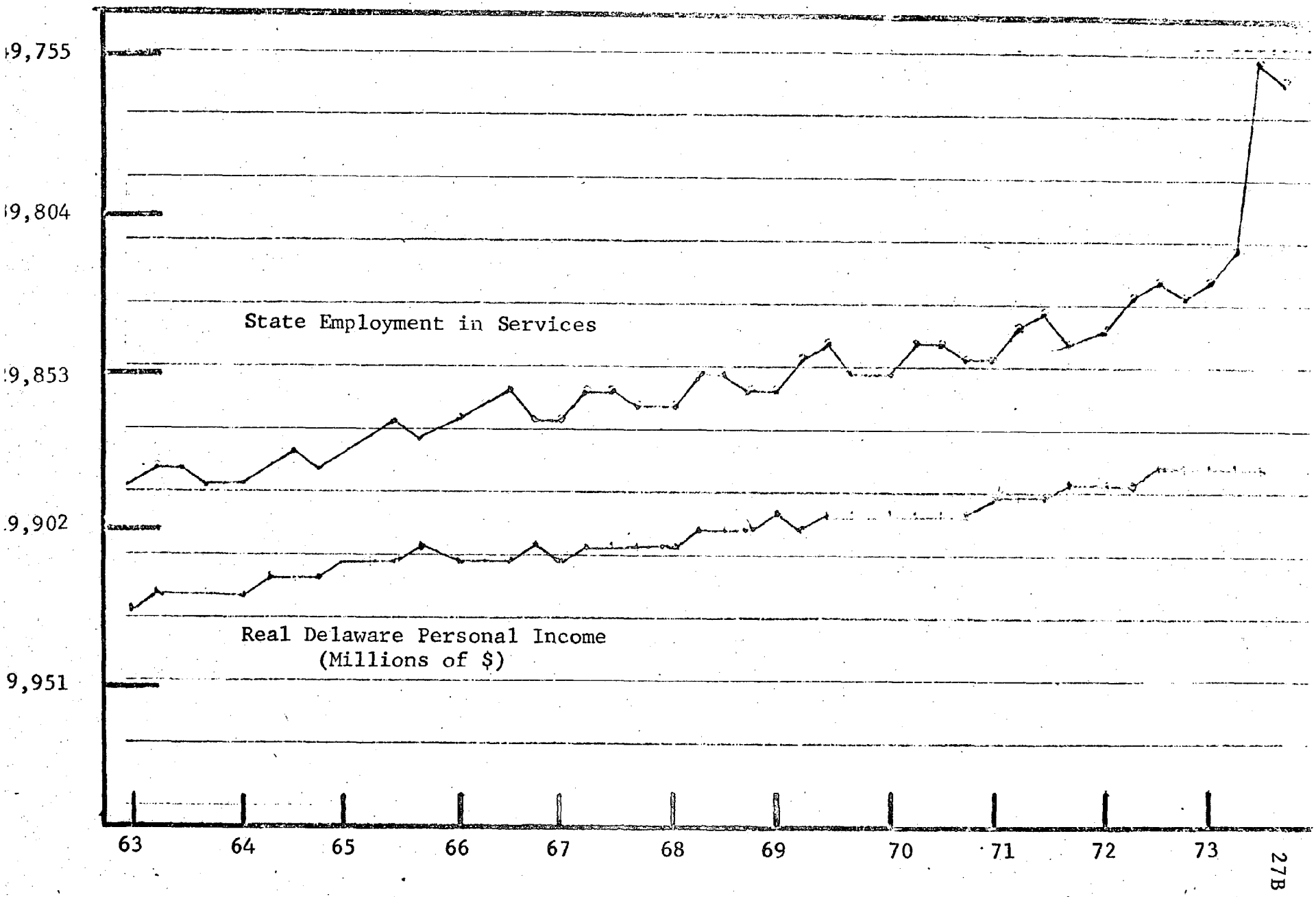
Third, state employment responds positively to changes in the level of gross national product with a lag of two quarters, as federal expenditures are linked to the growth in national employment. Fourth, the average wage in the federal government sector enters negatively in the regression equation, although the statistical significance of this particular variable must be questioned. An increase, for example, in the average wage rate paid to federal government employees produces with a lag a decrease in the amount of employment in the state, federal-government sector.

This preliminary report deals with only one of three government sectors (federal, state and local). In the future the analysis will be expanded to cover employment in both the state government sector and the local government sector (which together are quite large in Delaware). Initial attempts at this investigation have not been as encouraging as are those for the federal government sector, although work is continuing.

1.7 Delaware State Employment in the Services Industries

The discussion now turns to the consumption sectors of the Delaware state economy, including services, retail trade, and wholesale trade. These sectors, referred to as the regional sectors of the Delaware economy, play a responsive role in the interactive structure of state industry. Regional Science


National Employment in Services
(100,000's)
State Employment in Services
(1,000's)
63.00
64.00
65.00
66.00
67.00
68.00
69.00
70.00
71.00
72.00
73.00
74.00
TIME


9,755
9,804
9,853
9,902
9,951
State Employment in Services
Real Delaware Personal Income
(Millions of $)
63
64
65
66
67
68
69
70
71
72
73

indicates that it is these sectors (or employment in these sectors) which responds to changes in the other, more export-oriented sectors of the state economy. In this sense, it is the export sectors which play the role of the driving force in the state economy, which in turn lead to increased employment in the consumation sectors, as increased demand for retail products and services trickles down, with a lag, into increased jobs in the local and regional sectors. However, while these sectors may be passive from this point of view, their importance and contribution to total state employment and to Delaware personal income cannot be minimized. The ability of the state's economy to sustain increased employment in the export sectors depends critically upon the locally-oriented sectors.

State employment in the services industry has been fairly stable the last ten years, exhibiting moderate growth both at the national level and at the state level in the employment plots over time, with growth at the national level slightly higher than growth at the state level. In both instances, however, there appears to be a strong upward jump in the early '70's, which in part reflects the increase in the coverage of the employment statistics. A plot of employment in the state services sector over time versus the level of real Delaware personal income over time has also been presented. Delaware personal income is defined as the total wage bill plus other sources of income which include

certain transfers, property income and proprietors' income, and real Delaware income is calculated by dividing the level of Delaware personal income by the consumer price index. Real income provides a better indication of the actual purchasing power represented by the state income level. As can be seen in this plot, the state employment in the services sector does vary positively and consistently with the changes in Delaware personal income, with some allowance made for differences in seasonal variation inherent with employment series.

$$\begin{aligned} SESER = {} & -819.537 + \underset{(37.73)}{1588.746}(RDPY\text{-}2) \; \underset{(-8.18)}{-1678.305}(QUARTER\ 1) \\ & \underset{(-1.17)}{-240.258}(QUARTER\ 2) \; \underset{(-6.83)}{-1361.018}(QUARTER\ 4) \end{aligned}$$

R^2 = .980 (Approximately 98% of variation in Delaware employment in services sector is explained by this equation.)

SESER = Delaware employment in services sector

RDPY-2 = Real Delaware personal income two quarters previously

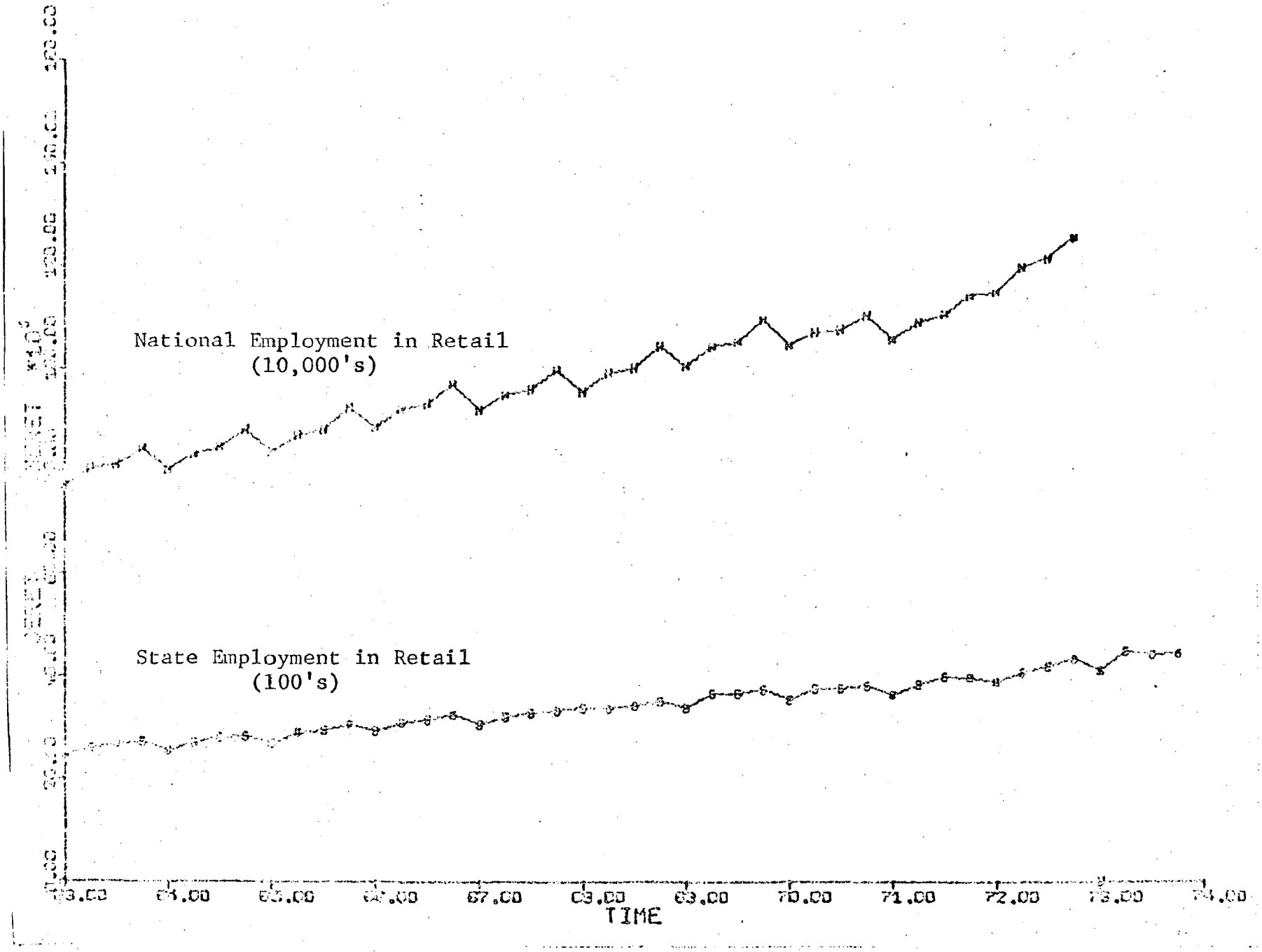
QUARTER i = Shift variable to account for regular seasonal difference from omitted quarter in quarter i (= 1 in quarter i and 0 otherwise)

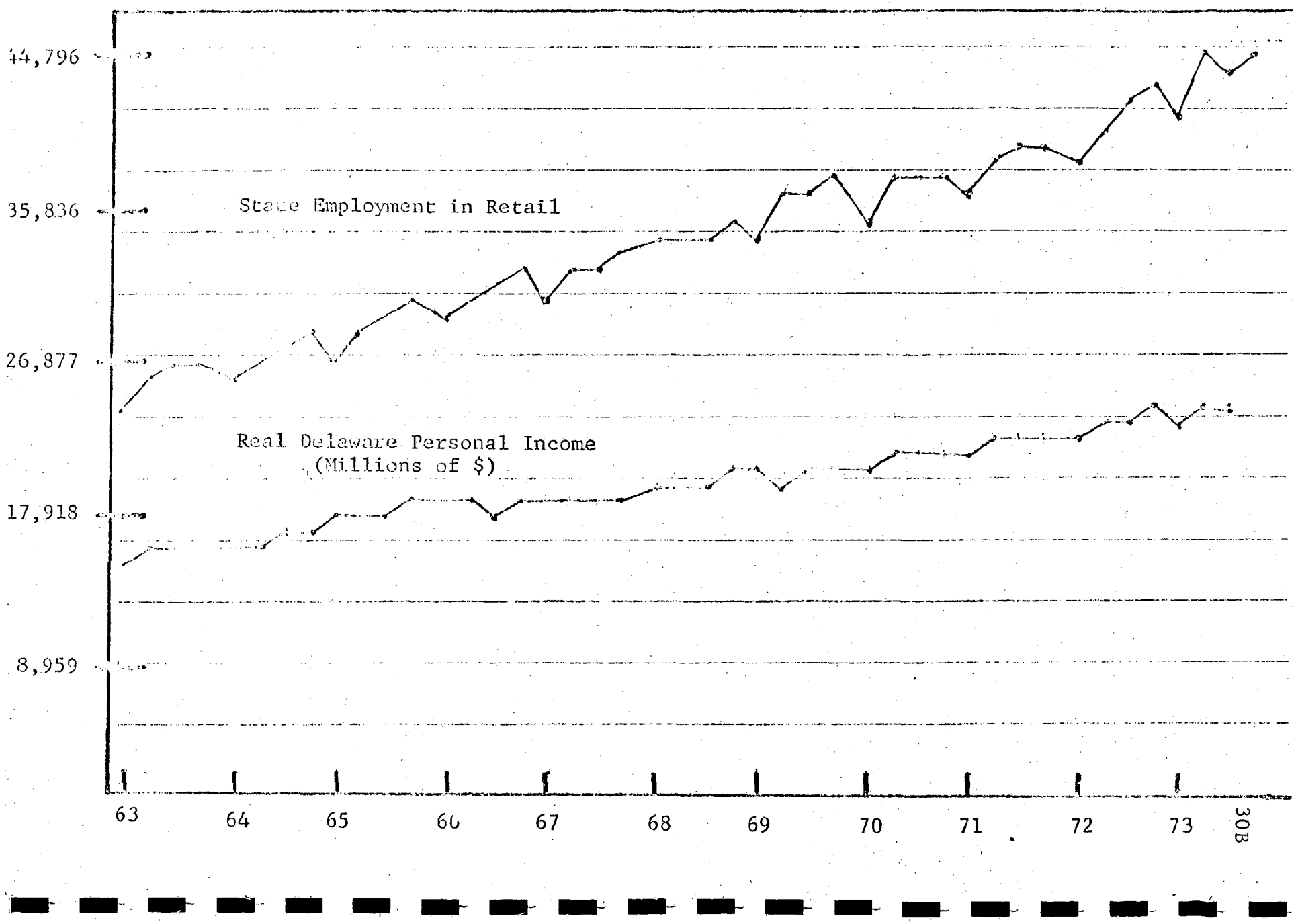
The regression equation confirms the close relationship between state employment in services and real Delaware personal income. When Delaware personal income is included in the regression equation along with allowance for seasonal factors, 98 percent of the variation in state service employment is explained by the equation, and the regression coefficients are all strongly significant. The dynamic structure of the equation is such that

as state income rises (and Delaware residents have more income to spend on services and other items), employment in the services industry increases, but with a lag of about two-quarters. Thus, it takes approximately six months for increased purchasing power to be translated into jobs in this particular sector. As expected the seasonal pattern of the services industry is strong, dipping down in both the first and fourth quarters.

1.8 Delaware State Employment in the Retail Trade Sector

Again since the state employment in retail trade has been magnified by one-hundred in the plot of national and state employment data, Delaware employment in this sector is indeed a small percentage of total national employment, as expected. State employment has a strong positive upward trend in the retail trade sector, with a slight acceleration of the trend in the last few years. It appears that retail trade is a strong and growing sector in the state economy, particularly during the early 1970's. Also evidenced by the graph is a degree of seasonality in retail trade, again not so strong as for agriculture or construction. We have also plotted employment in the retail trade sector against real Delaware personal income over time. This plot again indicates the strong positive relationship between Delaware personal income and employment in retail trade, as expected for a regionally-oriented, consumption sector


National Employment in Retail
(10,000's)
State Employment in Retail
(100's)
TIME


44,796
35,836
26,877
17,918
8,959
State Employment in Retail
Real Delaware Personal Income
(Millions of $)
63
64
65
66
67
68
69
70
71
72
73

of the economy. In fact, state employment in retail trade is growing slightly more rapidly, particularly in the last few years, than growth in general level of state economic activity as proxied by the state income series. Like the export sectors described above, the retail trade sector, then, is also contributing significant impetus to the increase in state income.

Turning to the regression equation, the empirical model has been able to explain approximately 98 percent of the variation in state employment in retail trade, with a prediction error of approximately one percent. The factors used to explain state employment in this sector are three-fold. First, the strong seasonality in retail trade is evidenced by the regression equation. As would be postulated, retail trade is lower during the first quarter and higher during the third and fourth quarters.

$$\begin{aligned} SERET = {} & -10170.722 + .8913(SEWHL\text{-}2) + 19998.375(RDPY\text{-}2) \\ & \qquad\qquad (1.72) \qquad\qquad (10.78) \\ & -1212.857(QUARTER\ 1) + 231.335(QUARTER\ 3) \\ & \quad (-.381) \qquad\qquad (0.73) \\ & +483.645(QUARTER\ 4) \\ & \quad (1.50) \end{aligned}$$

$R^2 = .978$ (Approximately 98% of variation in Delaware employment in retail sector is explained by this equation.)

SERET = Delaware employment in retail sector

SEWHL-2 = Delaware employment in wholesale sector two quarters previously

RDPY-2 = Real Delaware personal income two quarters previously

QUARTER i = Shift variables to account for regular seasonal difference from omitted quarter in quarter i (= 1 in quarter i and 0 otherwise)

Second, state employment in the retail trade sector responds positively to changes in real Delaware personal income but with a two-period lag as in the service sector. This implies that increases in Delaware personal income (and thus in the purchasing power) result in increased employment in the state retail trade sector, but not immediately, since it takes approximately two quarters for the increase in demand for retail products to be reflected in increased employment to help provide the products to the public. A third factor responsible for the explanation of variation in the state level of state employment is an interesting phenomenon not encountered above in the export, investment, or government sectors. Within the regional consumption sectors of the Delaware economy there is evidence of strong interaction effects. For example, state employment in retail trade responds positively but with a two-quarter lag to changes in the state's employment in the wholesale trades sector, establishing a direct linkage between these two regional sectors.[1] In this sense, employment in the wholesale trade

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[1]The presence of this interaction effect greatly complicates the lag structure in the retail trade sector as well as in the state economy as a whole. As seen in the next section, state wholesale trade employment responds with a lag distributed out over time to changes in Delaware personal income. This change in turn affects retail trade employment with a lag of two quarters as noted in the retail trade regression equation. Thus the impact effect of a change in state income upon retail trade employment is felt directly with a two quarter lag noted in the text above and indirectly with a lag distributed out over time as income changes lead to wholesale trade changes which then lead

sector of economy is a leading indicator of employment in the retail trade sector. Thus activity which occurs in the wholesale trade sector of the industry as goods are being distributed for sales at the retail level signals increased activity and, with a two quarter lag, employment at the retail level.

The study of the retail trade sector is as yet incomplete. One very important phenomenon from a public policy point of view is the role that sales taxes play in determining the demand for retail products in Delaware and thus the need for employment in this sector. The tax policy question encompasses not only the policy in Delaware but also the policies of Pennsylvania, Maryland, and New Jersey, since the presence or absence of taxes in adjoining states should have an impact upon the demand for retail goods and thus employment within the state of Delaware. To date we have not been able to quantify the amount of retail trade traffic which crosses over state lines into Delaware because of sales tax differentials and what Delaware might be expected to lose if the sales tax differentials were narrowed with a tax in Delaware. Again this is an area for further work and one for which more data need be collected. Specifically, data need be collected concerning the level of retail sales

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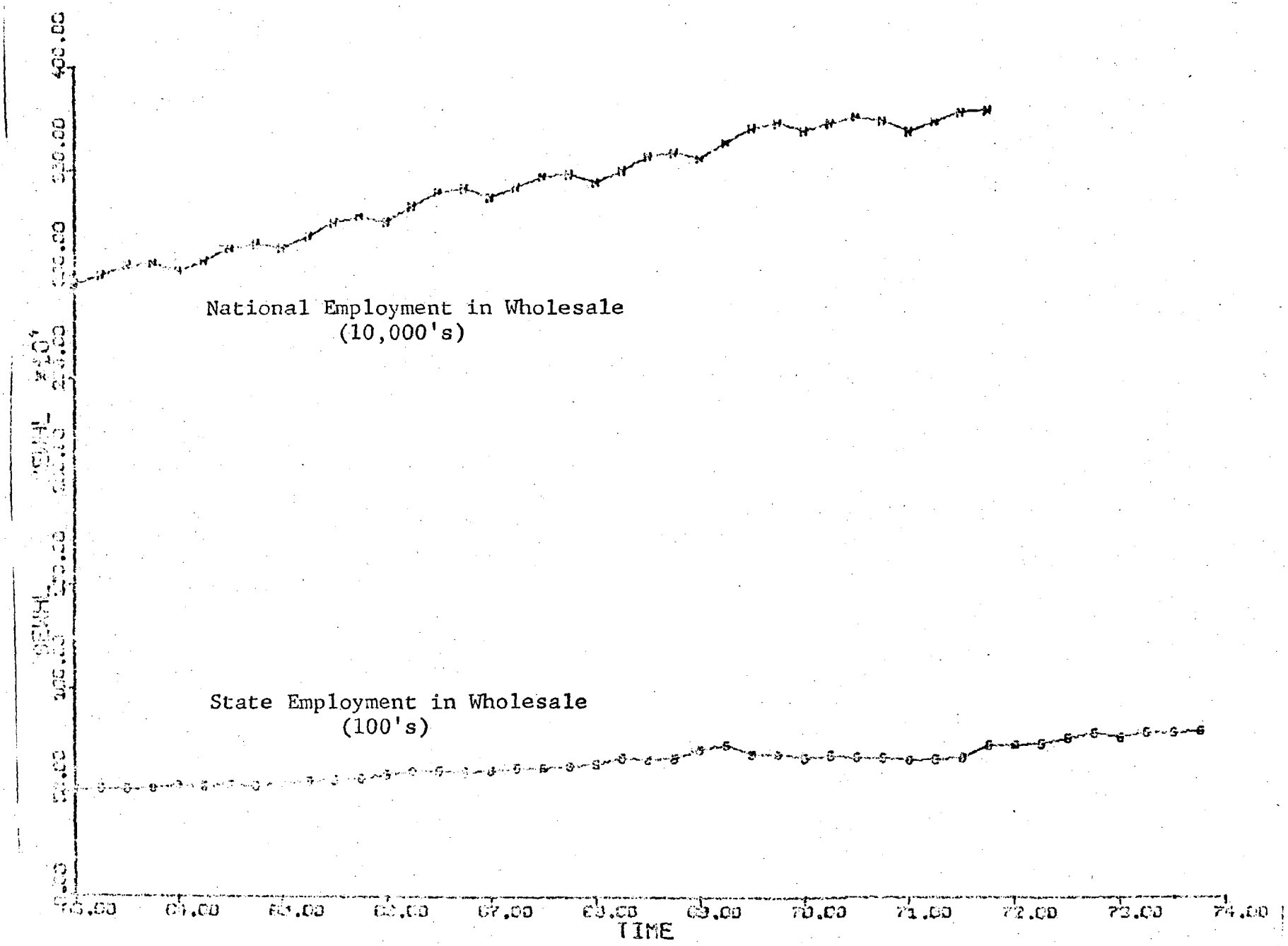
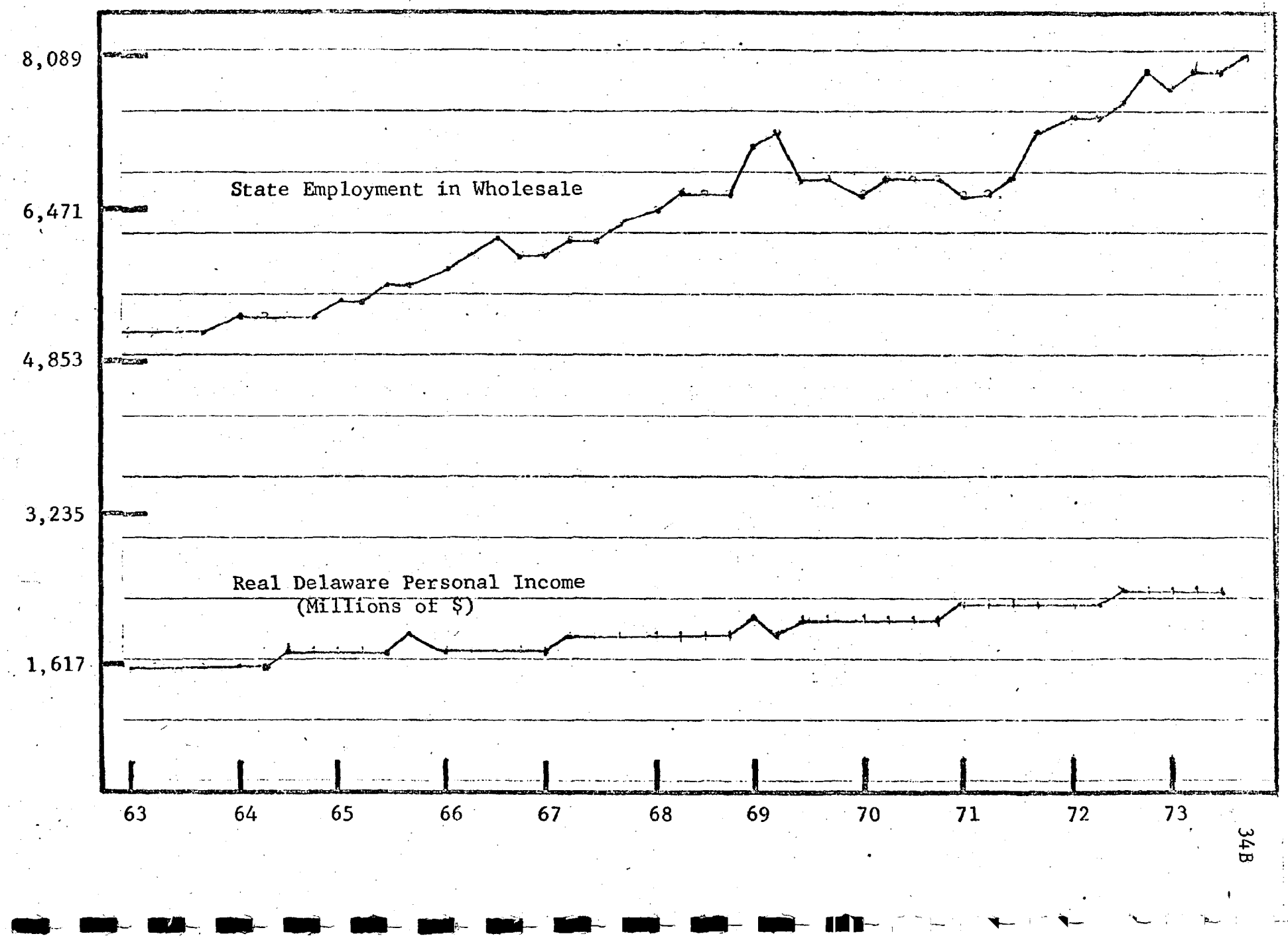
to more retail trade changes. To calculate the final impact upon retail trade employment of a given percentage increase in state income requires the use of a dynamic simulation model and the specification of all sectors of the state econometric model. Since this capability is currently being developed, we will be in a position to answer such questions in the near future.

rather than employment in the state of Delaware on as disaggregated a level as possible.

1.9 Delaware State Employment in the Wholesale Trade Sector

State employment in the wholesale trade sector has increased along with national employment as evidenced in the employment plots, although state employment has not kept up with the increase in national employment. The slight degree of seasonality in the series is more clearly evidenced in the national plots than in the state plots. State employment in wholesale trade increased in almost a linear fashion from the first quarter of 1963 to the fourth quarter of 1968. Then it jumped suddenly in the first two quarters of 1969, leveled out during the third quarter of 1969 through the third quarter of 1971, jumped again in the last quarter of 1971, and then reasserted its linear growth pattern. Also plotted is the level of Delaware state employment versus real Delaware personal income. As in the retail sector, there is a strong relationship between these two series, with wholesale trade growing more rapidly than Delaware income. The wholesale trade sector, while it has not kept up with the national sector, still remains a strong source of growth in the Delaware economy.


National Employment in Wholesale
(10,000's)
State Employment in Wholesale
(100's)
TIME


8,089
6,471
4,853
3,235
1,617
State Employment in Wholesale
Real Delaware Personal Income
(Millions of $)
63
64
65
66
67
68
69
70
71
72
73

$$SEWHL = -289.344 + .5276(SEWHL\text{-}2) + 251.787(RDPY\text{-}2)$$
$$\qquad\qquad\qquad\quad (3.48) \qquad\qquad (2.97)$$
$$-863.5475(SAWWHL\text{-}2) + 423.353(SHIFT) + 40.052(QUARTER\ 1)$$
$$(-1.90 \qquad\qquad (3.41) \qquad\qquad (.44)$$
$$+ 228.761(QUARTER\ 2) + 61.407\ (QUARTER\ 3)$$
$$(2.06) \qquad\qquad (.67)$$

R^2 = .930 (Approximately 93% of variation in Delaware employment in wholesale sector is explained by this equation.)

SEWHL = Delaware employment in wholesale sector
RDPY-2 = Real Delaware personal income two quarters previously
SEWHL-2 = Value of SEWHL two quarters previously
SAWWHL = Delaware average wage in wholesale sector
SHIFT = Shift variable to account for extension of coverage in wholesale sector (= 0 before 1971.4 and 1 after)
QUARTER i = Shift variables to account for regular seasonal difference from omitted quarter in quarter i (= 1 in quarter i and 0 otherwise)

The regression equation explains approximately 90 percent of the variation in state employment in wholesale trade. The explanation centers around, first, seasonal factors which are not particularly strong for this sector, indicating that state employment in wholesale trade is insulated from the seasonal changes evidenced, for example, in retail trade and services. Since employment in wholesale trade is one step removed from the final consumption process unlike services and retail trade, it is not too surprising that wholesale trade is less subject to seasonal factors. Second, the inertia exhibited in several of the above sectors is also present in wholesale trade, as lagged values of wholesale employment provide a significant contribution to the explanation of variation in state employment and past change in wholesale trade employment can be used, to some extent, to explain future changes in employment.

Third, real Delaware personal income influences wholesale trade, although the impact of a change in state income upon wholesale employment is not so great as in the retail sector (about one-third as great). Again, the wholesale sector, one step removed from the final consumption process, is more isolated than retail trade from outside changes. Since the impact of changes in Delaware personal income occur in state wholesale-trade employment with a lag of two quarters, changes in the final-consumption decisions are translated into changes in employment needs in wholesale trade only with a lag. Moreover, the lag here is distributed out over several quarters in the future, given the above-described inertia in this sector. About one-half of the change in employment occurs after two quarters, with the rest distributed out over time.

Fourth, employment in the wholesale trade sector is responsive to changes in wages paid for these employees. As evidenced by the regression equation, a rise in the average wage level leads to a fall in the level of employment with a lag of approximately two quarters. From a statistical point of view, this effect is significant.

Fifth, the final variable in the regression equation is a dummy variable to indicate the jump that occurred in state employment and wholesale trade in the fourth quarter of 1971. We are still attempting to provide a better explanation as to why this increase has occurred.

2.0 CONCLUSION: COMMENTS ON THE DYNAMIC STRUCTURE OF THE DELAWARE ECONOMY

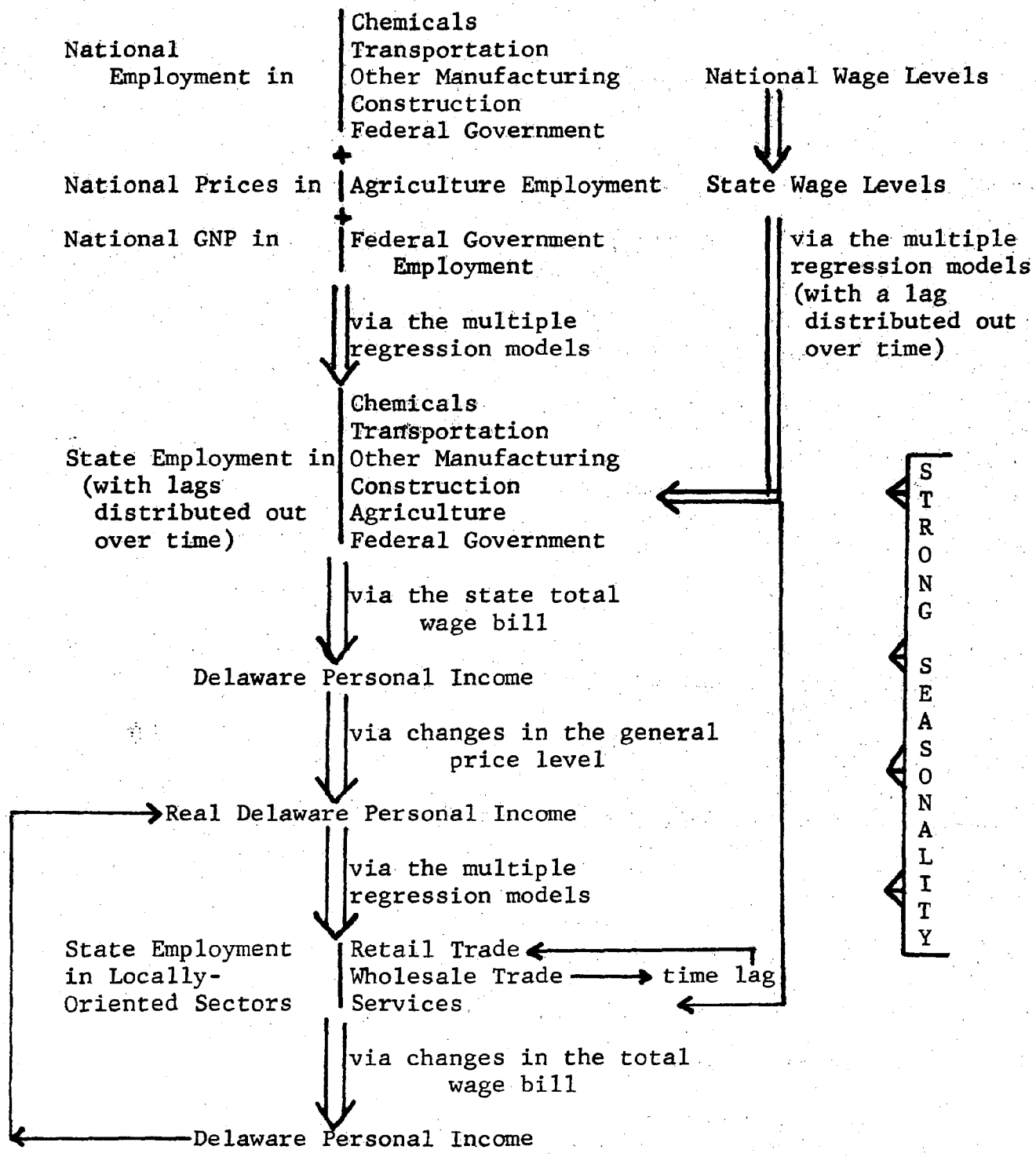
Much of the above material can be summarized in a useful fashion by considering an overview of the dynamic structure of the Delaware state economy. An outline of the dynamic structure of the economy is presented in Figure 1. As shown in Figure 1, national variables affect, through the regression models, state employment in chemicals, transportation equipment, other manufacturing, construction, agriculture, and federal government. The national variables include employment (in chemicals, transportation equipment, other manufacturing, construction and federal government), national prices (for agricultural products), and national GNP (which affects federal government employment). These flows are shown in the left-hand portion of Figure 1. It should be noted that the impact of changes in the national variables is felt on the state variables with a lag, often of several quarters and often distributed out over time.

At the same time, as seen in the upper right-hand side of Figure 1, national wage levels affect state wage levels again, perhaps, with a lag distributed out over time. These, in turn, through the regression models, affect the afore-mentioned six sectors of state employment.

Continuing down the table, state employment in the six

FIGURE 1

Elements of the Dynamic Structure of the Delaware Economy



export-government-investment oriented sectors affects Delaware personal income, since Delaware personal income includes the total state wage bill. Changes in the general price level then affect real Delaware personal income, which, via the regression models, influence state employment in the regionally-oriented sectors of the Delaware state economy illustrating the primary multiplier process. These sectors include retail trade, services, and wholesale trade. Note that changes in employment in wholesale trade in turn affect employment in retail trade with a lag distributed out overtime. These changes in state employment again affect real Delaware personal income since real Delaware personal income includes the state wage bill.

At the bottom of the table, an upward arrow indicates that as the state employment in the regionally-oriented sectors reaffect Delaware personal income, which in turn further influences the state employment in these regional sectors through secondary and tertiary multipliers. Elements of strong seasonality occur throughout the above process as indicated on the far right-hand side of Figure 1.

Quickly summarizing, changes in national variables affect the Delaware state economy through certain key sectors: chemicals, transportation equipment, other manufacturing, construction, agricultural and federal government. These changes, then, lead to further changes in the regionally-and-locally-oriented sectors

of the Delaware economy: retail trade, services, and wholesale trade. This whole process is complex and takes time as the effects of change in national employment, prices, GNP, wage levels, etc., filter down through the different sectors of the Delaware economy with a sometimes long lag distributed out over several quarters.

The dynamic structure viewed here lies at the very heart of the general forecasting problem involved in predicting employment levels and wage levels in the state of Delaware. As we have seen, changes in national variables which do affect the Delaware economy can be expected to have an influence distributed out over several quarters. Thus, occurrences today have been conditioned by changes in the general economic environment which have occurred in the past. Until we understand the dynamic structure of the economy, how these different sectors feed back into each other, what the time lags involved are, and how these time lags are changing over time, we will not be able to provide a forecasting vehicle which will be reliable. As a preliminary report, this paper has summarized some of the major dynamic features of the Delaware economy. It remains now to gain a better understanding of these dynamic factors, to extend the explanation to additional sectors and to include some of the excluded conditions alluded to in the discussion of the individual sectors above.

APPENDIX E

DELAWARE TOMORROW COMMISSION MINUTES

October 2, 1974

ATTENDEES:

Francis Biondi
Clifford Hearn
Albert W. Madora
John F. Walton
James Miller
Ed O'Donnell
John W. Jardine, Jr.
Robert R. Jordan
Ross E. Anderson, Jr.
Russell W. Thibeault
Merna Hurd
William B. Keene
John J. Ryan
Stephen Chamberlin
Leon Weiner
Richard M. Bauer
Richard B. Hardesty, Sr.
Clifford T. Foster
James H. Gilliam, Jr.
John E. Malarkey
Robert J. Berndt
Crawford J. Carroll
Jack T. Roe
Henry Folsom
Arthur Wilson
W. L. Fritz, Jr.
Wm. A. Elgie, Jr.
Raymond H. Malenfant
William Markell
John Curran
Dorothy W. Greer
Henry J. Ridgely
Jane B. Aughey
N. C. Vasuki

Jane Tripp
Bruce Hudson
Joann D. Slights
Ted Harvey
M. W. Krueger
Craig Bickerton
Peter E. Morrow
Joe Conaway
Virginia Joy
William Cohen
Arthur Kreiger
Thomas Maloney
Patricia C. Schramm
Henry Topel
Fred Krapf
Roland Derrickson
Joseph H. Wyke
Eric P. Sennhenn
J. Taylor Buckley, Jr.
Eric Brucker
Wm. Bradford
Kurt Christensen
William C. Henry
J. Thomas Schrank
Spencer Thompson
Ernest W. Ryan
George Worrilow
John C. Bryson
Peter A. Larson
R. W. O'Brien
John Daniello
David Hugg, III
David Keifer
Robert MacPherson

BIONDI: Good afternoon ladies and gentlemen, my name is Frank Biondi, I am the chairman of the Commission and I have just tried to shed a little light in here by opening the drapes. I don't want to be accused right off, of keeping anybody in the dark. My duty at this time, my sole duty at this time is to call this meeting to order and introduce to you the Governor of the State of Delaware, Sherman Tribbitt.

TRIBBITT: Thank you very much Frank, first of all I want to say good afternoon to you ladies and gentlemen.

I want to cordially welcome all of you to this important first meeting of the Delaware Tomorrow Commission at historic Buena Vista.

As you probably can see by the large group of people here assembled, I have indeed invited a number of individuals who have agreed to assist the Commission, as members of its various working committees.

In addition, a sizeable group of State, county, and municipal planning officials are here to serve the Commission in a technical capacity.

As you well know, I have appointed Francis Biondi as Chairman of the Commission.

Shortly, I will be turning this meeting over to the Chairman, but before doing so, I would like to make just a few personal comments and observations.

The Delaware Tomorrow Commission was created by Executive Order Number 48 in June of this year and subsequently amended by Executive Order Number 53, and just today I made one other change in it, I don't know whether these have been passed out. Executive Order 56 makes a change or two in

the original two executive orders.

I believe, I hope, you have copies of these two orders as well as the third copy.

Now, why do we have a Delaware Tomorrow Commission? Why do we need it? What is its mandate? Who are its members? How will it function? What kind of additional support will it require? In answer to the first question, why the Delaware Tomorrow Commission and why do we need it?

Delaware's strategic geographical location, immediately adjacent to the Boston-to-Richmond Growth Belt, poses profound questions concerning the State's future growth.

The ever-intensifying debate regarding the co-existence of increased industrial and other development, and the preservation of the State's rich environmental resources, continues to be waged.

Chairman Biondi, who last month attended a seminar sponsored by the University of Delaware on the "Dimensions of Delaware Development", assures me that this debate is far from resolved, especially in the absence of a Statewide growth policy.

The potential for offshore petroleum operations, and the significant ramifications of the U.S. vs. Maine decision are complex factors that will bring heavy pressures to bear on future State growth policy decisions.

The State must examine these and other important considerations now, or we will be caught, at the hour of decision, without rational policies or plans upon which to base our actions.

Time is of the essence.

We must strive now to examine the direction of Delaware's growth.

Is the course charted, one which can provide a decent job for every Delawarean. Can it provide sufficient revenues for the State and its political subdivisions to effectively function...and at the same time, preserve and enhance our cherished natural resources, like the beaches, the wetlands, the quality of our air and water?

We must look at development policy concerning industrial, commercial and residential development including open space, recreation and transportation.

We must look at our effectiveness or lack of effectiveness in attracting desirable job producing industry to our State.

The mandate, then, of the Delaware Tomorrow Commission is to examine these and other issues, and to develop a coherent, balanced strategy for future growth.

The Commission is made up of representatives from public and private organizations, sharing a wide range of interests.

Hopefully, each and every member of the Commission will participate with the single-minded purpose of contributing their knowledge towards an end product which will benefit all Delawareans.

How will the Commission function?

The Commission can only function effectively if each member of the Commission, its various subcommittees and technical advisors, will participate to the fullest extent possible.

The State, meaning the State government, cannot possibly do an effective job without the support and commitment of all of you here today.

Chairman Biondi will be working closely with you, aware of the fact that your dedicated support of the concept of the Delaware Tomorrow Commission is the first crucial step in turning the idea into a practical program to be implemented.

I urge your support, and I hope that your efforts will highlight the kind of close cooperation by the different levels of government which is so necessary in a small State such as ours.

If we fail to work together, to plan together, then indeed we shall b unable to grow together.

Two hundred years ago, a handful of men met in Philadelphia to forge what was to become the greatest "growth strategy" that man has ever known.

Representatives from our State actively and significantly participated at these meetings. Now, on the eve of the two-hundredth anniversary of this occasion, let us, along with the thousands of Delawareans who will subsequently share in this planning process, dedicate ourselves to assuring that Delaware Tomorrow will be a State that all its ditizens can be proud of.

Before I turn this podium over to Mr. Biondi, I and I see you Mayor here, and I hope that you have received your copy of the Port of Wilmington Study Committee, I hope you have sir, and I am in receipt of it and I have simply issued a press release here giving some substance of it. The copies of it were made available to the people assembled here.

BIONDI: We have twenty copies of it.

GOVERNOR: Twenty copies I am told and the Port of Wilmington Study Committee chaired by Mr. C. B. McCoy was created by Executive Order back in February and it has been somewhat of a joint participation, not somewbat, it has indeed been a joint participation on the part of the administration of the city, county, and State government. I think that perhaps what's here, and I simply make it available because of the significance of the Delaware Tomorrow Commission today and by reason of being a reciprocant of this,

make it available to those because I think it's, if it's not a full brother or sister, it probably certainly is a first cousin.

Secondly, I would like to announce for your information in addition to the Gather Committee Report, study report of the year to Lodine Gather, I forget the exact name of the committee at that time that he chaired. The General Assembly, as I am sure a lot of you know, did indeed pass Senate Bill 257 with it's several amendments. The prime sponsor I believe was Senator Berndt. I had not until now appointed that committee to establish a Delaware Deep Water Oil Terminal Committee and that's what the act basically does. When it got through with it's many amendments it was amended to the extent that there was no public funds created in that act for that committee to work with, but it is indeed a lawful committee and I signed that piece of legislation. I want to announce today that I have appointed to that committee in compliance with the act itself, Senator Berndt to be the chairman, the required four members of the General Assembly of the two political parties Senator Berndt, Senator Zimmerman, Representative Knox, Representative Matushefske, J. Madison Nelson is a New Castle County member and some people may or may not, that are here, may be learning about this, maybe my office hasn't been able to be in contact with you. We are only hoping you will accept. Arthur Wilson is a New Castle County member, Mrs. B. Blades Derrickson is a Kent County member along with Lt. Governor Bookhammer and Mr. Vincent Brittingham our Sussex County member and the two environmentalists are Mr. Gene Trumbore, and Mr. Wm. S. Ingran Jr. In a further step the College of Marine Sciences was required to appoint three people and they had that prerogative and the names submitted to me by the

College of Marine Sciences are Dr. Robert S. Biggs, Joe M. Boodman, Dr. Gerald J. Magone, if I am pronouncing that correctly. I only make that announcement because at this point I had not yet nominated that committee and it will certainly have some relationship as far as I am concerned with the Delaware Tomorrow Commission by reason of the very nature of it's creation having to do with an oil terminal in an off-shore oil terminal. Now, Francis I am about to turn this conference over to you, I want you to be mindful of the fact that I am not giving you an easy job, but I know that given the kind of people gathered here this afternoon, that I am not giving you an impossible job.

I would hope that your interest would continue after today. If we have named anybody to the Delaware Tomorrow Commission at today's meeting who does not feel the significance of it then feel free to so state your, we've nominated you, we've named you and we want you to serve, but we don't want you to serve if you think that it's of no value or that your interest is lacking because with the interest lacking we can't serve a purpose that we want to deal with. I feel confident that Chairman Biondi will know who's attending, he has been very active about that kind of thing with the Delaware Agency to Reduce Crime and the people who won't participate, Frank says he can't use you. I would imagine you would feel the same way in this kind of a venture with the Delaware Tomorrow Commission. I want to thank you personally, each and everyone of you, for taking your time to be here. I'm looking as Governor, I am looking for a contribution here that will be meaningful not to this administration but sincerely to the people of the State of Delaware, that's the sole purpose.

Thank you very much.

BIONDI: Thank you Governor. For the record I guess we ought to make it clear that you did give me this job, you didn't ask me if I'd like to have it. As I recall the conversation, I received a telephone call from your counsel, Mr. Carey, saying "Are you interested in growth in the State? I said yes and I went home that night and my wife said "I just got a call from Mr. Carey. He said to tell you you've been, since you're interested, you've been appointed Chairman of the Commission. I asked him if he would like to speak to you but he said no." Here I am today. The Governor has stated broadly the purposes of the Delaware Tomorrow Commission, I'd like to briefly outline some of its more specific responsibilities and there are five as we see them at this time. They are the following:

First of all to determine what the State government's historical experience has been in regard to growth.

Second, to determine how effectively State government is currently responding to growth.

Third, to determine alternative ways that the State government can provide for effective growth.

Fourth, to evaluate the potential impact of various growth alternatives in the private and the public sector.

Fifth, to recommend to State government, policies and strategies for effective and rational growth in the residential, commercial, and industrial area.

In addition to the purposes as outlined by the Governor and these specific responsibilities as I have outlined them now, there is a broader purpose also which is involved in the first two, which is to be served by this Commission if it serves any purpose. And that is to raise the level of public discussion in this State with respect to the problems of growth, to raise the level of public discussion by indepth study of the problems.

Governor Tribbitt mentioned that there was a conference at the University of Delaware on September 12 which I attended, and very frankly,

the conference in my judgment could have been held two years ago and the statements made wouldn't have been any different. It did not appear to me, although everyone was citing the News Journal articles as the basis for the discussion, that too much attention had been paid to some of the factual problems which have been raised - the lack of data, the lack of information, the lack of factual judgments which could be agreed upon by varying parties with respect to fundamental issues. There is a problem and there has been a problem in the public affairs of this State as I have seen it for a while, and that is we sometimes rush to judgment without the same kind of analysis that we would give in private affairs to questions. This has happened in connection with recommendations with respect to taxes and other policies in the State. I think that if the Commission is going to serve a useful role one of the fundamental things we ought to do is look at the facts, look at the problems and try to arrive at judgments with respect to those problems that reasonable men, given their varying interests, will recognize as factually supported.

Now, as an idea of the kind of problems we ought to look at, two members of this Commission have indicated areas of interest which they would suggest for the Commission. I am not saying that these should be the areas of interest for the Commission specifically. It seems to me that the kind of questions the Commission is going to have to address itself to.

Mr. Thompson, Spencer Thompson of ICI, was kind enough to look at the Commission's charge and to suggest that, in view of his experience with the Greater Wilmington Development Council, there are three broad questions that we ought to look at:

(1) What changes in the work force of Delaware should be anticipated and planned for in the next ten to fifteen years? What changes will come about as a result of population growth and migration? What effects of more education, what affects on attitude towards work?

(2) What changes should be expected in job availability? Will there be an accurate growth in a number of job opportunities with the existing businesses in the State? If new industry is needed in order to provide job opportunities for projected changes in work force, what kinds of industry are needed? Where should the new enterprises be located?

(3) What is the climate of the State in terms of it's appeal to the kinds of new industry which should be attracted to Delaware? (having first made the judgment as to what kind of industry we need in the State and what changes in that climate are needed). Related to this question, are there serious taxation or fiscal problems in the State? What is relative quality of governmental services in Delaware as they affect potential new employers? What is the quality of other essential ingredients for new business in Delaware; land resources, water resources, labor resources, etc? What do our leading banks and business institutions in the State think about the climate?

These are the broad questions that Spencer has posed as matters which are the proper business of the Commission. Another member of the Commission, Mr. Vaughn, Jerry Vaughn, who is coordinator for Community and Resource Development, the Delaware Cooperative Extension Service, University of Delaware, College of Agricultural Services, who also served as Chairman on the State's Council of Industrial Financing, has voiced some relevant issues. In a recent letter to Governor Tribbitt, after discussing the tax problem in the State, stated; "reserving judgment on the tax question, I feel undue emphasis on it and amending the Coastal Zone Act diverts our attention from other, much more important needs in strengthening Delaware's economy. As I see it our needs are in order of priority:

(1) A plan for continuation of Delaware's threatened rail service, or development of acceptable alternative transportation.

(2) Expansion of Wilmington's port.

(3) Massive publicity stressing Delaware wants new business and industry; that we have a well-trained, highly productive labor force and excellent schools and training facilities, and that the Coastal Zone Act limits only certain types of industry.

(4) An industrial development policy and funds for the State to launch

a substantial program and selective recruitment of desirable target industries.

(5) A plan for meeting long term energy needs of Delaware business and industry.

(6) Streamlining the exceedingly cumbersome and time-consuming zoning and other permit procedures of some jurisdictions.

(7) Great improvement in water, sewer, and housing in industrial parks.

(8) Assembly of a larger and more varied inventory of prime industrial sites with zoning, utilities, owners willing to sell or lease, ready in advance, an industrial land bank.

(9) Funds for "Fantas type" industrial surveys showing specific improvement needed in each community to attract industry.

(10) Less conservative lending to business and industry by Delaware banks.

(11) More eventual capital for starting new companies.

(12) Change in anti-industry and anti-tourism attitudes in some communities.

(13) Prevention of detrimental loss of service at the Greater Wilmington Airport, and the final recommendation,

(14) Possible modification of our taxes to encourage new business and industry.

Well, I think both of these gentlemen have put their fingers on a series of problems which we ought to address in this Commission.

Generally, I think what we are looking for is the answer to the conclusion which was reached in the News Journal series of articles published this past year, where, after talking about the tax problem, the writers concluded,

> "actually Delaware's growth seems more hamstrung by first, official indecision over whether the State would benefit from further growth, and beyond that, whether we want white collar or blue collar workers to locate in the State. Next, failure to promote the State or to advertise it's advantages. Next, an unwillingness to commit the necessary funds to embark upon a serious campaign

> to attract new business. Next, a lack of coordination among governmental agencies in processing cases involving firms which are interested in locating in Delaware. Finally, a benign attitude on the part of business and industry already in the State in connection with efforts to lure new employers. These in addition, of course, to the squabble over the Coastal Zone as it has been described in the past."

If there is anyone standing, I think there are some additional seats in the room here. Would you like to move in? Okay, I see Tom Maloney sitting in the corner there.

Now, in attempting to approach a problem this broad, there are serious problems as I look at it. The primary conclusion the Commission might reach is that the problem's too broad to attack. In any event, it's like any other problem.

When I start out in negotiations with Tom Maloney for the police or the fire fighters I've got a list of fifty demands of what I want in the contract. He's got a list of fifty things he wants to take out of the contract, and we both think it's hopeless at the beginning but as we move on the specifics of the proposals one and two and start hammering them out either one of two things happens and this is what I think will happen here. If reason, moderation, and good judgment prevail, either men of good will agree on common facts and arrive at solutions or power prevails and the solution is in a different direction. In any event we are going to come to some conclusion about this problem, and I think that we ought to, rather than worry about how broad the problem is, really start hacking away at it. Perhaps we'll come up with some solutions.

Now, let's talk about who's here in the room for a minute. We have, first of all, members of the Delaware Tomorrow Commission in the room

and these are the thirty-one members of the Commission who represent a broad spectrum of public officials and persons from the private sector. Secondly, there are people in the room who are members of the three committees of the Commission and the committees are the Committee on Economic Development, the Committee on Land Use and Community Development, and three, the Cost of Public Services Committee. Now, the first thing that we ought to explain is perhaps, why these committees?

When I looked at the list of Commission members, and the list when I looked at it was twenty-seven - twenty-eight and now it is thirty-one, it was evident that all the people in the State who had expertise, who had experience, and who have something to say and something to contribute about these problems could not be placed on a single commission. Secondly, it was obvious that the Commission itself was top heavy with State officials and although the State officials reportedly like to give themselves advice, the advice they often get in those circumstances is not the best.

Next, we felt that a Commission of this kind operating with twenty-five to thirty members might result in a percentage of the thirty people, fifteen or twenty, maybe twenty-five of the thirty people getting together, listening to arguments, old arguments, as they have in the past and as all the committees in the past have done in this State without any indepth work being done by the committee and all we are going to get from that is a summation of what the past arguments have been and I believe we could all sit down and do that at the present time.

In an effort to broaden the base of the Commission, to get people active in the process who weren't on the Commission and to channel the work of the Commission, it was decided to create three committees, as I have said the Land Use and Community Development Committee, the Economic Development

Committee, and the Cost of Public Services Committee. Now at this point we are not married to this committee structure, we hardly are even engaged to it. We want the Commission to consider whether or not the structure which has been suggested is the proper structure for proceeding.

So we have with us today members of the Commission, members of the three committees who are not members of the Commission, then we have a Technical Advisory Committee present. The Technical Advisory Committee consists of Mr. Keifer, the Chairman, of the Delaware State Planning Office; Mr. Elgie, Planning Director for Department of Highways and Transportation; Mr. Daniello, Community Affairs and Economic Development; Mr. Vasuki, Director, Division of Natural Resources and Environmental Control; Mr. Bauer, Director of the New Castle County Planning Department; Mrs. Hurd, Director, Office of Water and Sewer, New Castle County; Mr. Peter Morrow, Director, Department of Commerce, City of Wilmington; Mrs. Schramm, Director of Planning, City of Wilmington; Mr. Marshall, City Manager of Newark; Mr. Cohen, Planner, City of Newark; Mr. O'Donnell, Director of WILMAPCO; Mr. O'Brien, Director, Kent County Planning and Zoning Department; Mr. Fritz, Kent County Engineer; Mr. Henry the Sussex County Engineer; Mr. Derrickson, the Director of Planning in that county; Jack Roe, the Acting Planner of Dover; Mr. Hardesty, the City Manager of Laurel; and Dr. Jordan, The State Geologist.

That's the membership of the Technical Advisory Committee. Now, why this Technical Advisory Committee? Well, first of all, this group I've just named, they constitute and represent the support staff for action that is going on in the cities and in the counties of this State with respect to questions of residential, commercial, and industrial growth. They are the people working at the policy level in the local subdivisions and I believe that there can not be a meaningful State policy with respect to

residential, commercial, and industrial growth, unless it is coordinated with the programs, policies, and actions which are taking place at local levels in the State structure. We are a small State, come right down to it we are almost a small neighborhood by comparison with other states, but there is a plethora of jurisdictions and it is my conclusion that to proceed with a Commission of this kind to try to develop State policies without the participation and the input of these policy makers on the local level is just to waste time.

As an example of the need in this area I have cited in the previous meeting, I am not going to do it in any detail, Mr. Daniello, the Department of Economic Development Secretary has a Fantas study going on which is supposed to look at the kinds of industry which might be interested in locating in the State. Mrs. Hurd in her office in New Castle County, which is part of Mr. Madora's office, has a 208 plan and she receives $1.2 million - I think she has more money than any of us from the feds - she has an industrial growth study going on for New Castle County as a part of that plan. I noticed in the press that Mr. Slawik has a conference scheduled on growth problems and I know that Mr. Folsom, the president of the council, has a growth committee over all for New Castle County. Now, somewhere we ought to try to put this all together and get the data, the experience, the knowledge, and the policies, the plans, and the programs together in one place. If we are going to have some kind of a consistent policy in the State at all, it would have to be consistent with what is going on locally, and in order to be consistent, or in order to influence a local policy or vice versa we first of all have to have all the facts on the table. As I like to say, I like to play with a full deck. Now, all

of these people have agreed to cooperate. One meeting has been held and I know some of them have raised a question of what really do you want from us? I tried to articulate it at the last meeting. I can perhaps sum it up a little better at this point. Initially what we want from the Technical Advisory Committee is the following:

> First, an inventory of all plans and planning studies previously done at their levels which are relevant to the work of this Commission.
>
> Secondly, an inventory of all the studies relevant to the work of this Commission that are in process - I don't believe that John Daniello ought to be hiding from the County what's going on in the Fantas Study and I don't think the County ought to be reticent about letting the State know what's going on in their study.
>
> Third, we need an evaluation by these people of the significance of these past and present studies. In addition we need an identification of the ordinances, resolutions, rules, and policies at the various levels of government which support, and which impact on growth, both residential, commercial, and industrial, and we need their assistance for the committees.

Now, I think each of you has received a little pamphlet of this kind. Do you each have that? Now, first thing you have in that pamphlet is the members of the Delaware Tomorrow Commission, following that, and that occupies one, two, three, four pages and by looking at these first four pages you can see who the members of the Commission are, who the Governor's appointments are, who the legislative appointees are, and can familiarize yourself with your fellow members. On the fourth page it is indicated that Clifford Hearn, Esquire is going to serve as secretary to the Commission. I would also advise you at this time that Rodman Ward, Esquire of the firm of Prickett, Ward, Burt, and Sanders has agreed to serve as counsel to the Commission and will be working with me, and the primary reason for that is, he's the guy that recommended to Carey that he recommend to Tribbitt

that I be Chairman. That he should get off for nothing is intolerable.

Rod has a great interest in this area and I am sure that he will be very helpful. Now, following those lists of the members of the Delaware Tomorrow Commission, you find the members of the committees - the Land Use and Community Development Committee who are not members of the Commission, the members of the Cost of Public Services Committee who are not members of the Commission, members of the Economic Development Committee who are not members of the Commission. The final page is an addendum which indicates three additions to the Cost of Public Services Committee: Dr. Markell of the University, Dr. Brucker of the University, Mr. Madora who is the Director of Public Works for New Castle County. There also are indicated three members of the State Planning Office. One person for each committee will be nominated from the State Planning Office. Mr. Hugg of the State Planning Office will work with the Land Use and Community Development Committee, Mr. Hudson will work with the Economic Development Committee, Mr. Fisfis will work with the Cost of Public Services Committee. These committee assignments are coincidental with their areas of knowledge and expertise in the State Planning Office.

Now, going back to the front page of the Delaware Tomorrow Commission, persons and organizations named by the Executive Orders 48 and 53, all the members of the Commission are assigned to one of the three committees and the committees will consist of the members whose names appear as committee members who are not Commission members and the following members of the committees. Now if you want to take your pens, I'll go through the list of the tentative assignments and we say tentative assignments of the members of the Commission, the committees, because if any member of the Commission feels he can serve more valuably on another committee than that to which he

has been assigned, that's fine. And also if you have recommendations with respect to other people for the committees themselves I'll be willing to hear those.

Starting with the persons, organizations, named by Executive Order No.'s 48 and 53, and I'll just use the last names here so we can move on: Mr. Stewart, Cost of Public Services; Mrs. Tripp, Cost of Public Services; Dr. Worrilow, Cost of Public Services; it will be Mr. Larson for Mr. duPont, Land Use and Community Development; Miss Greer, Economic Development; Mr. Davis, Cost of Public Services; Mr. Campanelli or his delegate, Cost of Public Services; Mr. Ryan, Economic Development; Mr. Slawik, Land Use and Community Development; Mayor Malone, Economic Development; Mr. Daniello, Economic Development; Mr. Schrank, Economic Development; Mr. Hall, Land Use and Community Development; Mr. Hill, Land Use and Community Development; Mr. Adams, Economic Development; Mayor Carroll, Land Use and Community Development; Mr. Twilley, Land Use and Community Development; Mr. Keifer, Cost of Public Services; Mr. Bryson, Economic Development; Mr. Ziman, Land Use and Community Development. Turning to the next page, Gubernatorial Appointments; Mr. Walton, Economic Development; Mr. Krapf, Economic Development; Mr. McCoy, Economic Development; Mr. Folsom, Cost of Public Services; Mr. Gilliam, Land Use and Community Development; Mrs. Slights, Land Use and Community Development; Mr. Weiner, Cost of Public Services; you may want to switch that last one. Where is Leon? Okay, the legislative appointees; Senator Cordrey, Land Use and Community Development; Senator Berndt, Cost of Public Services. Right off let me make two switches: Mr. Weiner to Land Use and Community Development, I've had the benefit in the past of his erudition on this subject, and Senator Berndt to the Economic Development Committee; Senator, is that satisfactory with you?

BERNDT: Fine.

BIONDI: Representative Seibel to the Cost of Public Services; Representative Kenneth W. Boulden, to balance these committees, the Cost of Public Services. Okay, does anyone have any questions as to what subcommittee he is tentatively scheduled to work with? Okay. Now, let me at this time just give you a general overview of the functions of these three subcommittees.

First of all, this is just preliminary. We want the subcommittees themselves to stake-out their areas of interest, their areas of concern. The purpose of appointing people to these subcommittees who have expertise, who have experience, who have learning with respect to these problems the benefit of that learning and we expect the subcommittees to meet and discuss at length the problems that they will tackle individually. Preliminarily the Land Use and Community Development Committee should really deal with the geographical distribution of development throughout the State. Particularly, what amount and type of development is likely to occur in the various areas of the State? What amount and type of development is desired in the various areas of the State? What public services and facilities are currently available to serve growth? How much growth could be accommodated without additional services and/or facilities? What policies, if any, should be adopted with regard to resource areas, for example, aquifer or recharge areas? What are the relationships between official development policies and actual development? Economic Development Committee should take a look at proposed growth goals with respect to population and employment, to propose growth targets, to review growth in the recent past. What is the impact of the tourism industry? What will be the impact of Outer Continental Shelf

development? What is the potential of transportation advantage over the northern New Castle, in northern New Castle County? Impact on the corridor area, the Penn Central matters, Baltimore and Ohio railroads, New Castle County airport? These are real problems, and of course, the Wilmington Port Study I believe should become an integral part of the review of this committee. As in many areas a lot of studies have been done. Let's take one area of taxation. Well, we'll take that up later but let's just talk about the Wilmington Port Study. I don't think there's any need for the committee to review in depth that problem. I think the committees should review the recent report and, if it agrees with that report, make it a part of its recommendations. But we have to make use of studies that have been done in the past. We just can't let them sit around.

In the Cost of Public Services Committee there are a number of areas which have to be considered. You have to consider the public sector cost; the proposed types and levels of growth; the cost of government today; the aggregate public sector investment policy today; State and local policies with respect to taxation including property assessments; structure of taxes in Delaware on a Statewide and local level; the State government debt policy; per capita cost for services that are population related; user fees vs. general tax revenues, and the role of the State government vs. local government in financing services, particularly in light of the national policy in revenue sharing and block grants.

We're going to suggest that these committees meet bi-weekly, if possible, from now until January of 1975. We would like the committees to meet bi-weekly from now through January, and we would like the committees, and we'll discuss this later in the meeting, to hold public hearings, attempt to hold them in the most meaningful fashion. I'm not going to suggest how the committees should proceed but we would ask you to take into consideration

proceeding as some of the committees proceed on a federal level; advising people when the committees are going to meet, and asking people who would desire to be heard to present their statements in advance so that they can be reviewed and studied and meaningful questions asked at the meeting. Everybody will get a chance to put their arguments on the record. The arguments haven't changed much, the arguments are pretty well known. What we want to do is have some meaningful study and some meaningful work done here. We hope that if the committees may meet on a bi-weekly basis between now and January, the committees will then report to the Commission. The Commission starting in February and March should try to coordinate, summarize the findings and the recommendations of the committees. They should also form at that time a legislative committee to help prepare various proposals, draft legislation based on policy recommendations of the Commission. We hope to issue a draft report in April, and conduct hearings with respect to the draft report at that time, and at the present time we are looking forward to presenting a report in June of 1975. Although I am cognizant of paragraph four of the Governor's Executive Order which provides that this Commission shall submit to the Governor in a General Assembly by June 1, 1975 its findings and recommendations, the final decision as to the date the date of submission of the Commission's findings shall rest with the Commission. I believe we are going to have to measure the date of our final submission by the quality of the work we do in the interim period and I'm cognizant of Bill Bradford's comment to me that if we just identify the problems by June of 1975 we'll have made a contribution. I'm not usually optimistic, I am not optimistic now, but like when you are writing your brief, it may be one hundred fifty pages but the first page is the toughest to write.

After that, they start falling.

Now, there are two other items on the agenda this afternoon, and one of which is the most, well perhaps they're of parallel importance. We've talked about the organization of the Commission, it's committees, the membership, the reason for the committees, the reasons for the Technical Advisory Committee. We've talked about the designation of the membership of the committees. We've talked generally about the function of the working committees. I've stated we've talked; we haven't talked - I've talked - you've listened. There are two other items on the agenda which are going to be important. There has been prepared a document entitled, "A Survey of Popular Attitudes Towards Public Affairs in Delaware" by the Oliver Quayle organization. The results of that poll have been put together in the volume. We have a representative, I believe Mr. Lovell, of that organization today, who is going to summarize their findings and each of you will be given a copy of this report at the conclusion of this meeting. Is that not the case, Dave?

KEIFER: Yes.

BIONDI: Each person will receive a copy of the report at the conclusion of the meeting.

Basically the thought here was to find out, what are people thinking about the State's problems today. I don't think what they are thinking is determinative. Our business should be as I see the principle focus of this Commission-- what is the role of leadership; what should the people be thinking; what should we be talking about as public officials? Now, that this survey has been done, we're going to have a presentation of it, and following that we are going to have an open discussion. The open

discussion will concern anything that's on your mind, including the purpose of the Commission, the committees, the organization, anything that is said, and the report on the survey of popular attitudes towards public affairs in Delaware and anything else that members of the Commission believe is relevant. Is Mr. Lovell here at this time?

LOVELL: Good afternoon. We've conducted two surveys for the State of Delaware, one was done in February, it was in person, five hundred respondents throughout the State. An example was not drawn initially to give a precise reproduction of the population distribution within the State, but rather was intentionally off balanced a little bit to provide sufficient number of respondents in each of the four areas of the State: The City of Wilmington, New Castle County outside of the city, Kent County, and Sussex County. There were one hundred interviews in Wilmington, one hundred in Kent, one hundred in Sussex, and two hundred in New Castle County outside of Wilmington. In order to obtain an accurate reflection of the Statewide population, those four groups of interviews were mathematically weighted on computer to their appropriate representation in the State. That makes New Castle County interviews, in terms of the figures we present, represent, fifty-six percent of the adult population of the State. Those personal interviews lasted from forty-five minutes to seventy-five minutes with each respondent. The time varying mostly in terms of what the respondent had to say rather than how the interviewing was conducted. The interviews were conducted in mid-February. That's important because the attitudes of the public are influenced very significantly by what is being reported in the media, what's going on. If you'll recall in February, the energy crisis was one of the major issues.

Gas lines, it was during the actual field period that alternate day sales of gasoline was established in Delaware. There were hot line information services established in Kent and Sussex County during that period. There were considerable tension and even some fights reported in the news media at gas stations with people trying to buy gasoline. Naturally that situation was reflected in the data. There is an unusually high level of concern reflected about the energy crisis. We did, in addition to that original survey, follow-up interviews by telephone with original respondents in June. We re-contacted two hundred seventy, or about fifty percent of the original respondents, and reinterviewed them. We asked many of the same questions but we asked some new ones in addition to fill out some areas that weren't too clear in the first survey to measure some additional developments. That too, involves mathematical weighting on the computer to relate an accurate cross section of the State population. You will get a copy of the report that has been prepared on the survey. I won't cover everything in it because there is considerable detail, particularly on the demographic analysis. We've looked at the attitudes of the population by area, by race, by age, by income, by sex, by religion, by voter registration, you name it, we looked at it. There is a considerable amount of that kind of detail in here. I will concentrate on pointing out some of the highlights.

First of all, we did an initial evaluation of how the people of Delaware feel about the State. What kind of a place is it to live? We asked three questions:

(1) How does the quality of life in Delaware compare to four or five years ago?

(2) How does it, I'm sorry, what do you expect to happen in the next four or five years? Will quality of life in Delaware improve or grow worse?

(3) How does the quality of life in Delaware compare to states that you are familiar with?

Thirty-six percent of the population Statewide feels that life in Delaware has improved. Twenty-three percent said it was about the same. Thirty-seven percent said it had grown worse, four percent not sure, no opinion. In effect there are almost two equal groups. Thirty-six percent who feel the quality of life has improved, thirty-seven percent who feel it has gotten worse. The patterns vary by area to some extent, particularly in Wilmington where the people feel the quality of life has grown worse over the past four or five years. It is particularly blacks who feel that the quality of life has grown worse. Sixty-two percent of the blacks with an opinion feel it's, think it's worse now than compared to the past. In four or five years thirty-six percent think the quality of life will be even worse than it is today. Thirty-three percent think it will be better. Similar patterns, blacks and residents of Wilmington are more inclined to be pessimistic than whites or residents of other areas of the State. Particularly in Kent County there is a high level of optimism. More than half of those with an opinion feel that the quality of life will improve. As compares to other States, exactly half of the respondents Statewide think Delaware is a better place to live than other states. Only ten percent think it is worse than other states. The conclusion that we drew from this is that, first of all compared to other surveys that we have conducted in similar states, there is somewhat lower opinion of the State in terms of the past and expectations of the future. However, it's a moderate concern as witnessed by the fact that people do generally think that the State will be improving. Now, I can't comment on the validity of that belief whether it is a reasonable belief or not, but that's the way the people felt at a given point in February.

certainly, that's about as high as I've ever seen it in this kind of a question. Need for higher wages four percent and scattered remarks in the same area. The third problem; crime, drugs, and law enforcement volunteered by twenty-six percent. Most of it along the lines that we need stricter, tougher judges; courts too lenient. We need more police, need tougher laws, enforce the laws equally for all, stricter drug laws and enforcement.

Taxes and spending was volunteered fourth in priority by twenty-five percent. Taxes are too high nine percent, need more careful spending of taxes ten percent, more equitable tax structure needed, nine percent.

Land usage and the environment was next. Fourteen percent mentioned something in that area. This is on a volunteer basis remember, five percent improve usage of land, better planning, stronger zoning, five percent keep and enforce the Coastal Zone Act; four percent clean up the environment, stop pollution.

Education - concern in that area volunteered by twelve percent, most of it a rather general improve the quality of education.

Race relations - something in that area volunteered by eleven percent, unfortunately, most of it, nine percent, carrying anti-black connotations: get the black chiselers off welfare, eliminate school busing, reinstate separate but equal policies, no mixture of races.

Concern about the problems of the elderly, volunteered by nine percent, most of it well scattered. Do more for the elderly in general; raise social security, hardly a State problem; lower taxes for older people.

Other problems were mentioned by less than ten percent including roads and highways, eight percent; more public transportation, seven percent. State government administration concerns about corruption and excess employees by six percent; welfare, five percent; health, five percent; parks and recreation, four percent; housing, four percent, moral climate, particularly

We asked a considerable number of questions about problems, issues that may be of concern to people, we tried different techniques, from general to specific and from a volunteered kind of approach to a multiple choice kind of approach. The first question on the area of issues, we asked residents of Delaware to tell us what they perceive to be the problems confronting the State. The problems they would like the State government to do something about. There was a wide range of problems volunteered as is customary with a question like this. One problem that was mentioned most frequently was the energy crisis, forty-five percent talked about that. I've already mentioned that we were in the midst of the energy crisis in February when this question was asked. We have seen on the telephone follow-up survey in June among other questions a reduction in concern about the energy crisis, which is not surprising, but as of February the top issue was the energy crisis. They covered a lot of ground and specific kinds of concern. They worried about the availability of gasoline, about the possibility of rationing, the distribution of sale of gasoline, the cost of energy services, gasoline, oil, electricity, coal. Some were worried about the truth of the energy shortage, was there indeed a shortage or was it a scheme to get higher profits? The second most frequently volunteered concern was in the area of bread and butter problems. Thirty-nine mentioned something in that area. Specifics, the two major ones were, the cost of food is too high, and the cost of living is too high. These are not perhaps problems that are readily accessible to State action; but nevertheless, those were the concerns and people do look to the State government for some assistance or action in that area. In addition to that, only eight percent mentioned a need for more jobs or more industry. That in itself is not unusually low,

pornography, two percent.

Some general comments about these, first of all the level of concern about the economy we have seen since that survey and other surveys is rising steadily, which will surprise no one I'm sure. It was volunteered by thirty-nine percent in February and at that time, that was fairly high, in our experience in other states.

In State issues we have not seen much concern of that level. Crime, drugs, and law enforcement volunteered by twenty-six percent was at that time a little bit lower than we usually find it in State surveys, it is in our experience, continued to decline in importance quickly in relation to increasing concern about the economy. Taxes and spending, volunteered by twenty-five percent, again that's not a particularly unusual one, but it's a little bit lower than we've seen it in the past, there is further information we'll come to regarding each of these issues, I should point out. We will find further on taxes and spending that there is an unusually, or was at least, an unusually low level of concern about the amount people pay in taxes in this State. We have some information that helps explain that.

Land usage and the environment, volunteered by fourteen percent, that's fairly high for a volunteered issue kind of concern. Most people don't think in those terms when they're asked to speak off the top of their heads.

Education, twelve percent is fairly low, on the other hand, we frequently find it come up much higher than that.

Race relations is not unusual. Aid to the elderly, on a volunteer basis at least is not unusually high but there is further indication elsewhere that there is a high level about that. There is some variation in concern

by area of the State, as it would be expected, aside from the energy crisis which I don't think is worthy of a great deal of attention at this point is because of the change in the situation since then.

Economic concerns were particularly high in Kent County, fifty percent speaking of those. They range from thirty-three percent to thirty-seven percent in other areas of the State.

Concern about crime, drugs, and law enforcement is particularly high in Sussex County forty-four percent vs. twenty-six percent Statewide, lowest in New Castle County outside of Wilmington. Interestingly, the concern is not unusually high in Wilmington itself. We will see shortly that there is some indication that there is a high level of concern indeed in Wilmington, not that the problem is that close to the top of their minds so that they think of it off hand when asked to recite the problems that they think are important, but when they are reminded of it, they are concerned about it.

Tax and spending is low. I've covered those already. In addition we handed response lists of thirty-four subjects, issues, problems, we asked them first of all to rate the performance of the State government on each. The average for the thirty-four issues was, of those with an opinion, thirty-seven percent held a favorable opinion of the State's performance, sixty-three percent an unfavorable opinion. That's not unusual for a State government, not at all unusual. Obviously, the most important issues are the ones that are rated worse.

The public generally seems to work along the lines of what have you done for me lately. If the service or facility is in good shape, and they rate the State well, it is not important. If it's in bad shape and they are concerned about it, it gets a high importance and a low rating of the issues after we asked them to rate the government, we asked them to pick the two or

three from the list that they felt were most important.

First on the list, cost of living inflation, forty percent selected it. The change here, the energy crisis dropped to second position, with only twenty-four percent picking it as one of the most important. We had forty-five percent volunteering the energy crisis, but when they were reminded of other problems, only twenty-four percent really considered it one of the top issues.

Third in importance, help for older people, selected by twenty-three percent, unusually high. It usually doesn't come anywhere near the top ten, well, I take that back. It's usually around tenth in importance on a State issue list.

Fourth, crime in the streets, selected a relatively low sixteen percent, drugs and narcotics selected by fourteen percent. Unemployment increased in importance when we got to the list, up to fourteen percent selected it. That's the particular concern of blacks and in Wilmington, as might be expected.

Other problems, education thirteen percent, public transportation twelve percent, efficiency in government eleven percent, welfare programs ten percent, taxes nine percent, again much lower than it usually is. State hospitals and health care nine percent. Protecting Delaware's coastal zone, in the context of all these problems, only seven percent considered it one of the most important problems. Government spending, only six percent are concerned about that. Housing six percent, significantly higher within the City of Wilmington, more on the order of thirty percent there. Everything else is volunteered by five percent or less, mostly less. Air and water pollution, five percent. Closing tax loopholes, bringing in new industry four percent; regulating growth and development within the State, four percent;

parks and recreation, three percent; protecting natural areas in Delaware, three percent; maintaining existing roads and highways, three percent; aid for the cities, two percent; protecting consumers, two percent; getting Delaware's fair share of federal programs, two percent; encouraging tourism in Delaware, one percent; building new roads and highways, one percent; farm problems, one percent; highway safety, one percent. This gives an indication of what people, as of February, felt was important, and felt was not so important in terms of the broad panorama of issues confronting the State.

The worse job rating given the State is on the most important issue, inflation in the economy, ninety-one percent of those with an opinion rated the State unfavorably. I think we'd probably find the same thing if we went out and did it again only more concern about it now. It's the number one issue these days in the nation. Issues seem to work that way, for a while it will be energy crisis, and that's pretty well subsided, so now it's the economy. But the State was also rated unfavorably on all of the issues of any great concern, except education. Education which fell seventh in importance, volunteered by thirteen percent, sixty-five percent of those with an opinion rated the State well on education. Everything else until we got down to relatively unimportant issues was rated unfavorably. The other favorable ratings were on protecting Delaware's coastal zone, sixty-three percent with an opinion had a favorable impression of State performance there, sixty percent favorable attitude in the area of parks and recreation, sixty-three percent protecting natural areas in Delaware, sixty-two percent building roads and highways, sixty-nine percent highway safety.

These are things where the public generally feels the State has been doing a good job. There is, are some marginal ratings, fifty-two percent, on encourageing tourism; fifty-one percent maintaining existing roads and

highways. We asked another, took another fairly general approach to the issues. Starting with a fairly basic question to try and get an idea of what people feel as the ideal thrust in Delaware over the next few years. We handed them a card listing four alternatives and asked them to select the one that came closest to their own point of view. The four alternatives were:

(1) Improve State services and facilities, even if it means a substantial tax increase.

(2) This is a general, no specific service or facility mentioned yet, just in general.

Do you think over the next four or five years the State should concentrate on improving State facilities or services, even if it means a substantial tax increase?

(3) Maintaining facilities and services as they are even if that requires a substantial tax increase.

(4) Hold the line on taxes, even if it means cutting somewhat on State services and facilities or reduce State taxes even if it means a substantial cutback in State services and facilities.

Twelve percent indicated support for the idea of an all out effort to improve services and facilities even if it means a substantial tax increase. An additional thirty-two percent indicated support for maintaining services and facilities as they are, even if it costs some more, not a great deal more, in taxes. Thirty-eight percent want the line held on taxes, they felt that that was more important in general than improving any particular facility or service, and eight percent indicated support for the idea of cutting back substantially on taxes, ten percent were not sure, or could not express an opinion. When you remove those undecided and look at just the respondents with an opinion, they split almost fifty-fifty between the maintaining or improving services at the expense of a moderate or substantial tax increase and holding or cutting taxes. I don't say that this gives you any easy answers. You will find through here that on a number

of very important issues the population splits rather decisively, almost down the middle.

BIONDI: They do that in elections too, don't they?

LOVELL: They certainly do. In regarding this public opinion research I, we think it's very important, very valuable, it can give you some feeling of what the people are concerned about, but you can't make decisions simply based upon it. As it's already been said, sometimes the people aren't aware of what a certain program involves, what the details are, what the impact of it would be. In addition, people change their opinions, many of these opinions expressed here are not rigid; are not locked in, you are not stuck with them, you can affect them. But this will give you an idea of where you will face resistance, what kinds of questions are likely to arouse controversy, how you can deal with problems in the public realm, how you can publicize your opinions, your recommendations, your approach. In this case, if you have to make a decision on this I don't know what you would do; half wants you to cut or hold taxes and half wants you to improve services.

There are differences by demography, the ones most likely to support the idea of improving or at least maintaining existing services and facilities are more likely, it varies somewhat and the details are in the report, are more likely to be women than men; are more likely to be young,are more likely to be college graduates; they are likely to be concerned and active in community affairs; they are likely to be business, professional, or small business people; they are likely to be, or white collar workers; they are likely to be renters, city dwellers, those under five years in the State; they tend to be Wilmington residents to some extent, and to some extent lower

economic level, lower income.

The resistance to increase taxation is more likely to come from men, those fifty and older; those with less education; those who are not very concerned or active in their own community's affairs; blue collar; retired and widowed; small town and rural residents; and longest term residents of the State, those who have been here twenty years or longer.

Turning to specific treatment of individual issue concerns, we've asked a series of questions about all kinds of problems, most of which were covered in general in the data already talked about.

Let's talk first about the energy crisis and maybe we can get that out of the way for the moment. In February, some seventy-four, almost three out of four residents of the State considered the energy crisis at least somewhat serious. Actually forty-four percent went so far as to call it very serious. The concern fell considerably by June, but was still high, sixty-seven percent called the energy crisis at least somewhat serious. Concern did fall in the intervening six months, particularly as gas became more available, but the evidence we obtained indicates that people simply did not forget the crisis as soon as they were able to get gas again. We asked for example, how much each respondent was doing to help conserve energy. In February eighty-four percent were doing most or all they could. In June, six months later, seventy-three percent still said they were doing all or most of what they could so that people still regarded the energy crisis as around, just not so immediately compelling or so much of a problem to them in their every day lives. Interestingly enough as of February a plurality felt that there was no real energy shortage. Forty-six percent rejected the whole validity of the energy crisis, that changed by June. By June, a majority of fifty-three percent were willing to admit that at least there was

a real energy shortage. That helps explain why the drop in concern was not more decisive than it was.

In terms of the other problems, the economy, that was the second most frequently volunteered issue and it's the first one on the selected list. We asked a series of questions. First of all about the State's economy. Over the next year or so, do you expect the economy of the State of Delaware to improve or become worse? There was a split, again, but sixty-six percent, two thirds of the residents expect the economy to grow worse, as of February this was, they expected the economy to grow worse within the State. Only nineteen percent expected it to improve. When they turned to their own economic situation, however, they are a little bit more optimistic. Forty-three percent said that they personally, they and their family personally were not as well off as they were a year or two ago. Eighteen percent reported improvement in their own financial situation, thirty-eight percent reported little change. Blacks in particular expressed feeling that they have suffered in the last year or two, fifty-one percent of those, I'm sorry, fifty-one percent of the black residents with opinions stated that they were not as well off in February as they had been a year ago. On the other hand, looking ahead a year or two, thirty-six percent expect to be worse off; nineteen percent, to be better off; and thirty-seven percent, little change. There's a plurality in both cases in other words, well close to a plurality, who is deeply concerned about the effect of the economic climate on their own personal lives. That is particularly true among blacks except that blacks tend to be more optimistic about the future than whites. A lot of that, we asked them why they expressed the opinion they did, is just plain old optimism, particularly black respondents. Many of them volunteered that it can't get

any worse. It is as bad as it is going to get. So I would not take that the fact that blacks are more likely than whites to expect improvement as a very strong indicator that that really will improve for them.

The reasons people attribute in explaining their expectations, if they expect improvement they tend to cite personal things such as I'm changing jobs or I'm moving out of the State perhaps. Very few offer a basic reason, they are scattered reasons and very personal for the most part. But the people who expect things to be worse for them take a different tac, they tend to blame government in one way or another, or situations beyond their control; inflation, cost of living. There is some concern, that's inflation, cost of living is the primary reason people who expect to be worse off in a year or two to see that. Another forty-three percent, I'm sorry, I'd better not even mention these figures because it would take me half an hour to explain them. There is some concern about wages but that's not the major issue. The major issue is cost of living inflation.

When we turn to the question of job opportunities in Delaware we asked how job opportunities in Delaware compared to job opportunities in other states they are familiar with. Forty-one percent say that job opportunities are better in Delaware; thirty-percent say they are about the same; only seventeen percent felt that job opportunities were worse in Delaware than elsewhere. There is a difference, particularly between blacks and whites again. Thirty-two percent of the blacks say job opportunities in Delaware are worse than they are elsewhere. It's also true in Wilmington.

I've got to get this organized. Okay, with regard to specific services and dollar priorities. The basic question; we asked people to choose between

improving State services in general at the expense of a substantial tax increase. We asked that same question about each of about ten or twelve specific areas of interest. The first one, help for older people. Eighty-five percent of those with an opinion felt that help for older people must at least be maintained, even if it costs a little more in taxes. Forty-nine percent of those with an opinion went so far as to say substantial improvement is needed, even if it costs substantially more in taxes. Fighting the energy crisis was also given a high priority of additional expenditures, forty-eight percent; mass transit, fifty-one percent of those with opinions said mass transit must be improved even if it costs substantially more; another twenty-six percent said at least maintain it. Law enforcement, courts, and prisons, ranked fourth in terms of priority on the list with about three out of four calling for at least maintaining current efforts in that area. Schools and education only fell fifth, that's as we've already seen on a volunteered issue, it was unusually low volunteered concern about education but there's a fairly high commitment to use of tax money to support it. Thirty-five percent want more spent in this area or at least want the service improved, forty-one percent in addition think it must be maintained even if it does cost a little more in taxes. We did not, by the way, specify what kind of taxation or even what level of taxation in each question. Education in the State, as I understand it, plays a very strong role in education here, but a lot of it comes from direct property taxes. Protecting the environment also came up fairly strong support for tax expenditures. Thirty-eight said maintain efforts in this area, even if it costs a little more. Another twenty-eight percent want substantial increases. Housing, twenty-five percent improve housing even if it costs substantially more and thirty-five, maintain current efforts. A total of sixty percent of those with opinions are concerned about housing there.

Improving and maintaining highways, considerably less important. Fifty-nine percent of those with an opinion want it at least maintained but very few of those, only thirteen pencent, call for substantial improvement. Attracting new industry, fifty-six percent want efforts at least maintained, with twenty-seven percent wanting substantial improvement. Building new highways, fairly low priority in comparison. Welfare, low priority, the majority there wants to hold the line on taxes in that area, which is no big surprise. Promoting tourism in Delaware falls at the bottom, not a high level of concern there, there are differences by area of course and by race.

BIONDI: John, in the interest of time, let me ask you to summarize and make it a little sexier. What is the attitude of the people in the State? Summarize the overall response of the people in the State to the major source of additional revenue. What's the least objectionable source of additional revenue, if additional revenue is needed? And two, what do they think about the coastal zone overall? Let's focus on those two for a few minutes.

LOVELL: Okay, regarding the additional revenue, there's a fairly strong split between an income tax increase and institution of a sales tax. We asked several questions. One, which of three possible methods would you least object to? There was a change here too, between February and June. In February, the least objectionable, thirty-five percent sales tax, thirty-four increased income tax, seventeen percent increased property tax. That changed in June, forty-two percent objecting least to instituting a sales tax, with thirty-one percent objecting least to increased income tax. The momentum in direction of favoring a sales tax, when we compare the two directly between a nigher income tax and institution of a sales tax, the

balance shifted dramatically from February to June. In June forty-nine percent opted for a higher income tax over a sales tax, with only thirty-seven percent prefering a sales tax. It almost reversed by June, fifty percent called for a sales tax rather than increasing the income tax, forty-two percent calling for a higher income tax as preferable to a sales tax. Part of this is probably due to the fact that April 15 came and went in the interim between the two. I just wanted to remind you. However, clear majorities, we read a series of statements and asked them whether they agree or disagree with each. Clear majorities both in February and June agreed, a graduated income tax is a fairer form of taxation than a sales tax. Clear majorities agree that a State sales tax in Delaware could hurt a retail business that depends on customers from neighboring states that already have sales taxes. They split exactly half and half on the argument of a State graduated income tax keeps executives who make high salaries from wanting to relocate their businesses or industries in Delaware. You'll find this one probably a little bit curious, if the State government would cut down waste in government spending it would have enough money to meet the State's needs without a tax increase. Ninety percent of those with an opinion agree. That's an indication of how the public responds, whether or not that is anything approximating what's the real situation I don't know, I doubt it frankly. But I think that gives you an indication of what kind of problems will be faced if any tax increases are proposed. We asked some about some minor tax things, but let's turn to the coastal zone. We did a series of statements, both in February and June, repeating the same ones and we also asked additional ones in June. In general, first of all, the transfer of oil between super tankers and barges in the Delaware Bay should be regulated by the State. Strong majorities agreed both in February

and June on the order of eighty-seven to eighty-five percent of those with an opinion. Drilling for oil and gas should be permitted in the Atlantic Ocean off of Delaware. Agreement was high in February, sixty percent, it fell by June **fifty-four percent,** but it is still a majority of those with an opinion. Construction of a super port, construction of a super port should be permitted in the Atlantic Ocean off Delaware, fifty-two percent agreed in February while twenty-two percent disagreed, the rest no opinion. The margin narrowed considerably by June, perhaps partly because of the easing of the energy shortage, forty-seven percent agreed, thirty-four percent disagreed, still a majority of those with opinions supporting construction of a super port in the Atlantic. But construction of the super port in Delaware Bay by ten points agreement outweighed dis-agreement, in February by one point in June, almost split dead even on a Bay super port. Also on the question of State control on final say or veto on super port proposals, strong majorities want the State to have the final say whether it's in the Atlantic Ocean off Delaware **Bay.** We asked some additional questions about the super port, how people would feel about it, this is in June now, if it meant little or no revenue for the State government. Well a clear majority would oppose it if it means little or no revenue. If it lead development of a petro-chemical plant on the shore, a super port in Delaware Bay would be opposed by a majority of those with opinions. The question of new heavy industry in general in the coastal zone, new heavy industry should continue to be prohibited in the coastal zone. Clear majorities of those with opinions agree, both in February and in June. Specifying particular heavy industry such as oil refineries, petro-chemical

plants, and steel mills, only a third approved or favored that idea, a majority of fifty-four percent opposed it.

What about changing current coastal zone regulations to allow case by case decisions on construction of new heavy industry in the coastal zone? A majority favored the case by case approach even though they are in general opposed to heavy industry in the coastal zone. Commercial and residential development in the coastal zone, should State approval be required? Close to ninety percent of those with an opinion, yes. We asked some questions about growth and development in Delaware too. In general, most people tend to think that recent history of growth and development in the State as a whole has been about right. Although there's a substantial minority of about a third who think it has been too fast. I'm sorry, that's within their own area of the State. Statewide they think it's about right. Over the next few years the State as a whole should continue to grow according to half of those with opinions, a third want to stop things where they are now, no more growth. Question about control of growth we found first of all in February there seemed to be a contradiction, people opting both for local control of zoning and planning, land usage and the same majority opting for State supervision and control. So we refined that a little bit in June and asked a direct question. People don't care who controls it, they want it controlled though. They want State and local government involved in control of growth and zoning through such measures as zoning. A majority agrees the State has not done enough to control land, farm land from developers. People tend to feel, a majority feels that local and State land development controls tend, do not restrict developers too much. I think that covers the areas of immediate concern.

BIONDI: Thank you John, does anyone in the audience want to ask John any questions about the manner in which they did the survey or anything like that. You will receive a full report of it and you can read the results. John, I did notice though, when you were talking about those people who improved or wanted the services improved or maintained even if they had tax increases, you said they were mostly women; people from eighteen to thirty-four and college graduates; concerned and active in community affairs; business, professional, and small business people; white collar; you went down the line and you left off the fourth one - was not registered to vote.

LOVELL: We thought we'd be a little selective.

BIONDI: Okay, does anyone want to ask anything about what you've heard as an opinion of opinions, and we are all sophisticated now, somewhat sophisticated with what polls are and what utilization we can make of them, Is there anyone who wants to ask John a question about the poll? Senator?

BERNDT: I think I might have missed something. Who sponsored this study?

LOVELL: The study was done by Oliver Quayle and Company for the State of Delaware Planning Office. They were in consultation with them and they approved the questionnaire.

BERNDT: Then the State paid for the study through the Planning Office.

LOVELL: The State paid for the study, right, out of federal funds.

BIONDI: Out of federal funds, as usual out of a federal grant. Yes. Are there any other questions about the methods or procedure involved in the poll? Okay, thank you John.

One thing I did want to point out and that is that with respect

to each one of the committees which has been formed, in addition to having a person from the State Planning Office assigned to each committee, we have had discussions with Dean Norman of the School of Business Administration at the University and have discussed with him the possibility of having a member of the University staff assigned to each committee to help with the staff work of each committee. We talked to him Monday of this week. And we are awaiting a reply from him. It's likely that we will be able to get such assistance from the University for each committee for guidance and support in the work of the committee. Okay, let me open it up for any comments, anyone wants to speak on anything we've discussed today? Bob Hickman.

JORDAN: With all due respect to the State Planning Office and the guy who just gave us that long presentation, I think this offers us a dead end on the whole thing. In your opening remarks you suggested that what we wanted to do was to raise the level of discussion.

BIONDI: That's right.

JORDAN: On the subject, I do not think that anything I've heard on the questionnaire does it, and in fact, I think it tends to lower it, in that respect I think it is unfortunate. Now this may have a useful purpose in, from the standpoint that those of you who are responsible for executing whatever policies, or putting into effect whatever policies or decisions we come up with must of necessity take those kinds of things into consideration. I hope that we don't approach this with the attitude that we are going to have this book in one hand and our study material in the other hand, keep referring to it besides where we want to go. I think on that basis we will get absolutely nowhere.

BIONDI: I have no interest in it on that basis at all, Bob, I have very little interest in it as a substantive document at all, period. It's an indication of what the people in the State were thinking in February and June and I don't propose to spend my time continuing to worry about what they're thinking. I am concerned about what they ought to be thinking, what proper public policy ought to be and that's where I'm going from here. I trust the Commission will go that route with me also. Okay, yes, Toby? I violated a rule that I was supposed to establish, and that is, when we speak we are supposed to stand up, give our name and speak clearly. Stand up, speak clearly, and give your name, and who you represent so you can be identified on tape.

RYAN: Toby Ryan and I am with the Building and Construction Trade Council. You had mentioned earlier that you felt that these various committees, these three committees that are set up should actually have open hearings for the public to come in and speak their piece. Well for the past year and a half we have had hearings up and down the State of Delaware and I feel that they actually became a contest between, now I'm talking about the coastal zone, the environmentalists and the economists or myself representing the construction workers, and one day you would have a hearing and the next day in the paper it would say, so and so outnumbers so and so. Then the next hearing you'd have this group outnumbered that group and it was a repetitious type of thing and I think if you had these committees having these type of hearings you'd actually start into the same thing again.

BIONDI: Well, I don't want to say that I'm going to discourage public hearings, okay. I think it's up to the committees to decide how they will meet and work and the circumstances under which they will hold public hearings. I do not think there is much purpose in having the kind of a hearing in which you simply announce that we're going to be at X school tonight and

everybody will show up and just have a general brawl. That's the kind of thing we've had before, I don't think that offers much hope for the future. I would hope that we would look at it from the point of view of committees working up an agenda, a work schedule, deciding to hold a meeting, stating the purposes of the meeting, inviting those people with an interest to attend, pre-submit their statements and have a serious discussion of the problems involved. There will come a time when the Commission puts it's entire report together and when people will have a right to address themselves to it in that other type of public hearing but I'd like to proceed basically as the Corporation Franchise Tax Committee did.

I think some of you were members of that committee. I think we have to quietly sit down and do some work and when we have meetings to focus the meetings on substantive problems and who can contribute to those problems. The Chairman of each one of the committees is going to have a difficult job with respect to that and I want to bring up the subject of the chairmanship.

At the first meeting of the Technical Advisory Committee we said we would like to have meetings of the committees going in about two weeks. We are going to ask the committees to make recommendations from amongst their own membership as to who should be chairman of the committee and make those recommendations to the Governor who will appoint the Chairman of each committee. We are willing to entertain any other basis for the selection of the chairman. We'll pretty much want to leave that up to the committee members at this point to decide how they can best work together. There are considerations - some people are obligated time-wise at this point in time to other things and we want the committees to have chairmen who can work with the committees. Yes sir.

KRAPF: I'm Fred Krapf and, Mr. Biondi, I would like to take this opportunity to thank the Governor personally for putting me on this committee and I'm sure everybody else feels the same way. I think this is something that Delaware has needed desperately and I know that I've been forced out, being in the construction business, almost out of Delaware and I've been fortunate enough to do well in other areas and it's nice to be back and to hear that maybe they do want people back in Delaware. I go along with Bob Jordan in if you're going to have to sit through an hour's dissertation while somebody is reading me a survey I just don't think there is any point to this sort of thing and I also feel that there's two things that we do not need and that's more surveys and more studies. We've got enough surveys and enough studies that if we piled them up in this room I'm sure we couldn't get them in here even if they were on microfilm. I would like to see us get to work and do something and set a time frame that is realistic. I go opposite with the gentleman, and I forget who it was who said, that thought if we could just define the problem by June; I think we all know basically what the problem is and we could all do that very shortly and I was hoping by the first of the year we'd come up with some solutions or we just won't have anybody left. Maybe I'm looking at it from a wrong point of view but I feel that this thing needs to be pushed you've got a great group of people here who can push it. I think that we're all interested and I hope that we can move that time frame up before June.

BIONDI: Well, I think we're going to try to adhere to the schedule. I think we can proceed with the schedule. I agree with your comment with respect to further studies. I have already opposed and canned the hiring of consultants to put together a study of the studies we have. I think

we have people on the Technical Advisory Committee who can sit down and put the studies together. We've done enough studying. The raw materials are there and the studies are there. What we need to do is come to some informed judgments about them except in certain areas. I think that we do in the State have an absence of critical data with respect to some of our problems.

Let me indicate one of them I'm personally familiar with. It was the Corporation Franchise Tax. A recommendation was made as a part of a Delaware Tax Study Committee that the top rate of the Corporate Franchise Tax for those corporations paying the maximum would be increased from $110 to $150 thousand. It would raise $3 million. The Corporate Franchise Tax Committee, when it was appointed by the Governor to study the problem in depth, thought that recommendation would be disastrous. The point I want to make is that the first questions we asked were questions like this: Who pays the Corporate Franchise Tax? How is it stratified? Is it classified into eleven classes of corporations by amount of tax paid? How many corporations fall in each class? Are these corporations in the State or do business outside the State? If you took all the corporations on the New York Stock Exchange and put them in the stratifications, where would they fall? Where would those in the American Stock Exchange fall; Where would those on the Over-The-Counter Market fall? (CHANGE OF TAPE) How did corporations progress through the rate schedule? What happened to those corporations who were paying the maximum ten years ago? What's the status of the Corporation Franchise Tax in other states? What's the cost of incorporating in other states comparable to Delaware, taking into account incorporation costs, and taking into account the cost of domesticating

a foreign corporation? We sat down and asked those questions. They were good questions, but there weren't any answers to those questions. There had never been any data developed. The first thing we had to do was hire programmers to come in and secure that kind of data out of our own records. Yet people in the State have been making judgments about the Corporation Franchise Tax and what you could do with it everytime there's been a tax crisis, and it's been a bi-partisan attack on the tax. It produces somewhere about sixteen percent of our revenues. Well, I think we're in the same position information-wise with respect to a lot of other critical questions, but I don't believe it's going to take an extended period of time to find the answers to those questions. Okay. Anybody else?

Arthur Krieger, you've got nothing to say? Throughout the meetings of the Corporation Franchise Tax Committee you kept saying, what are you going to do to bring new business to Delaware and I kept telling you, you were not being relevant to the issue. Today you have a chance to be relevant.

KRIEGER: I'm at a loss for words.

BIONDI: You're at a loss for words. That's the first time I've found you at that.

KRIEGER: Don't get excited, Frank.

BIONDI: Okay, Henry, do you have any ideas about what we're about here? Do you see us being able to coordinate what's going on here with the things you're doing in the county?

FOLSOM: Very definitely. We're plowing the same field. Very definitely, our committee and the county government of course are plowing the same field.

I think we have much of the input data, certainly the interest and I hope we can contribute.

BIONDI: Thank you Spencer Thompson, I took a lot of your thunder and relied on it in my opening remarks. I didn't plagarize it however. Do you have any other comments at this time? You've given some thought to the structure of the Commission and its membership - it's function.

THOMPSON: I don't know that you are going to be too successful in having this group select their own chairmen. I think we are going to comments are going to move quickly on this. We're putting people together who haven't worked together and it would be helpful to have suggestions from you to the committees, Frank, as to how it might be accomplished. Secondly, most committees are no better than the staff that you've got for them. I think it's important to get somebody assigned as a secretary to the committees who has got the skills to help them pull the information together and to sort out the information.

BIONDI: Alright, I think we can take care of the second problem. As to the first problem with respect to the selection of the chairmen, is there any kind of a consensus here that perhaps - that I should talk with members of the various committees and secure their suggestions, and then make a suggestion to the Governor as to the chairmen of the committees. That's the best way we should proceed? How do you feel about it? Okay, we'll go along on that basis.

BRYSON: You're the Chairman, Francis.

BIONDI: I'm trying to be democratic today, with a small "d" John, but I have no hesitancy about making those kind of decisions. Al?

MADORA: Al Madora, Director of Public Works, New Castle County. I suggested that why wouldn't a couple meetings, let them decide a temporary chairman for the evening to get a feel of who's on the committee. You know, get a feel of the people and then maybe the committees themselves could get together and recommend someone.

BIONDI: Well, that's an alternative Al.

JARDINE: Why don't you have the Commission members of each committee select the chairmen?

BIONDI: I think you can expect the chairmen to be selected in the next few days. I'm not going to be hung up on this kind of problem.

MADORA: That's where the power comes in, right Frank?

BIONDI: Well, we've had reasonable discussion between reasonable men, now it's time to make a decision, and we'll go on. Now are there any other comments? Leon?

WEINER: I think there are two questions that don't fall in the - Leon Weiner is my name - that don't fall into either of the three committees, but run across the grain on both and I'd like to suggest that somewhere, in some fashion, either some guidance from you as Chairman or what other method you'd use to try to deal with them.

The first is the question that you pressed upon, which is the relationship between the State, county, and local governments. It is a critical one, not only from a legal point of view as to which has the power and the responsibility, but also how they can function in this kind of relationship so we don't produce an overlapping and extraneous consideration of these things that are not, you know, feasible. And the second is, a consideration of what is the general attitude toward growth? We have assumed from hearing

what you've said today, that we're going to have growth. I would suggest there are some people here that don't believe it, or may not want it and I think that if you're going to have a fruitful kind, or meaningful, or whatever word you want to use out of here, there needs to be some kind of a posture which suggests: (a) that a certain amount of growth is going to happen whether we like it or not or examine the alternatives, and (b) face up to that responsibility. Because I think that many of our discussions can get lost without getting that second question dealt with.

BIONDI: I think you've put your finger on two good questions, Leon. I think that there are going to be primary questions that the Technical Advisory Committee is going to have to be wrestling with and each one of the subcommittees. Now there's going to come a point in time as the subcommittees go on with their - it's obvious that - well, let me say about anything can happen, but we currently have two systems of control over State and local zoning and planning for example. You have one level of control at the local level and I don't know anyone at the local level who would support the assumption of the planning and zoning function by the State. On the other hand, the Coastal Zone Act itself is the result of a zoning authority by the State and may not be consistent with what's going on at the local level. I think we're going to have to answer this question in terms of how we approach problems. For example, I asked Dick Bauer at the meeting of the Technical Advisory Committee a question concerning the industrial growth study which is being done pursuant to the 208 Program. I asked him in doing that industrial growth study were they going to look at the problem of the coastal zone from the point of view of land use planning in the coastal zone, and what land use planning would dictate with respect to industrial uses within the coastal zone or were

or were they going to look at it on the basis of the fact that it was simply prohibited. He advised me that he was going to look at it from the point of view of what proper land use planning would call for in the area. In that context, you are dealing with the problem of State vs. local control and out of this discussion, and out of the work of these committees, we're going to have to come up with State policy which is either coordinated with or in some cases conflict with the local policy. The object of working together with these Technical Advisory Committees and with these committees having a broad membership of local government officials is to see where the consensus is. But your two questions are questions we are going to have to take on early. Yes.

VAUGHN: And kind of in line with what Mr. Weiner has said, a couple of things that are going to be common to the work of several of the committees, one kind of a procedural one. In figuring out things to do constructively, the question that we must ask in every committee is who will do these? So each committee is going to have to wrestle with the matter of who's going to do what, and maybe we're going to need some guidance from the Chairman, and from the Governor, and our legislators as to how to handle that one and then as concerns another bit of subject matter that is common to all three committees, and yet not really assigned as the responsibility of either one per se, and that's transportation. Transportation looms large in the economic development matter. It looms large in the land use and community facilities and in terms of the cost of the various public services that the State will have to provide in the future. It is probably going to be one of the biggest. Well, how do we handle transportation?

BIONDI: Land Use and Community Development? It was on a list that

Dave had prepared and he proposed to handle it in the Land Use and Community Development. Why did you think it was most relevant there Dave?

KEIFER: Because it was essentially a matter of urbanization policy. It was a question of transportation.

BIONDI: Okay, well, that ought to be raised early on in the sub-committees as to whether or not it's in the right ball game. Are there any other comments?

KREIGER: My name is Arthur Krieger, I just wanted to check with you Frank, as to what your plan is as to the mechanics of coordinating from here on in?

BIONDI: Well, I think that meetings of the three subcommittees should be set-up to take place within the next two weeks. The staff officer assigned to Land Use and Community Development is Mr. Hugg. The staff officer assigned from the Department of Planning to the Economic Development Committee is Mr. Hudson, and the staff officer assigned to the Cost of Public Services is Mr. Fisfis and I think they should be in contact with the members of the committee this week and ascertain the best date and time. Now, maybe something we can get straightened away here now is, comeone called me and indicated that he preferred to have the meetings in the evening. What about the difference between evening and afternoon meetings. Is there any consensus of the group as to when the meetings should be held?

ANONYMOUS: Afternoon.

BIONDI: A strong vote for the afternoon.

ANONYMOUS: Afternoon.

BIONDI: A second strong vote for the afternoon, how about the rest of you?

ANONYMOUS: Evening.

BIONDI: All right, why don't we do this. Each of you guys from the Planning Department try to schedule the meetings at a time that satisfies the majority of the members of the particular committee. Okay? And if you have a conflict, a tie vote, call me. Now, Art, we would look forward to getting a meeting going within two weeks. Dave Keifer himself is going to call a meeting of the Technical Advisory Committee. We are going to have transcripts made of these meetings and also summaries of these meetings prepared and shall distribute. Have we made provisions to distribute to everyone here today a summary of this meeting?

KEIFER: We'll do it.

BIONDI: Okay, Would that be helpful if we did that so you could maintain an informational flow? Alright we'll do that. We'll also get out to you, to each one of the committees, the suggested tentative areas of your interests. We want to make it understood that concerning the areas in which you are going to work, we want the judgment of the people on the committees with respect to that. What we have done is merely given you suggestions. I will attend the meetings of the subcommittees, at least the first meetings of the subcommittees so that we won't stall around for lack of direction. Now, is there anyone who thinks his services would be better utilized in some other capacity than on the committee he has been assigned to? We tried to make a judgment but you can't be right on all these, yes?

THORN: My name is Ernest Thorn, Common Cause, my own particular experience is on land use, not public cost, but I am willing to work wherever I am needed however.

BIONDI: Alright, well I can't see any reason why that can't be honored.

THORN: I'm representing Stewart.

BIONDI: Okay, you want to change that designation then to Land Use and Community Development. Fine. Are there any other suggestions at this time? Yes sir.

WALTON: My name is John Walton, I would rather serve on the Land Use Committee but I have a strong interest in the Economic Development also but I'm more concerned about one thing now, Mr. Biondi - I hope I'm not getting the impression that this Delaware Commission - I know we have great conflict of interests of opinions in the room and the people in the room who know me or know my views, they may resent them or they may not, but be that as it may, I don't want to be part of a commission and I don't think anyone else does that's going to rubber stamp an industrialize Delaware Commission. When people stand up and say let's get this thing on and get on with it that just leads me to believe we're going to get on with something.

Now there may be some polls, for example, Mr. Biondi, that the majority of opinion was that we want to accept a moderate growth plan and something, not that my organization says this or anything else, but that maybe we want to accept zero growth or a certain percentage growth. Would these people be as anxious to get this report out and get on with it? I mean this is, if we're going to work in the interest of everyone, I think right now, I'd rather serve on the Land Use Committee. I'm interested in Economic Development but I think there should be another meeting of this Commission itself and then

have your subcommittee meetings, so we get a chance to hear from everyone because there are people in this room who I've never heard their views. I know by organization who they are but I'd like to hear from the people in the Commission and know what their views are.

BIONDI: Well, my own judgment is that the committee structure is the best way to proceed. The reason why you were put on the Economic Development Committee is because you are the representative of the Farm Bureau and one of the critical questions is the extent to which farm land in the State should be preserved for agricultural purposes.

WALTON: You just said farm land and agricultural purposes. That's land use.

BIONDI: Well, it's also relevant in the Economic Development area but as I say, fine.

WALTON: Well after you've read over your several lists there and I caught it. I don't know where you're discussing agricultural lands in the future and things of this type, I really don't. I would assume it would be under Land Use but if it's going to be under Economic Development then that's.okay.

BIONDI: I think that's an important consideration in the Economic Development area. But I have no objection to you serving on the other committee. Okay?

WALTON: Alright.

BIONDI: Any other comments? Okay, does anybody have any suggestions as to future procedures other than a motion to adjourn.

ANONYMOUS: Seconded.

BIONDI: Thank you all for coming. Would you all sign the register on your way out if you haven't signed it yet?

Lynn Drummond
Recording Secretary

STATE OF DELAWARE
EXECUTIVE DEPARTMENT
PLANNING OFFICE
DOVER

SHERMAN W. TRIBBITT
GOVERNOR

DAVID R. KEIFER
DIRECTOR

DELAWARE TOMORROW COMMISSION

MINUTES

April 8, 1975

Attendees:

O. Francis Biondi
David R. Keifer
Clifford Hearn
E. Sherman Webb
Carl Russell
Ernest W. Thorn
John C. Bryson
Jane Tripp
Marvin Brams
Joann D. Slights
Dorothy Greer
Arthur Kreiger
William Bradford
William Markell
Leon N. Weiner
John B. Morton
Jay N. Cooperson
Marcie Bierlein
Peter A. Larson
Hector J. Rodriguez-Costa
W. Spencer Thompson
David S. Hugg
Nick Fisfis
William R. Latham
James H. Gilliam, Jr.
Dan Kuennen
John F. Walton
Theodore W. Ryan
Joseph Golden
John D. Daniello
Gerald L. Cole
Bruce L. Hudson
Henry Ridgely
Crawford J. Carroll
Joe Conaway

Chairman Biondi called the meeting to order at 3:15 p.m. and welcomed everyone to the second meeting of the Delaware Tomorrow Commission.

The purpose of this meeting is to present three Committee reports to the Commission, with summaries to be given by the Committee Chairmen, and to discuss future action by the Commission.

The Economic Development and Land Use and Community Development Committee reports were mailed to everyone prior to the meeting and the Cost of Public Services Committee report was distributed at

the meeting.

Chairman Biondi stated that he feels the Commission members should consider the reports of the three Committees with any dissenting views of Committee members that may come in over the course of the next several weeks and that we should set a time, 10 days or so, for members of the Commission to comment, in writing, with respect to the contents of all three reports. If they disagree, they should state their reason for disagreeing. The Commission members should suggest anything that they feel should be dealt with that hasn't been dealt with by the three Committees.

Chairman Biondi proposed to then hold a meeting one week later of the Commission to consider these reviews to determine to what extent the Commission will adopt as its own report. These ideas are open for discussion. Everyone will have an opportunity to fully consider the reports and to comment on them in writing.

MR. THOMPSON: In commenting on the report, I will assume that you've read it, I am enough of a realist to realize that you haven't all read it but I have to go on the assumption that you've read it. In the report, we tried to survey, for the Commission, the major elements affecting economic development in the State. We did this not to try to arrive at a conclusion as to what the future rate of growth in the State should be. We felt that's really an issue that the Commission ought to consider, not only in the light of the economic positions with the land use and the cost of government and other elements. What we did try to do was to bring the growth of

the State in the last 20 years into perspective, to explain why that growth had taken place and then to try to give you some idea of the kind of economic growth we would foresee in the next 10 years just from the industry and the population that's in place. Also, we tried to lay out for the Commission some of the things that you could do if you really wanted to accelerate the rate of growth or direct the rate of growth in the next 10 years. We weren't trying to say what it ought to be, we were just trying to clear the brush out of the way so you could look at that basic issue. Looking at the past 20 years, what did we find that was significant to the work of the Commission? First, Delaware's growth in the last 20 years, both in population and in jobs, has been phenomenal. It's one of the fastest growing states east of the Mississippi in that 20 year period. This rapid growth of the last 20 years has required a substantial in-migration of people into the State; it wasn't a growth that grew out of the natural growth of population, it was a growth that partly was from the natural growth of population but at least half of the growth was a result of in-migration for people to take new jobs in Delaware. The rate of growth was greatest in New Castle County. This growth was achieved in spite of two areas of declining population in the State, in the City of Wilmington and in rural Sussex County. So the growth is all the more remarkable when you look at two depressed areas that we've had within the State. Also, the growth was in spite of two or three declining areas of jobs in the State. In other words, there has been a substantial decline in the number of people employed with

the railroads has declined significantly in the past 20 years. The leather working industries, which had an activity in the Wilmington area, has all but disappeared and some of the Marine activities in the Wilmington Basin and around Lewes have declined significantly in the last 20 years. But in spite of that kind of decline, overall the State has had this remarkable rate of growth.

The growth that we've had has been in the higher paying industries. In the industrial area, growth has been in autos and chemicals and both of these industries are on the high side of rates of pay as compared to all industrial jobs in the United States so the present per capita income in Delaware has been rising in the last 20 years as well as the growth of population and jobs. However, it is interesting that the most rapid rate of growth in employment in Delaware in the last 20 years was in government and in the service categories. From our point of view the very rapid rate of growth in government jobs are a cause of concern and you'll see it reflected on the other side and the cost of government on that, as to whether the burden of government has become much greater in the State during the period of the last 20 years and what happens to that rate could have an effect on economic growth in the next 10 years. The growth that we've had has resulted from several factors. Just let me indicate what I think are the three major factors affecting the growth: (1) The location of the State in the northeast corridor, as it's called, between Boston and Washington, and the improved transportation in the corridor, particularly the major highways that have been added, contributed to alot of new

industry locating in the Delaware area, strategically located and it was acceptably located. (2) There was an availability of good land sites in the State and the related utilities: water, roads, railroads, gas, sewage, and so forth. These services generally have been good in the State of Delaware, particularly as compared to Pennsylvania and other areas as in this geographic area. (3) There has been a favorable tax base for business in Delaware as compared to Pennsylvania, New Jersey, and Maryland.

These three factors have contributed to alot of new industry moving into the State. It's been done with no special incentives, by way of special revenue bonds, or tax credits, or subsidees from government. There have been subsidees but there's been no marked subsidy in Delaware as compared to Virginia, the Carolinas and areas like that where they'd really gone out to subsidize bringing industry in the last 20 years.

Looking at the next 10 years, we think the rate of population growth, both in Delaware and in the nation, is going to slow down considerably. The national growth certainly is slowing down and the rate in the State is slowing down, largely as a result of the decline in the birth rates. Also, we think that there will be a substantial drop off in the internal migration of people within the United States in search of new jobs. Migration is becoming more difficult and will remain difficult for the next 10 years because of mortgage rates and alot of other things that are slowing down that migration. So that unless Delaware makes major policy changes, the rate of growth in net new jobs and in population will drop sharply

in the next 10 years as compared to the last 20 years. However, because of the location of the State and because of the present industry already located in the State, it is the judgement of our Committee that net new jobs will grow at least as fast as the labor force without net in-migration. In other words, we don't need to make a special effort to bring a lot of new jobs in the State in order to provide jobs for our existing population.

The majority of our Committee felt that the net growth in new jobs in the next 10 years would be more than the growth in the work force from the existing population so that we would have some net in-migration, even from existing industry growth over the next 10 years, but even the most pessimistic members of our Committee felt that the growth in jobs, while it will slow down, will not be less than the growth in the size of the labor force from existing population.

Secondly, we think the per capita income will keep pace with the national data because of the kinds of industryes and the kinds of jobs that are available in Delaware. In other words, it was our judgement that Delaware does not face a crisis at the present time, such as New England faced when the textile mills moved out or such as the Appalachian areas, of this country, faced when the coal industry declined substantially, or as you had in the deep South when there was a very significant change in the Agricultural patterns so that there was a lot of excess population available. We don't see that kind of crisis in Delaware in the next 10 years.

However, the decline in the rate of net new jobs, and the decline in the growth of population as compared to the last 20 years, will generate certain political pressures. We're aware of these, we can see some of these pressures, even evidenced within our own Committee. For example, the construction Industry in Delaware has been a booming industry for the last 20 years because of the phenomenal growth. When the growth drops off, the construction industry is hurt and so there is pressure to accelerate the rate of growth in the State. The same thing is true from real estate interest and other interests that profit from escalating land values and construction activities.

This decline in the rate of growth and the resulting political pressures, in our judgement, give the Commission the job of weighing all the facts and making the soundest decision for the State as to what kind of a rate of growth we'd like to have in the next 10 years. Delaware, in our judgement, can afford to be selective. We're not in a state of crisis. We're at a point that, if we can agree on our future, we can make some intelligent decisions to influence that future.

Now, the other thing we tried to identify for the Commission the things, the aspects of the job, that will effect economic growth. First of all, we felt that the State should concentrate on bringing in industry into the State that will tend to turn around the declining, or the depressed areas, of the State; namely, the City of Wilmington, and the rural areas of Sussex County. These are the two geographic areas of the State that ought to have

particular attention, to the extent that we're being selective. We think that the State must be selective to get needed results, you can't get any kind of industry to come into the Wilmington area or come into Sussex. There are only certain kinds of industry that can be attractive, and if we're going to bring them into the State, we're going to have to really concentrate on that kind of industry and understand why we're doing it.

Secondly, we think that in Delaware, we need a much stronger State development agency (and this would include the State Planning Office organization) in order to compete effectively with surrounding States. In the last twenty years, a number of States have done a great deal to facilitate new plants or new industry moving into the State. One of the ways they've done it is to have a strong State development agency that could meet with the prospective industrial clients and help them settle all their problems in a very efficient and effective manner. We don't have that kind of mechanism in Delaware today. I know, I've been through this process on the business side of it, in terms of putting a new plan in Delaware, it's a much more complex job than building a new plant in Virginia, where the Governor, through his development agency on down-they really roll out the red carpet to make it attractive to come in and they bring all the resources of the State to your doorstep to encourage you to come in and build a plant in their State. We are not now competing in that league, and if we're going to bring industry into the State, we're going to have to think competitive, and overcome some of the county, city and local jealousies and frictions that we have in this area of bringing industry into the State. We're going to have to do it also if we want to be selective and effective.

More than this, we think that the State needs to go to work on some major economic problems, which if not corrected in the next 10 years, could

seriously impede economic growth. For example, the railroad network, south of the canal, is in deplorable condition based on a report the Committee received. It has deteriorated and is in bad condition. Now if that isn't turned around, it's going to have a real impact on getting new industry to come in south of the Canal, if that goes down the drain. That's major economic factor facing the State.

Secondly, the State has not been spending, as the cost of government data will show you, a proportionate share on the highway network. This is beginning to show up in New Castle County, where we're getting more and more bottlenecks, whether you look at the Newark area or you look at the area around Wilmington, and unless we spend the capital to break those highway networks, it's going to impede the rate of growth, even in the New Castle County area.

Thirdly, we think that it's important to give close attention to the rapid rise in the cost and the burden of government. Delaware, in the past twenty years, has been a very attractive place to come into, because the tax rates have been attractive for industry and the relative cost of government, from a business point of view, have been low. You look at studies that are made in New Jersey, Maryland, and Pennsylvania, and they're all looking at Delaware, saying how much better off Delaware is, but that gap is narrow. If we continue to have an increase in the cost of government in the next period like we've had in the past, we could lose that advantage entirely. I think we need to understand why that's happened and whether it can be turned around.

Those are the major issues, in my mind as I've worked with the Committee. The Commission needs to decide really how much growth is desirable in the next 10 years, where the growth should take place, what kind of jobs we want to bring into the State, and we want to weigh the cost of that economic growth

in terms of bringing it into the State. We think we're going to get growth roughly equivalent to the increase in our work force from existing population without effort that is significantly more than we put in, just from the industry that's in place. Beyond that, we think the Commission has to look at it, in the larger aspect of the Commission.

That, Mr. Chairman, is my summary.

CHAIRMAN BIONDI: In several places within the report there was the comment that there may have been another view with respect to the rate of growth expected in jobs and population. Did anyone on the Economic Development Committee plan to file a dissenting report, or file any comments?

MR. THOMPSON: We have had a difficult time sorting out the actual employment records by industrial categories in the State, in the last twenty years, and the rate of increase or decrease. I think by the end of the month, probably in the next week or ten days, some research that we have had carried out for us by the University of Delaware will be completed, and as a result of that research, we will have eliminated most of the disputes over the figures. We may have some disputes on the rate of growth in the future, but at least we'll eliminate the disputes on what happened in the last twenty years. We may have some dissents on how much growth we expect in the future, whether it's just enough to take care of population or whether it's going to require some in-migration. We couldn't settle that debate until we had better data on what happened in the last twenty years. We had some curious anomolies out of the Department of Employment Security in which the population grew fastest between 1953 and 1963, but the number of jobs grew more rapidly between 1963 and 1973. I think it's because of some distortion on how fast jobs actually grew in 1953 and 1963 as compared to 1963 and 1973. I think in another ten days we'll have that reconciled.

CHAIRMAN BIONDI: Will your Committee meet then after getting that information and supplement this report?

MR. THOMPSON: Our Committee will do two things: We'll meet to consider that and we'll also meet to give the members of our Committee an opportunity to submit any dissents they have in writing.

MR. WEINER: Spencer, has your Committee at all been aware of or coordinating with, the rather elaborate study that has been going on in New Castle County, known as the 208 Study, with regard to this question of growth and industrial land use needs and projection and allocations?

MR. THOMPSON: I would have to say that the projections New Castle County has come up with are not far off from the projections that we have been making. If anything, they may be a little higher than the projections we have made, but they are not seriously out of step.

MR. WEINER: One of the reasons was that, on the question of employment, they have done a rather definitive study industry by industry and sub-area by sub-area.

MR. THOMPSON: Which is what we're also doing, independently, and we're going to cross check it against their figures.

CARL RUSSELL: Specifically, have you used the 208 proposal as the basis for most of your direction?

MR. THOMPSON: We haven't used it at all, it's been done entirely independent of what we did.

MR. RUSSELL: The work being done by the University is that the work that is going to tie in with that study?

MR. THOMPSON: Yes, the work being done by the University will be cross checked with the work that this group did, to see where our differences exist, if any. That will be handled in an addendum to this report.

MR. WEBB: You pointed out that the growth of government and growth in service industries during the past twenty years was pretty strong in Delaware.

Did you do any checking to see if it was abnormal in relation to rates of growth in other States or other areas? It appears that this is a national phenomenon and not necessarily a local one.

MR. THOMPSON: There are two things on the service area: the number of service jobs in relation to the number of jobs in basic industry have been growing. This will continue to go that way if the purchasing power of jobs and industry continue to go up--they will be demanding more services and buying them, so the ration may move from 3:1 to 4:1 in the next twenty years. I think what's happened in Delaware may also be influenced by what's happened on the location of a lot of shopping centers just over the State lines in Delaware. If we should have a sales tax it might change that rate of growth in the future as compared to what's happened in the last few years, where there's been some advantage in locating a shopping mall just on the Delaware side of the line, rather than on the Pennsylvania or Maryland side of the line.

MR. WEBB: How about tourism. That's been quite heavy. Are they considered service for your purposes.

MR. THOMPSON: It's an important industry, in total number, not all that large, as compared to a lot of other retail trades, some of the others are much larger.

MR. WEBB: One last question. You say that the growth will be at least sufficient to take care of the new entries into the work force, and possibly (a majority said) it could exceed it and require some in-migration, but you're not suggesting that the mix within that work force might not do some changing. Is that not correct?

MR. THOMPSON: The mix may change from the mix that there's been in the past. This, our report indicates, might put a burden on career educa-

tion, and so forth, in the State, to make sure that that's adjusted to anticipate the kind of mix that will take place in available jobs.

MR. CONAWAY: In reading over the report, I was a little perplexed with the absence of Sussex County, but with your comment about that being a target area, I would say that we are very pleased to hear that- that is a desire of the group.

MR. RUSSELL: You mentioned in your summation that one of the areas which needs to be addressed is the increased cost of government in the past few years. I didn't see specific mention on this in the report. Would you elaborate on this a bit. How far did you do into that?

MR. THOMPSON: From our employment data, we were awaretthat the number of people employed in government has increased much more rapidly than the number of people employed in the service industries or in basic industries. It's in that sense that we saw the cost of government going up, we just ran up a cautious flag, but we didn't get into it because we felt another Committee had that responsibility.

MR. RYAN: I am a member of that particular committee, but I missed the last couple of meetings. Was there anything brought up about the Coastal Zone act, in its present form?

MR. THOMPSON: No, there wasn't. As the report indicates, there's been no evidence brought before the Economic Development Committee that the Coastal Zone Act was a serious impediment to the economic growth. We didn't have any strong evidence one way or the other. So we didn't really get deeply involved in the Coastal Zone Act. Again, we felt that this was more of a problem for the Land Use and Development Committee, than it was for ours, since we could see sufficient jobs available in the State for the existing population, without getting into the Coastal Zone Area.

MR. RYAN: I had written about a four or five page letter, that the Economic Development Committee had requested. I had mailed it back to the Economic Development Committee, and stated on there about the unemployment in the building trade. We gave reasons, in this particular letter that I had written, as to why we thought the Coastal Zone Act, in its present form, was harming the construction industry.

MR. THOMPSON: I have alluded to the fact that the Construction industry is one of the hard hit industries within the State at this point, particularly with the decline on it. I really think that it's an issue that the Commission needs to address itself to. The Economic Development Committee did not try to resolve that issue.

CHAIRMAN BIONDI: I want to pursuade the members of that Committee that they should undertake that question deeper than they have or in a different form than they have -address it there or file a dissenting report.

MR. WEINER: To clarify, you are saying that employment opportunities for the existing population, as a result of its natural growth, will be available without any major economic increase other than the natural growth of the economic elements which are present today. Are you assuming that you would exclude in-migration or look for a balance between in and out migration for that kind of a population defined as existing.

MR. THOMPSON: When we talk about existing population, we were looking at the number of net new entrants into the labor force, as a result of youngsters 15-18 coming into labor, as compared to the deaths and people withdrawing from it. We assumed, in projecting against the jobs on that, that there will be some out-migration, there'll be some in-migration, but they would tend to net them out. But we say that the minimum estimate is with no net in-migration, the growth of jobs would be equivalent to the net new labor entrants of the labor force

MR. WEINER: With a population base projection to do what in the next 10 years, increase or not?

MR. THOMPSON: Whether the population goes up or not in the next 10 years is not important, because the population is already in place in the State, that will be coming into the labor market.

MR. WEINER: But it's based on the stable no increase in population in terms of job producing requirements. In other words, there will be no people coming of age, and you are making the assumption that in-migration and out-migration will met out at basically zero.

MR. THOMPSON: When we made the projection of jobs, we thought there would be more jobs than the net increase in the labor force from the existing population.

MR. WEBB: Didn't you say that there were two findings of the Committee and that one was that, at the minimum, the new jobs would be equal to the new entrants and the other was that there was a majority who felt that there would be more and would require some additional in-migration.

MR. THOMPSON: We have a range of view of 28,000 of in-migrants in the next 10 years over and above the net new entrants into the labor market, from existing population. This assumes, even on the high side, that the rate of growth in jobs in the next 10 years would not be much more than half what it was in the last 10 years.

MR. WEBB: This also assumes no impact from off-shore drilling or anything in the oil industry.

MR. THOMPSON: Not at all, we simply don't know. We have indicated here that we think that the State needs more information before a projection can be made.

REPORT BY THE LAND USE AND COMMUNITY DEVELOPMENT COMMITTEE

MR. LARSON: Unlike Spencer, I don't think I can assume that you've all read this, because I didn't get my copy of this report in the mail yet, although I am somewhat familiar with it. However, I won't read it to you. I'll just try to get some of the high points. As you can judge, Spencer's Committee was dealing primarily with the question of how much. Our Committee was dealing with questions of what kind, where, and in what form. Essentially, the Economic Development people were dealing with facts. I think our Committee dealt, and in some depth, with issues. If economic forecast is an inexact science, political policy-making, with respect to land use, is even more so. I think you will realize that when you do have a chance to go through our report.

Essentially, what we set out to do, in our Committee, represented by a broad spectrum of interests, both public and private, throughout the State was to create a model for Community Development and Land Use for the future. We did this, essentially, through the process of discussing and identifying the various issues on land use and community development that the individual members of the Committee were dealing with, saw, and could articulate in a form useful for discussion. From that process of discussing the issues, we set out to develop a set of positions or policies that the State of Delaware might follow in the next 15 to 20 years, that if implemented, through various controls, at the local and State level, would set the kind of development patterns for our communities, both developed and currently undeveloped, that the members of the Committee at least wish to see.

We also, from that point, developed a set of programs and tools for implementation, for consideration by the Commission in the event that the policies were adopted. I think it would be fair to say that the consensus of our Committee was that our concern was essentially with quality rather than quantity. What were the community development patterns going to look like? What will our towns and cities and rural areas in Delaware look like? We were dealing essentially with physical things; things that one can see, such as a farm, an office building, or an airport, or a marine terminal. These are things that can be identified physically. They can be measured. They can be controlled through land development legislation.

Three major streams of thought emerged from this process. First of all, a strong feeling that Delaware should protect its prime farm land in the future, for a variety of reasons, not only because it's good farm land, but also because it represented almost an industry in this State, that perhaps for many years has been overlooked, but nevertheless a very important segment of our economy.

Second, there was a strong sentiment to find a way to standardize our land use controls and regulations. Not only standardize from the standpoint of the rules and regulations themselves, but standardize from the point of policy, if you will, as to what land uses were most appropriate to what sections of the State or individual portions of the State. One of the recommendations coming out of this consensus is that Delaware consider the development and adoption of a Statewide land development code, which would be a guide to be used by local governments in their responsibility of actually controlling development.

Third, and perhaps most important of those consensus reached in our committee, was the position that in Delaware we should look for our future development to take place essentially around the systems that exist on the ground today, our existing towns, our existing cities, our exisitgg settled areas, to build on the base of utilities, transportation facilities, government centers, other activities that are already there; to avoid, if possible, the phenomenon of suburban sprawl, which has become so familiar to us in the suburban areas of our State over the last 20 or 25 years. This consensus, in turn, has lead to policies. For example, within our Industrial Land Use category, we should first examine the potential development of existing industrial sites and buildings that are within a city like Wilmington. There is a very close correlation, I think, with this thinking and the consensus within the Economic Development Committee.

That, briefly, is where our Committee came out. We were not unanimous, as you will see when you read this report. We know full well that the counties are not going to be particularly pleased with additional controls, perhaps, imposed at the State level, and we fully expect that the Counties will resist this position very strenuously within the Committee. But, I think it's a good debatable point for the Commission to get into. We were examining within our Committee, and we will examine it further prior to the meeting of the Commission, the question of the proposed American Law Institute Model Land Development Code. Some of us feel that that has some promise for consideration by Delaware and we will probably be making

some recommendations on that to the Commission before it winds up its work.

I will be glad to answer any questions.

CHAIRMAN BIONDI: Your Committee, then, will continue to meet and you will come up with recommendations to the Commission with repsect to that one area (the ALI Land Development Code) which is mentioned in your report for possible digestion. Has your Committee given any consideration to the recent study which has been done by the Delaware Society of Professional Engineers in which they are discussing, in connection with but apart from, the Coastal Zone Act? They are talking about a comprehensive statewide land use plan.

MR. LARSON: No. Their report came out just about the time we wound up our work. This would be of considerable interest to the members of our Committee and certainly, the Commission itself would want to consider these recommendations.

MR. WEBB: Has the Committee considered at all the potential impact of the Federal Legislation that is proposed on energy siting, which requires each State to develop a Comprehensive Plan for the siting of such things as power generating facilities, pipelines, etc. - anything having to do with energy generation, transfer, or management because the kicker to that is that if the State does not do such a development plan the Federal Government steps in and imposes upon the State.

MR. LARSON: The answer to Skip's question is no. However, there is a proposed State policy here, with respect to the question of utilities, and terminals, which in effect, says that the State of

Delaware should maintain the final sign-off on location of these facilities. Essentially, we feel that Delaware should be on top (Page 16). "Delaware should assume regulatory and operational control over any future sites or rights of way for marine terminals, bulk transfer facilities, or utilities, including pipelines."

Now, that's a big can of worms, but it's a great big chore and it probably could not be done with the capabilities that we have on site in Delaware, within our Government structure.

CHAIRMAN BIONDI: I would like to suggest that your Committee, in connection with it's work on the ALI Land Development Code, also review that report by the Delaware Society of Professional Engineers, where they have proposed Statewide Land Use Planning. We will provide you with copies of that report.

MR. WEINER: Once again, my question with regard to coordination with the 208 Land Use Study and Results.

MR. LARSON: We had the resource person from the 208 Program serving with our Committee and they have made some comments, particularly with respect to the question of water supply and sewage disposal that have been considered by the Committee. In so far as the Industrial Study goes, the results of that study were not available to us at the point which we were putting down our final thoughts on industrial policies. I don't think there are any basic contradictions, however.

MR. BRYSON: I have some questions on Page 11 of the report. Item 3, what do you call public shorelines? Is this a public owned beach or are you referring to a public use area?

MR. KUENNEN: I think that was the consensus of what we were talking about, not to use funds in those areas that were not operated by the State.

MR. BRYSON: How about public use areas? Just for the record, there are no funds being spent on any beach other than a public use beach area right now. The only beaches we are spending money on are the ones that the land owners will give us an easement for public use of that beach as a public beach.

MR. LARSON: So the State may have already developed this policy.

MR. BRYSON: Somewhat. It may not be as far as you want to go, and it's not as far as I'd like to go.

MR. LARSON: This all started when we began talking about what happens every 15 years or so when somebody's beach gets washed out and the Corps of Engineers and the State has to build new jetties or something.

MR. BRYSON: It is extremely frustrating, and I would welcome any advice or comments. The next question is on the implementation at the bottom of the page. We can't get enough money out of boats and park fees to even maintain boat ramps and park fees at this point. Your goal is well intended, but the source of revenues are not going to work.

MR. WEINER: I had two questions that go to some broader policies. There are recommendations here that suggest the interjection of the State in the local planning and land use policy questions. Are there any comments from your Committee about the whole question of those powers which have been delegated to the counties or to the local

municipalities versus those that the State, recognizing that the police power under which we do planning and zoning is the power of the State, which it has by law in many instances delegated to other municipalities or counties. There are suggestions here which indicate that the direction of the report is asking for the reassumption of some of some of those powers by the State and outlining that they will be removed from the jurisdiction of the municipalities or local forms of government, including counties. Is there any place in which those powers and that kind of structure, which would accompany your recommendations, has been thought through or that we will get some kind of an outline on it.

MR. LARSON: Only so far as there is sentiment for the development of a Statewide Land Development Code, which we presume would supercede all existing delegations of power. It would delegate power, no question about it, but it would probably supercede the existing planning and zoning legislation.

MR. WEINER: Are you proposing the addition of another tier of regulation, or are you selectively taking back certain powers to the State and reducing the powers of the municipality or of the county which it currently has. I think there are two paths here.

MR. LARSON: I can't answer that because I think what we're really asking is that, if the Commission agrees that we should go for the development of a Statewide land development code, we would, in effect, be starting with a clean piece of paper. The legislature, presumably, with the input from the various other political powers that be in this State, would make a decision and would make a decision on what was to be delegated.

MR. CONAWAY: That is not the impression that I had. The impression that I was left with as a member of the Committee was that this would be another level - a code that would be used to make sure the counties and the municipalities follow these set patterns but that it would be superimposed over the whole thing.

MR. LARSON: It's possible that it could work that way. For the members of the Commission, as you can see, there is some considerable uncertainty about how this would work. I don't think any of us is an expert at it at this point. We do feel, however, that there is little coordination at the present time between the land development policies of our local governments and what may be the merging Statewide policies on Community Development and Land Use. These emerging policies may represent an axis of power that has not existed in this State for many years, an axis of power that will wed the agricultural interests and the very urbanized interests along with conservationists. It may represent a stream of thought that will lead to more power going to the State government.

MR. WEINER: I just want to make the record clear on that. I'm holding no grief for, for example New Castle County's Mickey Mouse system of land use control or zoning - and Mickey Mouse is for the record - in case anybody has any illusions on it. I simply think that this is oneoof the areas that the Delaware Tomorrow Commission, if it's going to perform the service, needs to deal with and to reconcile and to make clear what it is that it's looking for, on the other hand, where the local and municipal governments and the county authorities have their position. My second question, which is found on top of

Page 11, relates maybe to what Mr. Ryan was asking about before, was do I understand the statement that Delaware should continue protection of coastal and estuarine areas throughout the State, as a flat statement, to be an endorsement of the current coastal zoning practices and law. Is that what it's intended for?

MR. LARSON: I think so because earlier we had proposed some modifications, and the majority of the Committee felt that the existing law should remain.

MR. BRYSON: In that vein, is the feeling that the Coastal Zone Act, as it now stands, is a great act?

MR. LARSON: Certainly as a pioneer effort in trying to manage a Coastal area, the Delaware Act is a landmark and it may go in the National Historical Register someday, but there are some who feel it can be even more effective and even more closely tied to some of the economic policies of the State than it is today. However, our Committee felt it should continue as it is presently written.

MR. WEBB: Mr. Larson, when you say should continue "protection of coastal and estuarine areas throughout the State" there are estuarine or wetland areas which are not within the Coastal Zone. In other words, are you talking about the Coastal Zone and the greater area of wetlands or estuarine lands, for example, the Chesapeake drainage area, which is not in the Coastal Zone, the Nanticoke River, for example. I don't think that comment is specific enough. I think it ought to be broader.

MR. COOPERSON: I'm not quite sure that I understand Mr. Webb's point when he says coastal estuarine areas. Cypress Swamp

is, as far as I know, not an estuarine area, it is a fresh water swamp. I think you all realize from what's being said here there was a good deal of differences in the Committee. We were concerned, as people on the outside, not to try and write laws (there were lawyers on the Committee but that wasn't their function there) but to establish a policy. As I understoodiit, there was no question that there might be amendments to the law, but essentially the strong protection policy for the coast and the coastal wetlands was what was desired.

MR. WEBB: I'm talking about the interior wetlands that are not in the coastal zone. I am saying that it's not broad enough. I'm not attacking it on it's narrowness.

MR. COOPERSON: There is another portion of the statement of the Land Use Committee that deals with natural resources other than coastal areas, but we felt that this should be addresed separately.

MR. BRYSON: The current Wetlands Act covers what youtre talking about, Skip.

MR. WEBB: That's right. The borders of the Wetlands Act are different from the borders of the Coastal Zone Act. Which are you talking about--the larger or both? I mean John can show you maps with quite a lot of differences between the Coastal Zone Act and the Wetlands Act, right John?

MR. BRYSON: The Wetlands Act does include the Cypress Swamp and some of the larger swamps. I don't think the marshes are covered by the Coastal Zone Act.

MR. WEBB: There are some areas in lower New Castle County that would be in the wetlands but are not in the coastal zone.

MR. LARSON: At one point, we had a whole shopping list of natural resources, but the problem was that we kept adding them.

It reached the point where we were afraid wedd leave something out so we just didn't put all of them in specifically. In fact one that we didn't put in was swamps, as a matter of fact, we had about everything else, including ponds.

MS. SLIGHTS: I think the intent was, though, that these things be included, that it was an all-inclusive policy.

MR. THORN: As a member of the Committee, I would agree with that statement.

MR. WEINER: I still am not clear. I'm raising a question, not arguing a position. The sentence says "Delaware should continue protection". Is this a flat-footed statement of unqualified support for coastal zone, and wetland, and swamp, and flood area legislation which currently is on the books, or is this a statement that Delaware should protect those areas? The word "continue" has got me confused. Now, it's either one or the other. I would ask the Committee to refine this to say what they mean,,because the Economic Development Committee apparetnly bowed out on that subject, and it would seem to me that this Committee has to do it, or somebody has to do it, and I think that at some point it is a critical policy question for a State which is no more than 10 miles wide at some point where two miles or 20% of the width of the State is affected by a single piece of legislation. I think we ought to be very clear on what the policy recommendation is from this Committee.

MR. WALTON: I want to give our Chairman somessupport, Mr. Weiner, before he has to answer that question. One of the reasons that this area has not been more specific was just the limited time with which we had to work. That's the main reason. We could have spent hours and hours on this one subject and maybe come up with a full page state-

ment, which would have brought a lot of controversy. You notice there were some of us who did not vote, of which I am one, and there were some of us who voted against it. I'd like to point out the reason being is just what you're mentioning, Mr. Weiner, that the policy statement is not inexplicable, but it leaves a lot to be desired. This is an area which we thougt the full Commission should be faced because our sub-committee was not going to resolve the whole thing anyway. About the Wetlands Act, and all the other Acts, and the Coastal Zone Act, there are those of us who are of the school of thought that you can't draw a line at 20% of the State, you have to talk about the whole State. This being a major school of thought, how are you going to separate the 20% out of all the Coastal Zone. There are those of us who think the Coastal Zone runs clear to the Maryland State line, and there are those who wrote the law who think it stops at the Delaware Bay. These are things that are not answered and we couldn't vote for a policy statement.

I have a question Mr. Bryson: Is State policy now not to pay money to restore beaches unless they get access to beaches?

MR. BRYSON: That's right. We haven't spent any money on a beach that the owner didn't give us right of way for public use. That is an unwritten policy, one that I have been carrying out, not something that the law dictates.

MR. GILLIAM: I have a direct response to Mr. Weingr's point. As a member of that Committee, it is not my understanding that that was an enforcement of an existing legislation. I agree that that should be made clear and perhaps the Committee ought to work on it.

MR. RYAN: It seems to me that when the Delaware Tomorrow Commission was appointed - when it was recommended by the Governor to have such a Commission - the reason for it was the controversy of the Coastal Zone Act.

CHAIRMAN BIONDI: I don't accept that. I think we're concerned with large scale problems of what this State's going to look like in the future.

MR. RYAN: This is my opinion. My opinion is that the Governor felt that something ought to be done because we're having the urns up and down the State on the Coastal Zone and he decided to draw up this Delaware Tomorrow Commission. But there's been very little effort put into one of the most controversial subjects that have come up in the State of Delaware in the past two years and that's the Coastal Zone Act. This Committee says they didn't put that much effort into it, the Economic Development Committee says they didn't put that much effort into it, I don't know what the next Committee's going to say, but it has been a problem in the State of Delaware. It's been a recognized thing throughout the nation that the State of Delaware is an anti-industry State. If we don't have that recognition, we're certainly putting a lot of effort into the Future magazine as far as putting ads to try to get people to come into the State, we're putting effort into this, and I think there ought to be some effort by these three Committees into the Coastal Zone Act to see. Everybody has said that we don't know.

CHAIRMAN BIONDI: I think the Coastal Zone Act is a specific problem which the Commission is going to have to address and an

important problem. But, overall as I look at the report of the Economic Development Committee, which is concerned with industry throughout the State, all forms of industry, and as I look at the Land Use and Community Development Committee report, which is really talking about a set of policies for all levels of government; for all kinds of residential, commercial, and industrial groups, really the quality of the State we're going to live in, and as I look at the Cost of Public Services Committee report, I don't think that this one issue has been treated badly. I think it's probably been given the attention it deserves up to this point in the Commission's proceedings.

MR. RYAN: Mr. Thompson said earlier that we really can't do too much on the Coastal Zone because it takes a little more effort and a little more meeting, but one of the reports of the Economic Development Committee, on March 13, says the Coastal Zone Act should be rewritten.

CHAIRMAN BIONDI: That was a draft of that Committee's report. Before the Commission is through it's work, we're going to have to address ourselves to this problem. There are a broader range or problems and I wouldn't be spending my time on this matter at all if that were the only issue. It's an issue that can't be ignored but some of the things which are being suggested here are very fundamental to the future of the State and are of a broader context.

MR. RYAN: I agree with you. However, the question was brought up about the Coastal Zone, not just by me, but by other people in this room and they said that it's such a broad issue that we haven't

enough time to do it. I'm saying that maybe there ought to be some effort put into that one particular subject.

CHAIRMAN BIONDI: Well, I think before the work of this Commission is over with, you're going to hear more of it.

MR. WALTON: Just to set the record straight, Mr. Ryan, I said that we did not spend a disproportionate amount of time on the Coastal Zone. I felt that we spent a lot of time on the Coastal Zone. I felt that we spent a lot of time on the Coastal Zone in our Committee. The Chairman should speak to this issue. I think the time spent was in proportion to the concern of issue that it is and it took up more time, on our Committee, than any other part of our work, just to set the record straight, because somebody's got the idea that we shortchanged them.

CHAIRMAN BIONDI: I agree with Mr. Weiner's position with respect to the recommendation ought not be subject to 100 interpretations, the recommendations ought to be laid out, but I would like to see it done in the context of considering, not just the Act itself, but considering the American Institute Land Development Code, considering the report of the Society of Professional Engineers, which recommends Statewide Land Use Planning. Mr. Walton alluded to it a bit when he said that he thinks the Coastal Zone extends to the Maryland Border.

MR. WEINER: I want to make this point, because I've now heard the ALI State regulations mentioned so many times, for fear that someone would say that for the record, nobody raised the spector of a monster of the undesirability, conceivably of the ALI

regulations, let me please introduce the fact that, until you've read that voluminous piece or document, and have examined it carefully, and I don't know who in this room has, that we should proceed very cautiously and clearly to understand whether we want to impose that on our State, and not to make the assumption that, simply because the American Law Institute spent seven years preparing the document, that it is either useful or necessary document in the State of Delaware. I just put that caveat out because it's been mentioned so frequently that, if there isn't some voice raised, one might assume it was gospel.

MR. COSTA: I would like, for the record, to express my concerns with the word "to control" because I think it is a very conflicted and very sensitive word. It can be good, but it can be very stifling. But the three counties, with their differences and with their competitiveness, I think it's a very good thing, but the waste of separate effort, time, and money, to a common cause is bad. For those who rule or make decision, it is very healthy to delegate authority because if either the county, or the State, or the federal government, have absolute control, and this is my concern (control can be anything relative) it could turn tosomething that in other places is called tyranny, or dictatorship of sorts. I, unfortunately, have only been present at two of the meetings of Mr. Larson's, and I wasntt aware of this tendency to control.

COST OF PUBLIC SERVICES COMMITTEE

MR. KREIGER: I'd like to change the format of the presentation as given by the other Committees, I'd like to have my Vice-Chairman, Dr. Latham and Dr. Brams (University of Delaware staff), aid me in giving this presentation. Our committee had the task of analyzing the Cost of Public Services with respect to our State, and I can happily report that we achieved a first with the three Committees, as we have no dissenting opinions and we don't have any minority reports. Our report is a factual report. We won't have any controversy over it. The Committee had approximately 14 meetings, which count the sub-committee meetings and probably involved a minimum of 800 to 1,000 hours of work. The final report consists of about 50 pages, which Mr. Keifer will send to all the people who have not received a report today. The report is basically broken down into two areas. One has to do with the revenue services for Delaware as a whole and Delaware as a whole is broken down into subcategories of the State of Delaware and then the local portions, which is further broken down into the three counties of New Castle, Kent and Sussex, and then the City portion (we used the three major cities--Wilmington, Newark, and Dover.) We couldn't obtain the information on the smaller localities and the Committee's feeling was that they were not of major significance so that what you see in the report really is the main gut of what the costs have been. The revenue portion, which we referred to as Section A is broken down further with respect to the per capita figures. We made another analysis showing what the portion of the

revenues are broken down by Delaware sources and by external sources. What we mean by external sources is the federal revenue sharing funds, which have a large impact on our State and also we considered as a special category, the franchise taxes, which are raised by the State of Delaware, and which we felt should be dealt with separately because of the fact that most of that revenue is not produced by Delaware sources and is sort of external. The figures with respect to the revenue will be commented upon, after I finish my opening remarks, by Dr. Latham. The Cost of Public Services, which we refer to in our report as Section B, has been broken down in a format which we felt was most important because it's never been done before in the history of the State, and it had not been available, and those figures are broken down on an operating basis, and a capital expenditure basis. Those number, which are presented in Section B, are very significant and meaningful. Again, comments pertaining to this section will be given by Dr. Brams, who headed up that section.

I might add that we had approximately 35 or 40 other reports before we adopted this format, which is on a functional basis so that you can see, for example, the cost and the expenditures of our Government (when I say our Government--that's the overall encompassing title of the State expenditures, the County expenditures, the major cities expenditures, and education expenditures.) Education, I might add, is today about the biggest expenditure that the State has.

We didn't for internal purposes, make any comments or review of the tax policies of the various functions of the State or the operating agencies within the State or comments on whether or not, as some of the other Committees

did, the income tax rates are correct or not correct. What we in effect analyzed was all the income and/or revenue sources of the State from 1968 to 1973 and we also analyzed all of the costs for the same period of time 1968-1973. The 1974 reports, when we started, were not available, and they are not included in the report. We would also like to bring forth to those present, and to the Commission, the fact that one of the things that will stand out and is apparent, which is something that certainly ought to be considered is the fact that the State of Delaware doesn't have large surpluses, as some other States in our Country do. Just be coincidence, there's an article in last night's paper which refers to the fact that, of the fifty states, Delaware's in the group of approximately six or seven that don't have any surplus reserves and can't dip into monies that have been built up over the years. We are living on a hand to mouth basis.

CHAIRMAN BIONDI: Asked for an explanation of how to read Table A of the Committee's report.

DR. LATHAM: In Section A, the table presented there are simply an attempt to look at where the revenues that the State has generated at both the State government level and at the local government levels over the last five years. Contrary to the Economic Development Committee, this Committee felt that the last five years would give a sufficient picture of the history of revenues. If you look at these numbers, you can see very dramatic changes in this short period of time, and going back 20 years for examinations of State revenues and expenditures is not as useful as a similar process would be for employment analysis.

The first table gives the totals for revenues by all levels of government, including school districts, with the exceptions that aren't already noted that excluded are the small municipalities and any other

governmental agencies that we might not have been aware of that receive revenues. The top line in each table refers to the entire State, and the title is Major Delaware Revenues, just to indicate that it's not really quite total, but it's very close to being total revenue. Then the table breaks down the major revenues to those received by the State Government, and those received by some of the major local governments. In Table 1, general and special funds were combined for one total. This is one possible total for State revenues that you can come up with. In this Committee's work, there has not been an attempt to reconcile everybody's different revenue numbers. These are based on the State budget and include both general and special fund revenues.

MR. BRADFORD: With one major exception, the attempt here is to show revenue in relation to expenditures. This is an attempt to take revenue, regardless of where they come from, that end up as expenditures, on Part B. It is an attempt to refine receipts of money, of some sorts, that are used as expenditures. Therefore, you will not find these figures anyplace else. The backup documents do have a breakdown of these figures.

DR. LATHAM: There is a kind of consistency in these figures. The fact that local governments expend some funds that are received by the State, is accounted for here by simply noting that they are received at the State government level. This is supposed to be reflecting point of receipt of revenues and not point of expenditures of revenues. So, we have a breakdown that goes from State government down to the three county governments, and the three major municipalities and the school districts--within the counties.

The following two tables break them down into those that are basically Delaware-controlled sources, and those that are beyond the control of forces inside of Delaware.

All franchise taxes are excluded from Delaware sources, even the franchise taxes of corporations that do business only in the State of Delaware. It can be argued whether these funds are beyond the control of the State or not, but you can also argue that additional funds ought to be considered the control. That's the position the Committee took.

MR. WEINER: I think what you were trying to do in your methodology was to take a look at the Division between what you can raise from local sources as distinquished from what comes in from external sources. I think that the question is: is what you did clear enough to be able to give you enough to make some policy decisions on?

MR. WEBB: Expressed interest in seeing a breakdown of the totals in order to see how they were reached.

MR. BRADFORD: Probably the greatest difficulty this Committee had was to reconcile 75 different methods of recording revenues and expenditures. We had to chose. The figures are available. We ask you, on faith, to accept that we did our homework, and accept that these figures are in the order or magnitude of the expenditures and the revenues of the State of Delaware. They may be off by 3-5 percent.

DR. LATHAM: Went on to explain the breakdown of the tables in greater detail.

A lengthy discussion followed on the detail of the tables in the Committee's report.

DR. LATHAM: These figures are not saying anything about Delaware Tomorrow. They are simply saying this is what's been happening over the last few years. This particular Committee was really unable to say much about Delaware Tomorrow with respect to cost and revenues, without some knowledge about the form of growth in the future; how many people are there going to be, what kind of industries are there going to be, and where are these people industries going to be located, because that will critically effect both revenues and the expenditures.

It would be dangerous to attempt to project State revenues on a per capita basis. Presented here are revenues on a per capita basis, as they exist right now, but I do not feel it would be legitimate to take the State's projected population figures generated by the Economic Development Committee, because some revenues are not tied closely to population and other revenues are tied closely to population.

Care also has to be taken in trying to add up the per capita figures. The only people for whom per capital expenditures are kept are the residents of the three cities. To add together revenues for a person living in Wilmington, you add up the City of Wilmington revenues, New Castle County revenues, and State level revenues and find out what the total revenues collected for a resident of a City is. But it would be dangerous to say that that represents the revenue collected from the residents in those cities, because we know that a lot of the revenue payments, in the case of Wilmington, come from people outside the City.

There is also a danger in trying to compare some of these numbers for Delaware and similar figures for other States, because of differences in levels of service provided and also differences in the kind of government organization that exists in other States compared to Delaware.

There are just some cautions in trying to do too much with what's been presented today.

CHAIRMAN BIONDI: As you look at what future costs are going to be, will you be using the same population statistics that the Economic Development Committee is using here?

MR. KREIGER: We'll use whatever is determined to be a valid number in the future.

MR. WEINER: There are two or three things that are lacking, at this point, to enable the Commission, as a whole, to move forward. One is that we've got general revenues or totals of revenues by area and by number of years, but the sources haven't been done. I think you need to look at the sources. Basically, the Delaware Tomorrow Commission is going to be looking at whether we make decisions or recommendations that there should be growth, or lack of growth, then it's going to effect the question of what kind of policy flows from who pays for what public services. At that point, you get into the population projections for the future, or on a per capita basis or otherwise. While this is an excellent start, I think the Committee has not yet tackled the question that we're going to have to be confronted with. They have not tackled it because I would think that the other two Committees have to set down some kind of policy criteria for this Committee to begin to project into the future and I think there is that difficulty of making those projections, whether it's for population, or sources of funds, or the kinds of public service or public interest expenditures that are needed. In a sense, their work is not completed, for those reasons.

Section B of the Committee's report was explained in great detail by Dr. Brams. He explained that Tables 1, 2, and 3 are really all the same data presented in different ways.

MR. BRADFORD: The attempt of this Committee was to get a data base. Admittedly, it is a first step, even as a data base, and we will do what we can to refine it and we will welcome your questions and suggestions, but the major contribution to the Commission's work has not even begun, as far as we're concerned, and probably shouldn't be done until we have some guidance. Any trend lines you see here in the past may well be changed. Our job is going to have to be to take the best estimates of the kind of people who will be furnishing income, and the kind of expenses and where they take place, before we can come up with costs, or where those funds are coming from, or what will be the impact upon State government if the average income of people goes down in relation to the present dollar level. Where will the income tax be? This is the kind of information we will have to spend our time on.

MR. MORTON: I would like to close on a note of caution, as you take this material home and attempt to look over it more closely. There is a thread that runs through all of our presentations today which makes extrapolation of data a risky venture, at best. As you look at this, you'll see the capital expenditures are rather erradict and are much more closely related to the pattern of growth. By pattern I mean, timing, location, and type. On the other hand, operating expenditures correlate much closer to the overall magnitude of growth. In going through this program, we have established a historical perspective and an analytical method of study,

which I think will lend itself well to carrying this work further into the future when we have the data from the over groups and guidance from the overall Commission.

MR. WEINER: An attempt by this Committee to try to look into the future (on the issue of demand for governmental services) is impossible. What I think is important, and what I think the Committee and the Delaware Tomorrow Commission has to do, is to lay down some general patterns of policy of how we pay for public services. There is currently in New Castle County, and with the State Highway Department, the theory that the new resident should pay for his own sewer, water, etc. This is a new notion of the fact that those of us who get here earlier had our sewers and roads built for us, but now the new residents should pay for every bid of service that he gets. Maybe that's the direction that the State of Delaware wants to pursue. The general direction of policy of how we pay for public services, and where we should be going as a direction, is what I think would be important here.

On the other side of the equation should be some kind of a tax policy which has some equity and is not regressive. I'm not sure that I want to get into that or that you want to get into that, but I think that some suggestion which talks about the burden of payments for public services is important if we're going to make a contribution to the State or to anybody else. So definitive figures, that are based on statistical garbage, are going to come out garbage. If they're based in terms of direction and guidance as to where we're going to go, then I think it has a value.

MR. WALTON: The thing that's lacking, as a result of the time constraint the Committee worked under, is the major cost of public services and that's

the federal portion. The Delaware Tomorrow Commission should be ever mindful of the federal costs of public services. It may be too much to do, but I think the people who read what this Commission has to say should know exactly what portion of their dollar is being spent by the Federal government and for what services.

MR. RUSSELL: We should keep in mind that the commitment that the local and State governments take on when they get involved in some of the federal program is the kind of commitment that will have an impact on some of the policies we're talking about here. There has been very little talk about what kinds of commitments and how far out they will stretch.

MR. BRYSON: I'm concerned that Delaware Tomorrow is going to be just like Delaware Today, unless we take some review of the cost of public services today, one versus the other, and try to get a handle on that, so we can determine whether or not the cost of each public service is reasonable, rational, and if it is something that should continue. I don't know how you do that job.

CHAIRMAN BIONDI: One of the things that the Committee is assuming, I believe, is that the demand for public services has historically been at a certain rate and is not going to dramatically change. If you want to cut taxes back and give everybody refunds, and abolish State programs, you're talking about a change in our society, and the way we do business, which is beyond the scope of the Delaware Tomorrow Commission.

MR. KREIGER: We considered making comments with respect to performance by various functional categories, and it was decided that we would not make any comments because it was beyond the purview of what we originally set out to do.

CHAIRMAN BIONDI: We've got reports, in their current status, from these three Committees. The Economic Development Committee is going to meet again and go over the 1953-1973 work force and employment data and compare that data with what's been developed in the 208 plan. They will prepare an addendum to their report based upon that study. They're going to give Toby Ryan an opportunity to argue to them again, or file a dissenting report, or revise the majority report - depending on how pursuasive he is.

Pete Larson's Committee is going to be talking about a land development code. In connection with that, some parts of the 208 study will be looked at. They will also take into account the report by the Delaware Society of Professional Engineers.

The Cost of Public Services Committee has accumulated some data and they have some ideas on how they can approach the future, but we've got to try and give them some guidelines, from the other two Committees as to what the future's going to look like.

With that in mind, how should we proceed from this point with the Commission in the consideration of these matters? One idea is to ask the members of the Commission to submit, within a reasonable period of time, their documents with respection to the reports that have been received -- not only with respect to reports that have been received but with respect to other things the Committees haven't considered that they thing should be considered. The Committees are composed of members of the Commission and non-members of the Commission. I think that we ought to give the people on these Committees the opportunity to look at the questions raised by members of the Commission. We ought to refer the comments and questions

raised by members of the Commission back to the Committees and allow them the opportunity to review those and respond, before we proceed to adopt position which will become the position of the Commission in these various areas. How do you think we ought to proceed to do this?

MR WEINER: I think we need a period of two weeks when we read and review and digest what we have received today, and come back with written comments. It would seem to me, the Committees should go back to the drawing board on some of their drafts. Until you've taken those two steps you can't set a timetable beyond it.

MR. WALTON: There have been a great many differences of opinion expressed here, but if you read the reports, there is much material that is agreed on by the Committees. It appears to me we need some kind of a fourth committee that would take what's in the reports now, that has been agreed upon, and set that aside, so somebody can start collating the kinds of questions that there are differences on, so when we meet as a Commission, we can get to the hard job of nailing those questions down in terms of debate, or whatever is going to happen.

CHAIRMAN BIONDI: The difficulty with that, at this point in time, is that there is substantial agreement, for example, between some aspects of the Economic Development Committee report, and the report of the Land Use and Community Development Committee. But that only reflects certain agreements between members of those two Committees. It does not reflect the common agreement of the members of the Commission with the contents of either one of the reports. What we need at this time is a period of comment, I would say two weeks for members of the Commission to comment on the three reports

to the Technical Advisory Committee and ask the members of that Committee for their comments on it; then give those comments back to the Committees so they can review those comments and come back to the Commission. It will take a little longer to do it that way, but it's a substantial amount of work has been done, and we've got to proceed as fruitfully as we can at this point. If we don't make the deadline of June--then we don't make it.

The comments should be identified, refer exactly to the report and the section you're referring to and then submit them to Mr. Keifer, who will channel this information.

MR. WEINER: I do think,short of waiting until the other two Committees report, that there should be an examination of one or two questions that were raised here before. On the question of the federal contribution, on the revenue side, for example, in the cost of public service, you have extracted all the federal contributions, on the expenditure side, you've included them. If you're going to make any kind of qualitative analysis toward a general policy, the federal share has to be separated out. That's one thing we have to know if we're going to look toward policy.

MR. RUSSELL: One point of warning, we are concerned that there has been much mention made of the 208 Program. Except for a very few number of reports and projects that have been approved, most of the data that has been coming out of 208 at the present time is draft only and should be accepted as such. We've been warned by the project people and by EPA to keep that in mind.

CHAIRMAN BIONDI: The deadline for getting comments in to Mr. Keifer will be April 22.

DR. BRAMS: I have one comment in the context of the Cost of Public Services Committee, you may have very well come to the conclusion, given the problematic nature of forecasting revenues and expenditures ten years in advance, that you might, in fact, not want to do it. My own feeling is that the problems are such that you could generate a set of numbers to fairly simplistic assumptions, but in terms of the validity or the usefulness of the numbers, it may, in fact, not be a very good way for the Committee to spend its time.

MR. WEINER: As a matter of policy, I think it's very important to forecast for the future, or else that Committee will be just chasing its tail.

MR. MARKELL: We've all seen difficulties of projecting just population and how wrong those projections are. If we try to project revenue and expenditures on the basis of population, we are really going to be in hot water if we go more than just a little bit down the road.

CHAIRMAN BIONDI: But again, we'll probably come out with a set of guiding principles rather than a set of numbers to shoot at.

The meeting was adjourned at 5:45 p.m.

Respectfully submitted,

Dee Burkley

Dee Burkley

STATE OF DELAWARE
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DELAWARE TOMORROW COMMISSION

Minutes of Meeting of May 27, 1975

A meeting of the Delaware Tomorrow Commission was held on May 27, 1975, at 7:00 p.m., in the Library of Buena Vista.

The following members were present:

J. H. Gilliam Jr.
Leon Weiner
Jay Cooperson
Carl Oldach
Senator Berndt
Secretary Bryson
Secretary Daniello
Ernest Thorn
Secretary Hall
Carl Russell
Joe Conaway
John Walton
Joann Slights
Dave Keifer
Fred Krapf
Representative Seibel
Theodore Ryan
Dorothy Greer
Frank Biondi, Chairman

Also attending:

Skip Webb
Dave Hugg
Henry Ridgely
Marvin Brams
John Morton
Arthur Krieger
Jane Aughey
Peggy McLane
Rita Smith (attending for Mrs. Marcie Bierlein, but not a voting proxy)
Dan Kuennen
Gerald Cole
Spencer Thompson
William Latham
William Bradford
Michele Kudish
Eric Brucker
William Markell

Mr. Biondi called the meeting to order. He requested a copy of the Draft Report of the Delaware Tomorrow Commission be distributed to everyone present.

First, Mr. Biondi mentioned the Report of the Economic Development Committee

noting that the Committee had submitted its report on April 1 and subsequently an addendum had been prepared by three members of the Committee. This addendum concerned two specific matters: (1) the Coastal Zone Act, and (2) the reduction of the income tax level (19.8%) and reduction and change in the capital gain tax (100%). These are the two controversial issues within the Economic Development Committee.

Second, the Land Use Committee filed its report on April 8. Since the last Commission meeting, the Land Use Committee met. This meeting resulted in an addendum to its report, dated May 15, 1975. This addendum deals with the problem of a statewide land use plan and the recommendations of the Delaware Society of Professional Engineers with respect to the Coastal Zone Act.

Last, the Cost of Public Services Committee prepared its report and no addendum has been prepared as of now.

Also, the Commission prepared a preliminary draft report. This report was done by Dr. Bill Latham, of the University of Delaware, under a consultant contract (between the University and the State Planning Office). This report was based upon: (1) the Executive Order #43, issued by Governor Tribbitt; (2) the minutes of the Commission meetings; and (3) the three reports (mentioned above) of the Committees.

The purpose of this preliminary report is to attempt to verbalize what is contained in the three Committees' reports. Action on the preliminary report of the Commission will be taken at a later date.

The Report of the Economic Development Committee was first considered by the Commission. Mr. Biondi proposed the Commission examine each recommendation except for the two issues where disagreement exists. These two issues will be considered separately (either by the Committee first, then by the Commission;

or by the Commission directly).

The first part of the report identifies the economic needs of the State; the second contains the recommendations to meet those needs. Mr. Biondi suggested that recommendations 1 through 14 be considered by the Commission and recommendations 15 and 16 be considered at a later date.

Chairman Biondi opened the floor for comments and/or questions from the members.

I.1. (page 1): RATE OF POPULATION GROWTH

Mr. Wiener raised a general question with regard to the approach to the population rate of growth and the way it is used in the development of the report. It fails to take into account that the critical question is not total population but number of households that will be affected and will reflect the character of economic job needs, housing, etc. At present, family sizes are dropping and the birth rate is lowering, but household formations are up over 1,600,000 annually and indications are that household formations will grow more rapidly. Also, the increase in longevity will reflect on the households of senior citizens (although small households). This number will continue to increase our needs for housing, jobs, etc. These phenomena have been ignored in the consideration of needs.

Mr. Thompson asked Mr. Wiener what would the significance be on the number of households in terms of economic development. Mr. Thompson said that his Committee approached the problem in terms of job opportunities - as to whether or not Delaware would have a more rapid rate of growth to provide jobs for the existing population.

Mr. Wiener explained that if there is an average household size of 3.2 or 3.7 and an average size household that is rapidly dropping to 2.7 or 2.8, the

number of jobs or the income producing opportunities are per household rather than per number of people (this is not considering multiple employment). The number of dwelling units is not dropping in the same proportion as the total population is dropping. So, if calculations are based only on population (397,600 by 1986) and dividedby 3.2 (or 3.7) a different result will be obtained than if the figure of 2.7 (2.8) is used. It was noted in the report that the number of jobs would not drop in relationship to the lowering of the population in the same ratio. However, the calculations were only based on population figures and not on household numbers.

Mr. Thompson said that the report considered the amount of people who will be coming into the market looking for jobs. The number of household is not germane. There will be more women going into the labor force in the next ten years than there have been up to now. The thrust was to anticipate the size of the labor force.

At this point, some further clarification was made by Mr. Krapf. He felt that more people will come into the job market because there will be fewer children who will not be seeking employment, therefore the ratio is greater. Mr. Krapf mentioned the computations made by Mr. Davis, of the Diamond State Telephone Company, who discussed this same matter at the last meeting of the Economic Development Committee. If at the moment, in a family group, the number is 3.7 and it will drop to 2.8 it means that there will be more people percentage wise looking for employment. The true importance is that: do we want the State to grow or not.

Mr. Wiener took as example the need for telephones compared to the number of people per household. Mr. Biondi agreed with the fact that with the same amount of people if more households are formed, there will be more needs for

telephones - but he questioned how a greater number of people can be coming out of each household into the job market when the women labor force has already been accounted for, the younger people coming into the labor force as well as people living longer.

Mr. Bryson commented that Mr. Wiener's point should be considered. He explained that this phenomenom will be felt in ten years from now. The trend now is 2.8 persons per family unit and the population remaining equal, there will be more people employed to keep these family units and this does not necessarily mean the woman working.

Mr. Cooperson commented that the question is not what the economic impact of the greater number of households is - which is clearly going to be different - but how the number of people seeking jobs is arrived at objectively. The first part of the report deals only with the question of how many job seekers will Delaware have to deal with, not what the total demand generated in the market will be. Obviously, if there are six people and there are two persons per household, there is a need for three houses (this is one impact). If there are six people and there are three persons in each household, there is a need for only two houses (it is a different kind of impact). Yet, the amount of job seekers remains the same.

The point that Mr. Wiener was making is that if the population number remains the same but the number of people in each household decreases from 3.2 to 2.8, each unit will have to be economically supported. There will be more people going into the job market as a result. The question is how is it measured?

The Committee partly answered this question in making two points: (1) there will be more young people going into the labor market; (2) there will be an increasing amount of women seeking employment; but two more points should

also be considered, the increased longevity and maintenance of increasing amount of households.

Mr. Biondi asked for Mr. Latham's opinion as to how one can measure the impact of this factor. Mr. Latham replied that he would have to look into the labor force change. At this point, he did not know exactly how the household formation affects the labor force participation rate differentially from Mr. Thompson's findings. An increase in labor force participation rate will occur. The question is will this increase occur at a higher rate because of the smaller family size. Mr. Latham stated he was not sure whether it will have an impact or not on the labor force.

Mr. Brucker said that he did not feel that because there will be more young people working, an increase in the female force, and the household size falling that these would be major factors in the growth of the labor force.

Mr. Wiener said he will accept the figures brought forth in the report, but mention should be made of the decrease of persons within the household unit.

Mr. Thompson specified that his Committee used all the resources possible to make estimates on the size of the labor force as it relates to the estimated increase in the number of jobs in industry. The Committee was not trying to make an economic forecast as to how many telephones or how many houses that will be needed in Delaware ten years from now. That was not the question the Committee was addressing and it should not be read in that sense. The Committee was looking at the narrow question: How large the labor force will be ten years from now to take care of people who will want to work.

Mr. Wiener apologized, saying that he thought the Committee was trying to consider the broader aspect of economic consequences (consumption of energy, need of homes, etc.) that would affect the economic well-being. He, therefore, withdrew his comment. It was the feeling of a few Commission members that

Mr. Wiener's comment should be taken into consideration. Mr. Biondi noted that the impact of smaller family household on the work force will be examined - as well as the impact of this phenomenom on other aspects of the economic considerations.

I.2. (page 2): GROWTH IN DELAWARE'S LABOR FORCE

No objections or comments were made, except as it relates to Mr. Wiener's comments, above.

I.3. (page 3: RATE OF GROWTH IN EMPLOYMENT

Mr. Biondi asked for comments. Mr. Oldach said that there is no real method of forecasting job growth so it was arbitrarily assumed that it would be half the rate, but it might be conservative. The greater growth of jobs is solely dependent on the State's economic health. It is not safe to say the rate of growth is going to be half of the present and do nothing about the economic well-being of the State. If the State allows the environment to downgrade for business, problems will develop.

Dr. Brucker mentioned that fixing a figure of 10,000 for unemployment is optimistic. A figure of 15,000 or 16,000 was suggested. Mr. Thompson commented that Delaware's unemployment in the last twenty years has been below the national average. At this point, Delaware's rate of unemployment is high but so it is throughout the Nation. There is no sign that Delaware's unemployment rate is going to be higher than the national average in the long range. Dr. Brucker said that it is unrealistic to expect a 2.9% unemployment rate by 1985. Mr. Biondi remarked that the State will be faced with some serious problems if its unemployment rate is constantly higher than the national average. Mr. Bryson noted that the Delaware figures are much more accurate than those of the Bureau of Census which are about 2% higher than reported. Mr. Krapf disagreed with

Mr. Thompson's assumption that Delaware will remain below the national average for the next ten years on its unemployment rate.

Senator Berndt said he feels that the unemployment rate in Delaware will be higher than the national average within the next ten years because not enough credence is given to the gas and oil shortage without some viable alternative to solve this shortage. Delaware does not have the alternatives that the other regions have. Delaware's efforts to import have been crippled by the programs of the federal government. This will have an impact on the unemployment rate.

Dr. Brucker commented that he would project somewhere in the vicinity of 6% unemployment rate without getting into the question of whether Delaware is below or above the national average. If Delaware is to have more young and more females into the labor force, then Delaware is more than likely to have a higher unemployment rate than the national average.

Mr. Krapf agreed with this thought.

Bill Latham felt that too much significance was given to the national average. It is the composition of the population that counts. The rate of unemployment cannot be divorced from the composition of labor.

Mr. Russell asked Mr. Thompson if his Committee considered the impact of the energy crisis on transportation manufacturing in relation to the automobile plants, and to the building industry in relation to the number of households. If these factors were considered, the question should be asked whether there would be much disparity between the unemployment figures advanced in the report.

Mr. Thompson remarked that Delaware automotive plants are not of the type that are the hardest hit, as compared to the Detroit area for instance. Both General Motors and Chrysler plants are modern and are strategically located in terms of the eastern market. The Committee considering all these factors

and trends in industry saw no indication that there would be disadvantages in the next years compared to what had existed in the past ten years. The types of industries in the State are very dynamic (chemical, automotive, distribution centers) and the strategic location of Delaware caused the Committee to believe that the past trend would not change.

Mr. Thompson went on saying if the unemployment rate was much lower than the national average, the State would experience in-migration; however, the Committee expects that the in-migration will drop down significantly in the next ten years but there will still be enough job opportunities to take care of the population already residing in the State.

Mr. Wiener said two factors need to be considered. He agreed with the Committee's statement on page 8, last sentence; however, he questioned the relevance of the estimate of 10,000 v. 15,000 (of unemployed), except to the point that the Committee on Cost of Public Services will need a base on which to operate. It does not change this report in any way, except to anticipate some additional costs that may be borne because of unemployment. It would be prudent the Commission agreed to a 5% or 6% anticipated rate and try and provide the financial obligation based on this percentage. If the Commission is going to look at supporting unemployment figure of 10,000 v. 15,000, then the question of revenue supporting that base is going to be critical.

Mr. Biondi suggested that (on page 5, first paragraph), a statement be added to the first sentence, to read: "Even if the national average with respect to unemployment were to be 5 to 6%, the Committee's conclusion would remain the same."

Mr. Bryson commented that if the Commission is to be concerned about the cost of public services, underemployment is more a problem than unemployment. This situation exists in Delaware and will continue to exist in the years to come.

Mr. Walton asked for an explanation about the balance between unemployment and in-migration. Mr. Thompson answered that if Delaware has very low unemployment, and high unemployment exists in the surrounding states, the in-migration will increase. If there is high unemployment in Delaware and low unemployment in the surrounding states, there will be an out-migration or no in-migration.

Mr. Walton concluded that those Commission members who believe that the unemployment rate in Delaware will be higher than the national average will prove Mr. Thompson's formula accurate because the in-migration will drop off. Mr. Thompson reported that this is one of the underlying issues for the Commission. Delaware, in the past twenty years, has been one of the fastest growing states east of the Mississippi. The question is should it continue to grow at that rapid rate or will the growth rate slack off? Just a change in the rate of growth of people employed in Delaware (and therefore the total amount of people working) has an impact on how rapidly land values go up. It has an impact on how easy it is for people to change from one job to another. There are all sorts of economic impacts on the rate of growth. The rate of growth for Delaware is dropping compared to the past twenty years (this has been only for the past two or three years). Mr. Walton made the remark that the farming industry (as he puts it: "I am representing one of the lesser dynamic industries ...") has decreased tremendously. There are more farms for sale in Delaware than there ever were before. However, Mr. Walton added, that farming could go either way in the next twenty years.

Mr. Krapf said that the Economic Development Committee came up with a problem that has to be looked into in Delaware. Does Delaware wish to keep

its growth rate at the present level, increase its rate of growth, or decrease it. The numbers can change by the attitude of the State. Mr. Krapf said he, personally, would like to see the State continue to progress as it has in the past (up to two years ago), meaning more population, more and better jobs.

The Commission members generally agreed on the findings of the Committee regarding the Delaware's per capita income ranking (pages 5 and 6).

The Commission members also agreed on the comments the Committee made regarding the City of Wilmington's special economic and social problems.

Mr. Krieger mentioned that no reference was made to the higher education institutions (University of Delaware, Delaware State College) or to the Technical and Community Colleges.

Mr. Thompson explained that the Committee addressed itself only to the problem that the State should do more in the area of matching the vocational training to the job offers. Mr. Russell asked whether the Committee had considered the DTCC and the CETA programs being funded under county and local auspices. These programs are heavily funded toward job training. They have been in effect for the past two years. If the Committee's considerations were only up to 1973, the CETA programs as well as the work of the DTCC are not reflected in the report. Mr. Bryson noted that Mr. Russell's point is well taken, except that the work that the DTCC are doing is for base industry. No one has geared up toward state development. Mr. Conaway said that the DTCC is doing just that with Sussex County. The County requests the DTCC to provide it with the type of trained people the County has jobs for. Mr. Daniello commented that the CETA programs train people coming out of other occupations. It may be wise to wait two years to see if the CETA programs are fulfilling their aim. It is not certain that the people in the CETA program who are in public employment will remain in public employment.

Mr. Biondi remarked that the programs of the highschool/vocational schools are the only ones on which the State can count for the next ten years. Mr. Russell said he would like to add the kind of examples the Commission wants to see, such as the results of the CETA programs (Title I) in New Castle County, and the types of results obtained in Sussex County with the Delaware Technical and Community College. Mr. Russell agreed to draft a few lines on the subject to add to the paragraph on page 7 of the report.

Mr. Daniello remarked that the report only refers to highschool vocation training; but, in this day, vocational training certainly goes beyond the highschool level. Mention needs to be made of post highschool training. Mr. Biondi said that the Commission will deal with this matter later.

Everyone agreed that the State does not have enough diversity in its types of industries and is too reliant on the chemical and the auto industry.

On the subject of underemployment, everyone agreed that it is a problem in Delaware. All agreed to the meaning of underemployment (the person who is not employed up to his skills).

Representative Siebel asked whether the Committee had considered the largest employer in the State: State Government? Mr. Biondi replied this is considered in the report of the Cost of Public Services Committee.

There was no disagreement in the comments on the homebuilding industry.

The last paragraph on page 8 was considered by the Commission. Mr. Cooperson remarked that the report mentions the loss of old businesses and industries and the need for new companies - but what about the expansion of present businesses? The Committee must have implied that, assuming a growth in the existing businesses, there is a constant turn over of industry and yet

within the strength of Delaware's existing industry, Delaware must look to new industries to provide employment. Mr. Walton noted that the Land Use Committee discussed the matter extensively and agreed that the one way to satisfactorily achieve State growth is to let existing industries expand. From a community development standpoint, it is the most satisfactory way of helping Delaware. This, of course, may be contrary to the automotive industry but expansion of other industries that are here now should be our overall development goal plan for the next twenty years. The idea of going out and solicit new businesses is not as economically sound.

The matter was left open by the Chairman.

II. RECOMMENDATIONS:

1. There were different views on the urgency and importance of saving the railroad service in the State. Mr. Conaway stressed that the railroad service is of primary importance and vitality to the survival of Sussex County. If Sussex County does not have its railroad service, its economy is finished. This was demonstrated during the period of time when the bridge over the Chesapeake & Delaware Canal was out of order last year. Mr. Biondi suggested the wording be changed to read: "1. An urgent and important matter is ...". All Commission members present agreed.

2. Mr. Biondi asked if it would be sensible to impose on the Division of Economic Development the responsibility to carry the permit applications to the county and State processes. Mr. Daniello replied that he has found during his tenure that a potential industrial prospect has to deal through so many state, local, quasi-independent agencies that it discourages many prospects.

Mr. Biondi said that the Committee recommended on page 12, Recommendation 5,

"to streamline the regulatory and review processes of the State ..." Would it be feasible to go even further and to have one person in the Division of Economic Development responsible for handling the applications?

Mr. Bryson replied that no one from the Department of Community Affairs can carry out an application from a given industry into any agency and answer the necessary questions. The Department of Community Affairs could introduce the prospective client to the different agencies and coordinate the application but the Department of Natural Resources has to use its experts to see what an industry is going to produce.

Mr. Daniello went on saying that he does not agree with Mr. Bryson. There ought to be one single lead agency in Delaware where prospective industries would go to get answers as to, at least, what applications and what questions will be required of them in order to proceed with either building, or carrying on a business. The Department of Community Affairs has started to do a lot of informal talking in terms of coordination but it is not enough.

Mr. Krapf was very eloquent in showing the need for Delaware to do away with much of the red tape and bureaucratic regulatory agencies. He mentioned Virginia for instance, which has one person to help the client go through the permit requirement process. He suggested that Recommendation 5 be much stronger in its wording, but he added, at least someone (the Secretary of the Department of Community Affairs) is listening and sympathizing; although some of the Department's approaches are wrong (such as advertising in a magazine for new industry to come to Delaware).

Mr. Biondi asked Mr. Daniello what suggestions would he make that his Department could or should do to improve the language in Recommendations 2 and 5?

Mr. Daniello suggested that some suggestion be added to have the Governor assign a lead agency or a specific group of people from different agencies that would serve as the liaison for any company prospect. Mrs. Siebel asked: "But isn't this the responsibility of the Division of Economic Development right now?" "Yes," Mr. Daniello replied, but he does not have the power or the authority to tell the Division of Revenue (for instance) that when that agency has made a response to Toyota in Tokyo that that response should have been checked out with other State agencies involved in the answers that Division gave. He does not have the authority to tell the Planning Office that the response given to a letter dated 1969 concerning the Degussa Company was too late. He does not have the responsibility for any other but his own agency. It was the general consensus of the Commission that there were entirely too many levels of government in Delaware.

Mr. Krapf further commented that Delaware will not grow if the permit application hierarchy is allowed to remain as is. All the different agencies should get together to simplify the system. This should be done through the Department of Community Affairs.

It was finally agreed that the language of Recommendation 2 is not strong enough as to the role that should be given to the Department of Community Affairs (through its Division of Economic Development) in terms of receiving the lead as the coordinative agency to provide the necessary mechanism to all industrial concerns (already in Delaware and wanting to come to Delaware) to grow in the State.

3. Mrs. Smith (representing the League of Women Voters for Delaware) asked the meaning of the term "speculative industrial buildings", on page 10. Mr. Daniello replied that in order to guide the growth of industry into

particular parts of a state, many states set aside land and build a facility before having the actual clients to occupy the facility. Delaware does not have this. Delaware has financial incentive programs that have been geared toward manufacturing facilities and toward financial loans for the owner after he is on site. The State would underwrite the financing through the bond act but it would be the private developers who would construct the facilities.

4. After a short discussion, a general agreement to strike the word "entirely" in 4a., and a motion duly made and seconded, the Commission unanimously adopted all of recommendation 4.

5. Already discussed within recommendation 3. There were generally two thoughts. One, that expressed the feeling that because the law has established a set of rules, nothing can be done to change the process, and the State should live with it; the second feeling was that the law should be changed.

Mr. Oldach commented that the Commission should express the needs that exist; the objective ought to be the changes; and the mechanism to accomplish these changes can be developed later. Mr. Russell remarked that this is the very concern of New Castle County regarding the Delaware Tomorrow Commission. The values of all are the same; the economic development is just as important as the environmental protection aspects, but how is this going to be done and by whom is New Castle County's great concern.

After a motion duly made and seconded, the Commission adopted Recommendation 5, as written.

6. Mr. Russell expressed his concern in regards to the contents of Recommendation 2, concerning the economic development of the State against

supporting the efforts of the DAC, which is a regional body whose direction may not always be advantageous to Delaware. It was felt that DAC was not instrumental in Sussex and Kent Counties obtaining EDA funds. In fact Mr. Bryson said: "When it came to Kent and Sussex (Counties) getting EDA funds, we got it in spite of Delmarva (Advisory Council)."

Everyone agreed to keep Recommendation 6 in the report.

7. There were some questions as to what taxes were referred to in this section. The word "adopt" was felt to be too strong and the consequences of adoption of a formula far too reaching. It was suggested by Mr. Bradford that it might be wise for the Commission to recommend a review of the State property and income tax base as a whole, at all levels of governments. It was the consensus to strike the word "adopt" and replace it by "study". After a motion duly made and seconded, the Commission adopted Recommendation 7, as changed.

8. The League of Women Voters suggested in a letter from Mrs. Marcie Bierlein that the paragraph in the middle of page 13, third sentence be changed to read as follows: "The highest priority for the State Planning Office under the Coastal Zone Management Program should be research to predict and to actively promote and direct development ...." Quoted, in part, from Mrs. Bierlein's letter: "The word 'monitor' bothers me since it implies passively watching and noting what we see happening. I would hope the State Planning Office, in coordination with the affected counties would have adequate controls at their disposal to actively promote and direct development to those areas where it will do the least harm and will produce the least ulcerous impact to the State and the local areas, thus, I would prefer the sentence read: "The highest priority for the State Planning Office under the Coastal Zone Management Program should be research to predict and eventually direct the landside development that occurs as a result

of offshore drilling for oil and gas and/or of a deepwater port."

It was the feeling of the Commission members that the Planning Office should not be designated as the agency to control the development since it is charged with the task of managing a program which is directed to limit and control the development of the coast. The more adequate wording should be "... to research, to predict ..." and then charge an agency to monitor based on the Commission's conclusions. The planning function should not be given the control. It was noted, however, that, as a rule, the planning agency does not control but merely restrain. There has to be some planning done if offshore drilling is to come to Delaware. No one wants uncontrolled and unrestrained development. Mr. Webb remarked that because of the numerous federal agencies involved in the offshore oil and gas drilling matter, there may be a few state agencies that will handle the onshore development impact aspect - or the federal government may designate the Planning Office as the sole agency responsible to Washington for the State of Delaware.

Mr. Biondi asked whether there was a necessity to say that the highest priority of the State Planning Office is to research, etc. The general consensus was that the sentence read: "The highest priority for the State should be research to predict and eventually direct the landside ..."

Mr. Krapf said that the State of Virginia, for instance, is rapidly gearing up to the idea of offshore oil drilling. Large tracts of land are being bought (one of them by one of the largest oil drilling rig firms) to prepare for the onshore development. However, Delaware is still "researching and studying". Mr. Walton remarked that anyone can buy land in Delaware, but the actual use the the land is controlled by the local planning commissions. The Commission is talking about making a State policy, but the controls are at the local levels.

Mr. Biondi mentioned that the way Delaware's tax structure is presently set up all the tax benefits would go to the local governments and the majority of the costs for services would go to the State government - the State would not get any of the revenues. The State could have a net loss position economically with that kind of development in the State. It was noted that Louisiana has a net loss of $59 million a year. Mr. Oldach said that Delaware does not have much to offer in terms of economic development, its main asset is its geographic location and the State should capitalize on this.

Mr. Daniello asked if offshore drilling was done in the Baltimore Canyon could the oil be brought into Delaware with the Coastal Zone Act in its present form? Mr. Keifer replied: "Yes, no question about it."

Mr. Wiener said that the way the paragraph is worded (as amended), on page 13, is meant in no way to support or to strengthen the State Coastal Zone Act. The Coastal Zone Act in its present form would allow Delaware to bring in oil from the ocean. All this paragraph means is that Delaware has to study and research and eventually direct the landside impact so as to obtain orderly development. There are benefits that would result from oil drilling; there are problems; and the State's obligation is to come up with an answer.

The Chairman asked for a vote. The Commission unanimously adopted Resommendation 8, as amended.

Mr. Biondi suggested to schedule a meeting of the Commission to hear the addendum report of the three members of the Economic Development Committee who have a different view from that of the Committee's on the matters of the Coastal Zone Act and the State tax structure (Recommendations 15 and 16). Recommendations 9 through 14 would then be considered by the Commission. Mr. Krapf suggested that his Committee (the Economic Development) meet to examine the two issues

mentioned above so as to iron out any differences. It was decided that the Commission will meet on June 4, 1975, at 7:00 p.m., at Buena Vista*.

Mr. Keifer was asked to send a copy of the addendum report of the Land Use Committee to everyone, plus one copy of the full report to Mr. Krapf who lost his...

Chairman Biondi adjourned the meeting.

Respectfully submitted,

Francine Booth

Francine Booth
Recording Secretary

*NOTE: This meeting was subsequently changed to 8:00 p.m. in the Community Center of the Wilton Development (on the north side of U.S. 40, approximately one mile southwest of the intersection of U.S. 40 and U.S. 13). The date of June 4 remained the same.

DELAWARE TOMORROW COMMISSION

Minutes of Meeting of June 4, 1975

A meeting of the Delaware Tomorrow Commission was held on June 4, 1975, at 8:00 p.m. in the Community Center of the Wilton Development.

The following members were present:

Mr. O. Francis Biondi
Mr. David R. Keifer
Mr. James H. Gilliam, Jr.
Mr. Ernest W. Thorn
Mr. Peter A. Larson
Mr. Carl S. Oldach
Mr. Jay N. Cooperson
Mr. Leon M. Weiner
Mr. Clifford B. Hearn
Secretary John C. Bryson
Mr. Theodore Ryan
Ms. Joann D. Slights
Mr. Albert Adams, Jr.
Ms. Dorothy Greer
Mr. John F. Walton
Secretary Clifford E. Hall
Mr. Henry Folsom
Mr. Joseph Golden
Secretary J. Thomas Schranck
Senator Robert J. Berndt
Mr. Carl Russell

Also Attending:

Mr. E. Sherman Webb
Ms. Rita Smith (attending for Ms. Marcie Bierlein)
Ms. Peg McClane
Mr. John Morton
Mr. William Bradford
Mr. Arthur Krieger
Dr. William Markell
Mr. David Singleton
Mr. Dan Kuennen
Ms. Jane B. Aughey
Mr. Richard M. Bauer
Mr. Edward J. O'Donnell
Mr. Steve Chamberlin
Mr. David Markell
Mr. Bernard Dworsky
Dr. William B. Latham
Ms. Michele Kudish
Mr. James Gutman

Chairman Biondi called the meeting to order at 8:25 p.m. As an update on where the Commission stands in reviewing the Committee reports, Chairman Biondi stated that at the end of the last Commission meeting the group had discussed the first eight recommendations of the Economic Development Committee Report. They also acknowledged the fact that there were two issues, the State Coastal Zone Act and the State tax structure that should be further discussed by the Economic Development Committee. The Commission members agreed not to discuss these two items until the Economic Development Committee had met to discuss them. This Committee met on Monday, June 2. Mr. Spencer Thompson, the Chairman of that Committee, notified Mr. Biondi that there would not be a further report of that Committee presented to the Commission to be discussed at today's meeting - due to the fact that several interested Committee members could not attend Monday's meeting. Another meeting of this Committee will be scheduled.

The Commission members agreed to defer action on issues 9-14 of the Economic Development Committee Report until that Committee meets and decides what other amendments or modifications they are going to make to their report.

It was moved - seconded that the Commission move on to the report of the Land Use and Community Development Committee.

The Land Use and Community Development Report contains a preliminary section, pages 1-3, which is merely an introduction and general findings of the Committee. Mr. Biondi suggested that the Commission start discussions on page 4 - discussing the findings first and then the policies - as these are specific breakdowns of the general findings on pages 1-3.

Mr. Weiner raised several questions about the general findings on page 2, which he believes are not dealt with elsewhere in the report. He stated that in Paragraph 3 under General Findings the use of the words "future quality of life"

and "strict environmental and design standards" and "high quality standards", he feels that the language is too general. He suggested that it be clarified so that when you talk about the "future quality of life" you mean the total environment; the physical, social, and economic and not strict environmental standards only. He emphasized that the term quality of life may have different meanings to different people. He feels that the term is used too loosely - could be very easily misunderstood.

He suggested that Paragraph 3 should read:

> "The Committee agrees that Delaware's strategy should emphasize the future quality of life for the total environment, the physical, social and economic aspects as well. . .
>
> and "also by insistence upon desirable environmental and design standards for new development."

Mr. Biondi asked what are the implications that Mr. Weiner sees in the paragraph as written. Mr. Weiner answered, "that poor people aren't a nice quality of life." - What we're talking about is a quality of life that takes into account the fact that our total living environment is physical, social and economic.

Mr. Larson had no strong objections to Mr. Weiner's proposed changes. Mr. Walton stated that his thinking on the reasoning for the wording was that this Committee was only dealing with Land Use and Community Development issues - not the total picture. He feels that the terms Mr. Weiner is talking about should be in the Commission report. Mr. Biondi agreed and stated that that's the purpose of these meetings - to make any amendments for the final report.

Mr. Larson felt that Mr. Weiner read something into the report that didn't exist. Mr. Walton felt that the basic interpretation of the Land Use and Community Development Committee is that the economic status of the people in the State has something to do with their quality of living but it's not relevant to

the quality of living which they achieve when they live in Delaware - certain poor people in this State have a better quality of living than certain rich people in this State. Mr. Biondi stated that the problem is that we're dealing with images of what the quality of life should be.

Mr. Russell stated that, as a member of the Land Use and Community Development Committee, he interpreted the title of the Committee-Community Development, to mean the same definition that the Federal Government uses, which is physical, social, economic and environmental.

Mr. Weiner and Mr. Larson both agreed to change the word "strict" to "desirable" so as to read "...and also by insistence upon desirable environmental and design standards for new development". It was also agreed to delete the word "high" in Paragraph 3 to read, "The Committee also agrees that with quality standards..."

Community Development Patterns

The Commission then proceeded to page 4.

Mr. Biondi clarified that the word "findings" used in this report means a kind of broad conclusion with respect to a problem based upon the overall knowledge, common sense, observations and experience, etc. of the people involved in this report.

Community Pattern Findings

Mr. Folsom questioned the first finding - "established urban settlements with their existing..." - is there more than one with any support facilities in the excess of their needs - other than the City of Wilmington?

Mr. Larson stated the term "settlements" refers to all the towns in Delaware that have basic intrastructure - no one community was singled out. Mr. Folsom asked if there is more than one "settlement" that has a more than adequate

structure and how many of them are less than adequate? This question raised another issue: Are you assuming in this report that, if a structure is inadequate for further growth, it is cheaper to enlarge that structure and add to it than to start anew. This question is dealt with later in the report.

Mr. Weiner felt like the word "findings" really means observations. Then, as a point of information, in Paragraph 3 under findings - "Factors other than those of local concern and the desires of individual property owners must be brought into the planning process..." then the "must" is not an imperative but is part of an observation of the way it ought to work or is working. He asked for clarification.

Mr. Larson stated that the term "must" indicates that you want some change - it isn't working. It is a statement of a condition that is not existing at the present time that ought to exist.

Mr. Gilliam suggested that, in light of the way we've been operating and in terms of what's most important in this report, it might be a good idea to refer to the policies instead of getting very involved in findings. Mr. Biondi agreed and stated that, proceeding in that fashion, if anyone wants to question one of the findings in relation to a policy point - please speak up.

Community Patterns Policies

Dr. Markell stated that on some of these policies, the Committee should expand on how they came up with their decision.

The term "sprawl" could mean Newark shouldn't expand or you don't start a new community. We should have the benefit of how the Committee arrived at these conclusions.

Mr. Biondi felt that no one policy makes sense alone. It should be in the context of all four of the policies - they really have to be read as one

policy. If you take the first three policies together, what they don't want to happen concerning sprawl is pretty clear.

Mr. Russell asked Mr. Larson to define urban center and how far that definition is taken. For example, would Brandywine Hundred be considered an urban center?

Mr. Larson said that when you talk about an urban center you're talking about towns essentially - although there are unincorporated areas, for instance, in New Castle County, that would be defined as an urban center. The Committee didn't get into that in great detail - they were talking about towns - towns that had a fire station, a cluster of buildings, a feed store and the kinds of things that draw people in.

Mr. Weiner stated that he heartily supported policy number three - because it states that urban centers - whether it's a big urban center like Wilmington or just a small conglomeration in a rural or quasi-rural area - are places where quality of life that are physical, social and economic have bound people together. We ought to utilize those qualities and revitalize them to make maximum use of what exists.

Mr. Folsom asked for clarification of the word "urban". If you're talking about urban meaning municipalities or incorporated areas, then in policy number two, the only place in New Castle County that could use that policy is Wilmington. He questioned whether it's even needed there. If the word "urban" does indeed mean municipalities, then the policies are not practical in New Castle County.

Mr. Cooperson felt that the critical point is the matter of physical facilities which are in place - or could easily be put in place as the basic matrix for some concentration of population. The Committee felt that, not only in terms of physical form, but in terms of energy demand, we can no longer afford, as a society, to go on dispersing population or leap-frogging developments as

we have in the past and expect that we can extend the physical facilities to them indefinitely. This is no longer a practical solution. The crux of the matter is: are the physical facilities there or can they be easily put in or be tied into physical facilities somewhere else. On that basis there are some communities that are not qualified as an urban center. However, there may be a population concentration where physical facilities are available and it is sound policy to encourage development, either through improvement of transportation systems, of sewers, etc.

Mr. Oldach felt that the Committee needs to give more thought to how we define what is a reasonable concentration and technique for future growth to balance the values of open space versus residential areas and communities.

Mr. Biondi tried to define what areas the Committee had in mind with the concept of urban centers.

Mr. Thorn stated that the Committee felt the need to emphasize, along with a desirability to preserve open space the need for a more efficient use of energy. The Commission has to decide whether we want to encourage cluster and discourage sprawl.

Mr. Folsom suggested that policy number two be changed to read, "New community development generally should occur within or near existing population concentrations where utility networks and community facilities and services are already in place or can economically be expanded.

Dr. Latham noted that the Committee's report suggests that, wherever growth takes place, that those who are to benefit from the growth should bear the full cost of it. He felt that the Commission should embrace this idea. He suggested a user charge for people to bear the full cost of growth. Mr. Biondi noted that Dr. Latham is talking about number one - a policy and number two - a penalty for refusing to follow that policy.

Dr. Latham explained that if everybody has to share the full cost of the facilities for growth - then the least cost was to take advantage of existing facilities. However, if there is a group of people who are willing to pay the cost of a new development far from anything else, does this Commission want to go on record as wanting to not allow them the choice of bearing the full cost of their growth to have a new development in a new area? Mr. Biondi said that what the Commission wants to do is express a sense that the public policy ought be not to encourage it. Dr. Latham explained that paying full cost takes care of that without trying to direct people's choices.

It was moved by Mr. Thorn and seconded by Mr. Weiner that the first three policies be supported as amended.

On policy number four, Mr. Gilliam noted that it should be clarified exactly what is meant by "code" - just what is being advocated here.

It was agreed that policy number four should be deferred to be discussed along with the addendum and the report of the Economic Development Committee. Mr. Biondi stated that for the purpose of future discussion, when an Economic Development Committee Report and Addendum to the Land Use and Community Development Reports are discussed, we should clarify what we are talking about when we say land development standards in this context.

Mr. Larson answered that the Committee was concerned with how you went about controlling land development - not concerned much about where or how much. Mr. Bryson suggested that "guidelines" should be substituted for "standards".

Transportation Policies

Secretary Bryson suggested that in policy number two the word "need" be changed to "availability".

Mr. Weiner stated that in policy number one the statement "not cars" implies that you don't want anymore highways. He felt that to declare a

vendetta on automobiles or on highways is unrealistic. It is a matter of saying that we want our emphasis to go in the area of mass transit.

Mr. Larson clarified that the phrase "not cars" is not meant to imply that you shouldn't build anymore highways - it means that, if the best alternative is to move people and goods in mass transit other than cars, then that's the way it should be done.

Mr. Chamberlin explained that these policies are a two-sided issue. If a development is located close to an urban center where there's regular bus transportation in the terms of the design of that development and its approval through a planning process - that can reduce the public and private investment necessary to produce a given number of houses by adopting these policies.

Mr. Kreiger felt that before a policy of this type is decided on, they should have some indication of how this conclusion was reached; for example, what would be the cost.

Mr. Thorn directed Mr. Kreiger to policy number four as the answer the Committee had to try to avoid getting into a scheme which might end up wasting money.

Mr. Webb noted that another problem is that, for example, a study is being undertaken by Highways and Transportation of mass transit needs in Kent County which will probably result in a demand responsive system because of the low concentration of people as opposed to a fixed route system. There is a differential in terms of the area to be served, the type of equipment or type of service provided.

Mr. Cooperson felt that it was important to think in terms of a balanced transportation system in lower Delaware as well as New Castle County. The Commission should decide whether the emphasis is going to be entirely on highways for moving goods or whether they will put emphasis on seeing that the raillines

are revitalized so that we are not totally dependent on highways.

Mrs. Smith (representing Mrs. Bierlein) asked whether policy three "in urban and resort areas" should be inserted - or whether the intent of the Committee is to promote mass transit Statewide. It was agreed that this was needed Statewide.

Mr. Biondi asked if a developed mass transportation system in terms of a bus system in New Castle County was feasible or does it run contrary to human nature.

Mr. Larson stated that there was a pretty fair mass transportation system operating in New Castle County now, however it could be improved if there were more volunteer ridership.

Mr. Biondi stated that we may need to insure future public funding of the mass transit system on a long term basis. Mr. Weiner noted that in 1957, during the planning stages of many of our highways, many people raised the question of using the freeways as a system for mass transportation with loops that would run in high speed lines Statewide and there ought to be parking and riding facilities at every interchange and additional land should be acquired. There was no governmental policy to support that. Mr. Weiner expressed his support of policy number one as long as the words "not cars" doesn't give the impression of being anti-highway.

It was agreed to change policy number 1 to read:

> "Transportation policies should be primarily concerned with the movement of people and goods, not just with the movement of cars."

Mr. Bradford noted that in policy number one, the movement of goods is mentioned but it's not mentioned in any policy thereafter - there is more concern with the movement of people. This report should address the rail problem.

Mr. Walton said that the improvement of existing roads was one of the desirable features of this Committee, however he agreed that the railroads

should be improved to facilitate the movement of goods.

Mr. Folsom noted that in policy number 2 an economic balance should be achieved in the best way to transport people and goods. He questioned whether the Committee realized the meaning of the statement - "increases the resources available for mass transportation". The operating subsidy for DART has increased 500% in the last four years. In addition, Federal funds have been received. Is the Committee saying that over and above what they are spending in government funds now, that we recommend that that be increased?

Mr. Biondi clarified that the Committee is saying that a larger portion of transportation dollars should be spent on mass transportation than is currently spent.

Mr. Singleton felt that the Committee should think of positive incentives to encourage the most efficient forms of transportation for people or goods. For example: parking and riding facilities, subsidization of mass transit, etc.

Mr. Cooperson noted that, like it or not, we are going to have to turn to other forms of transportation - because within a few years, we're not going to be able to afford to do it the way we are now.

Mr. Chamberlin expanded on Mr. Folsom's statement of the economic balance by saying that you have to look at total dollars and not just the costs the County Council would have to vote on in terms of their Capital Budget.

Mr. Bryson suggested that in policy number two the words "need for" be changed to "availability of" and that some approach be taken to reduce the availability of parking facilities to help promote mass transit.

Mrs. Slights pointed out that the words "need for" provide the positive point of view and "availability of" express the negative point of view. One supposes that you are going to provide enough mass transit that the need for

the automobile is no longer going to be necessary and, therefore, you will not need to have the availability of the facility. She proposed an amendment that both statements be included in policy number two to read: "...reduces the need for and therefore the availability of automobile facilities in urban and resort areas".

A motion was made and seconded to accept policy number two as amended by Mrs. Slights.

Mr. Singleton proposed, on policy number three, to change the wording to read "to promote all use of mass transportation through the greater development of positive incentives and to educate...".

Mr. Russell noted that the need for incentives in New Castle County is as great outside the City of Wilmington as it is inside the City. Mr. Singleton said that his recommendation wasn't intended to apply only to the City.

It was moved and seconded that policy number three be approved as amended. It will read: "Delaware should develop programs to promote greater use of mass transportation through the development of incentive programs and to educate citizens on the need for increased use of transit.

It was moved and seconded that policy number four be accepted as written.

Mrs. Smith questioned in policy number four on page 6, you talk about utilizing existing technology and in B.1 on page 7 you talk about fiscal commitments for exploration and developments of new systems. She asked if the Committee wanted to clarify how much emphasis to put on each of these policies.

Mr. Larson said this was an inconsistency. B.1 will be modified to conform with number four on page 6.

Mr. Larson went on to say that the Committee feels that we shouldn't, at this time, venture into a lot of esoteric personalized transportation systems. We should put our Federal money where we know the system will work - and that's

in buses - that is what we tried to say in number four.

Mr. Russell expressed his feeling that the policy statements ought to have some sort of explanation in the final report. Mr. Biondi explained that the revision of the preliminary draft will be constructed out of the minutes of the meetings and the changes made all along.

Utility Findings

Mrs. Smith read a letter written by Mrs. Bierlein which stated that "utility finds 2 and 3 seem to be in conflict. What is wrong with constructing interceptor lines with excess capacity in areas where development is being encouraged. Perhaps the Committee is simply giving a caveat in number three that great care should be exercised in placement of sewers, since they are such a powerful incentive in development. Certainly no excess capacity should be built into lines in areas where future development is to be discouraged. On the other hand, since sewers require such a massive public investment, it would seem to be prudent for local governments to build in appropriate excess capacity in those areas where they want to encourage growth".

Mr. Weiner stated that there may be someplace in this country, State, or county where there is a current practice that results in the construction of interceptor lines sized with excess capacity and designed to serve the ultimate. He's never run across one, however he believes that this runs contrary to the other policies that call for avoiding "sprawl". The definition of "sprawl" - used on a previous policy that said we should discourage it - is unreasonable and inefficient use of community facilities. This finding (number three) says that you shouldn't design them to serve the ultimate highest density population anticipated. This is very confusing. He agrees with number two. Mr. Weiner felt that one of the problems is that "we respond to sewer lines and other utilities only when there is a demand and we are in a crisis. Number three

doesn't follow one and two logically and needs to be revised. Number four is correct in that it creates a self-fulfilling situation but is a valuable tool for guiding land use and therefore should be looked at as a good thing. From that point of view, if we're going to get a utility policy, we have to get our findings consistent with what it is we're trying to do.

Mr. Biondi gave his interpretation of the findings as follows:

"If you have point A and point B and they are, say, ten miles apart, the thrust of this finding was that we shouldn't build a sewer to serve point B if there's nothing happening between A and B because you'll be forcing development between A and B. You ought to try to force development closer to point A - which assumes some logical extension of your line."

Mr. Weiner stated that if that's the thrust, then the words "excess capacity" are wrong - what you're saying is "over extension". If you say excess capacity, you're talking about the sizing of the pipes to handle as high and clustered a density as you can - which is what we'd like to see so it doesn't get sprawled all over.

Mr. Bryson said that excess capacity is required by law. Extension is a better use.

Mr. Walton explained that when the Committee discussed these policies, someone from the Planner's Office said that the consideration of the planners in Sussex County was for 84 inch sewer mains down in the Bethany Beach area. This is excess capacity. What happens is that from the time the planner puts this on paper to the time the elected officials put out the money, the 84 inches gets shrunk to 24 inches.

Mr. Russell stated that possibly the reason for people moving in this direction reflects on recent activity in the past two years and present activity in New Castle County and some of the interceptor activities toward Glasgow and

Newark. These activities all relate to already committed on line, rezoned activities - major rezoning activities - which were a legal commitment that New Castle County had made. These were not excess capacities.

Mr. Biondi asked Mr. Russell if he was saying that when the County rezones a property, it makes a legal commitment to provide the utilities.

Mr. Russell said that was not what he was saying. He clarified that there is a reasonable anticipation of population growth to use those utilities within a short planning span. This was a legal commitment the county had made.

Mr. Bryson clarified that the reason for excess capacity was extension. Excess capacity in a line means you plan to have a sewer line and a sewer system that will serve an anticipated growth for a number of years. You can't build a line today that doesn't have any excess capacity and still keep any reason to your construction periods. If you do, it will cost you double or three times as much to come back next year or the following year to correct the situation you've made a mistake on, as it will be to put some capacity there. Over extension - building a line in the area where you have no reasonable expectation of growth simply to create that growth - is bad. The excess capacity is required to avoid superfluous construction costs later on.

Mr. Biondi asked if using the definition of over extension and looking at the problem in those terms, is there a current practice of over extension anywhere. Mr. Bryson said that there was in Sussex County. For example, they put lines in where they had no anticipation of growth on the streets - it was done at the time the town said we'll have growth there someday. When you're trying to promote growth by putting a sewer there - that's over extension.

Mr. Biondi suggested that number three be changed to reflect over extension as a problem rather than excess capacity.

Mr. Weiner noted that again apparently finding number four is directed to that specific condition of encouraging growth in towns where there are over

extensions.

Mr. Bryson suggested changing the phrase "construction of excess sewer capacity" to "over extension of sewer systems" in finding number four.

Mr. Weiner asked if it isn't a constitutional right of the people in a community to want a population increase. Mr. Bryson said that they have the right to want it, but the State also has the right and the obligation under a Federal planning concept to do a State Plan - which has to be approved and their concept of growth has to jive with what we feel to be a logical growth factor and not one of high anticipation. This goes both ways.

Utility Policy

Mr. Walton noted that Mr. Conaway abstained from voting on this issue because Sussex County is using utilities to foster growth.

Mr. Weiner said he had no objection to the utility policy except that he was not sure what the word "premature" meant in this policy. If we understand that premature means not timely in terms of the growth patterns that are existing then he could accept it.

Mr. Cooperson pointed out that he didn't think this policy needs the word "premature". He also felt that the word "necessary" is not necessarily the best word. He suggested that that phrase be changed to "...which encourage development in areas not otherwise desirable for urban uses". My understanding of the Committee's position was that we were talking about a correlation between that growth of sewer facilities with support that may be desirable or not desirable from all of the other factors that should be taken into account in the planning process.

Mr. Walton pointed out that the objection the Committee tried to raise in this policy was unwise use of tax money. The Federal Government had no business

giving the towns money unless the towns know what they were going to do with it.

Mr. Biondi noted that Mr. Luce had not voted on this policy. He asked Mr. Russell and Mr. Bauer what objections they had to this policy. They said they had no objections to the policy with the changes made striking "premature".

This policy was accepted as amended.

Implementation

Section A-1 under tax measures was approved as written with no objections.

Mr. Weiner made a motion that Section A-2 be stricken. The motion was seconded by Mr. Biondi. Mr. Weiner agreed to leave: "Tax incentives to property owners to keep land in open or non-urban uses" as is and strike the rest. He felt that this policy discourages comprehensive plans and encourages the one by one zoning and planning decisions that the Committee found in their Community Patterns Findings was not good planning.

Mr. Biondi asked about the argument that this would, in fact, force land into premature development?

Mr. Weiner said not if you're going to raise the tax base-everybody's going to try to keep their land open space until they're immediately ready to use it within the next week or two because the minute you get it rezoned, you're going to pay premium taxes on it.

Mr. Bradford said that his understanding on the "windfall profits tax" is something done by governmental action. Such as I-95 or properties immediately adjacent to I-95, where the land has a change in value immediately.

Mr. Biondi asked what the time span is from the time you'd plan a development, take it through rezoning, to the time that development would be a viable economic entity? This is about a two year period.

Mr. Weiner felt that there were questions with A-2 and the public action- the windfall profit tax. His argument is that where properties are adjacent - such as to a freeway or elsewhere - and will grow incrementally, somebody has to tell how you're going to determine what the profit is that will be made at some point in time and tax them immediately for it - which is an impossible thing to do. This is obviously unfair and impossible to administer.

Mrs. Smith pointed out that the sentence says "tax incentives coupled with immediate tax obligations". She felt this meant that a piece of property wouldn't have any tax obligations coupled with tax incentives previously. Mr. Walton said that assumption was correct. Without confusing the issue of a roll back tax public plan, one of the words to be looked at is "rezoning" and the question of when the rezoning takes place. If governmental action causes a utility to go through an area, there would be no additional tax burden immediately until the rezoning were applied for. The idea on this is that all the open spaces that were held in speculation out here are on the agricultural rate, which is the reduced rate, and not bearing the full burden of the speculative land value as the rezoning took place. When the land has been rezoned, the owner should be taxed from that day on and not left at the agricultural rate, because from the time of rezoning a profit is anticipated. Mr. Weiner objected because the person who will ultimately pay at a higher rate of taxes on the land is going to be the new homeowner, if you're going to tax it based on the rezoning.

Mr. Walton clarified that this is true only if you build in an area in the eyes of everyone else, considered to be an open space area. This is a deterrent to building in these areas.

Mr. Bryson asked what would happen to an area that the county rezoned, for example: a farm that, through a zoning change, is reclassified as a residential zone. This change is not sought by the farmer - it comes through a change in county plans, etc. Does the farmer have to pay the higher tax rate? Mr. Walton said he would.

Mr. Biondi asked what was meant by the statement "tax incentives to property owners to keep land in open and non-urban uses". He asked if there wasn't already a tax incentive.

Mr. Bradford suggested that the word "such" be inserted to read "coupled with immediate tax obligations when such land is committed...".

Mr. Biondi clarified that A-2 is proposing tax incentives, but does not spell out the kind of incentives. He suggested putting a period after the word rezoning.

On the concept of other public action, Mr. Walton stated that he feels that if the government takes this action on the individual, he feels that it's within their domain. If the taxpayers of this State tell a landowner that they are rezoning his property to a different use that it is currently applied and that will be the ultimate use, then the taxpayers should pay for it.

Mr. Biondi further suggested that A-2 be amended to say "...for use as a result of the owner seeking rezoning."

Mr. Russell noted that on page 11 under open space, implementation number one says basically the same thing as A-2. Mr. Weiner felt that the wording in implementation number one should be worked into A-2. He felt that this was clearer.

Mr. Walton clarified that the "windfall profits tax" was meant to be only an example of a tax incentive. Mr. Weiner felt that if the policy recommendation is not clear, it ought to be worked on. How are tax incentives going to be

defined?

Mr. Biondi made a motion that A-2 be amended to read: "Tax incentives to property owners should be developed to keep land in open or non-urban uses, coupled with immediate tax obligations when such land is committed for use as a result of the owner seeking rezoning."

This motion was moved and seconded and approved by all present except for Mr. Weiner who voted no.

The next meeting of the Delaware Tomorrow Commission was scheduled for June 9, at 4:00 p.m. at the Wilton Community Center. The following meeting will be held on June 16, at 4:00 p.m. in the Cabinet Room of the Townsend Building, in Dover. Sandwiches and refreshments will be served at each of these meetings.

The meeting was adjourned at 11:00 p.m.

Respectfully submitted,

Dee Burkley

Dee Burkley
Recording Secretary

DELAWARE TOMORROW COMMISSION

Minutes of Meeting of June 9, 1975

A meeting of the Delaware Tomorrow Commission was held on June 9, 1975, at 4:00 p.m. in the Community Center of the Wilton Development.

The following members were present:

Mr. O. Francis Biondi - Chairman
Mr. David R. Keifer
Mr. Peter A. Larson
Mr. John F. Walton
Ms. Joann D. Slights
Mr. Jay N. Cooperson
Mr. Leon N. Weiner
Mr. Carl S. Oldach
Ms. Marcie Bierlein
Ms. Dorothy Greer
Ms. Marion I. Seibel

Also attending:

Mr. E. Sherman Webb
Mr. Dan Kuennen
Mr. Arthur J. Krieger
Dr. William Markell
Mr. William Bradford
Mr. Carl Russell (voting proxy for Mr. Slawik)
Mr. Steve Chamberlin
Ms. Rita Smith
Ms. Peg McClane
Mr. Bernard Dworsky
Ms. Jane B. Aughey
Mr. Edward J. O'Donnell
Mr. John J. Kirwan
Dr. William Latham
Mr. Gerald Doherty

Mr. Biondi called the meeting to order at 4:25 p.m. The Commission is in the process of discussing the Land Use and Community Development Committee report. He asked if there was any further discussion concerning A-2 under Utility Policy.

Mr. Weiner recording the only no vote on A-2 as amended asked if the Commission would consider changing the phrase "as a result of rezoning" to "at the point at which the plan is recorded". This means the tax structure would change once there's a recorded plan on record, which commits it to that use.

Otherwise, large scale planning, of any kind, gets penalized unfairly. He stated that he wanted to clarify why he voted no. He agrees with the principle that we need tax incentives so that property owners will keep their land in open space and also to "attack speculators who rezone the land and ride it for its highest value to milk it because of a public action." However, the penalty should not be on the new homeowner. He asked if the Commission would consider this aspect of this issue and make the changes suggested above or at least spell out that the Commission is not looking to penalize the phasing of a development. He feels the phrasing of this policy should be fully explained.

Mr. Walton stated that when the zoning request is made, is actually when the land is committed to the non-use of agricultural open space.

Mr. Larson suggested, as a compromise language, using the phrase "...result of the owner seeking to develop".

Mr. Bradford felt that a tax incentive program should take into consideration a logical, carefully designed, phasing in or phasing out program. He further stated that what we're trying to get away from is the sudden windfall type of changeover rather than the kind of thing Mr. Weiner's talking about.

Mr. Larson noted that the other side of the coin is that we're trying to encourage people not to develop by giving them the incentive of lower taxes. The trade-off to change one's mind in that situation is roll-back. The point at which you impose that penalty is the crux of Mr. Weiner's question.

Mr. Cooperson stated that if A-2 is designed as a tool to keep open space the objective is fine. If the community wants the open space, then they should be willing to pay the cost for it. Preferential Assessment does not seem to be the best tool.

Mr. Walton agreed and said the best tool is to maintain an environment of the economics that agriculture can succeed and you'll get the open space free. When you change the economics and make it more profitable for the farmer to sell

his land, then he'll sell it.

Mr. Weiner emphasized that his concern is with the use of the land. Mr. Walton said that the law which is passed for farmland assessment in Delaware establishes the criteria for whether or not you received the farmland assessment. It's in the law who's going to qualify and who isn't.

Mr. Larson agreed that the language on page 10 and 11 is more precise than A-2 on page 7. He explained that there will be quite a few redundancies in the report because several people wrote it.

Mr. Biondi noted that no one has any detail with respect to the kinds of specific tax incentive plans that should be included. He asked if it made more sense to adopt the implementation number one on page 11 and striking A-2. This paragraph indicates that there are specific plans involved, however, none are mentioned.

Mr. Larson noted that, originally, the Community Development Section was at the end of this report and was then moved to the beginning due to its broader scope. This is one of the reasons for the greater detail in A-2.

Mr. Weiner stated that he had no objection to the policy on farmland on page 10 for farmer preference. However, he felt that shelter is as important as food and should have as strong a policy.

Mr. Walton said that he felt the intent of A-2 is to work against the windfall profits. Mr. Weiner said that if that's the intent, it is not stated very clearly.

Mr. Biondi said that someone ought to take into account the comments on pages 7, 10 and 11 and work to revise the language to get a consistent policy.

Public Investment

Mr. Larson suggested a change in language for B-1 to make it consistent with Policy Number 4 on page 6, which was adopted at the last meeting, to say:

"Greater fiscal commitment to transit, including an explanation of innovative systems and approaches".

Mrs. Bierlein asked if this statement includes commitment in the area of operating funds.

Mr. Weiner suggested changing the wording to read "Greater fiscal commitment, including both capital and operating funds, to transit...".

It was agreed that the title of this section be changed to Public Funding.

Mr. Russell pointed out that in B-2 the phrase "excess capacities" is used again. It was decided, at the last meeting, to change this phrase to "over extensions". This change was again agreed to.

Mr. Russell also asked the Committee for an explanation of the phrase "excessively long project design life". Mr. Weiner said that this means they've begun to design sewer lines and other utilities to last for the next 17 centuries, the standards are so high and expensive that they are beyond a reasonable economic design standard to achieve. Mr. Russell agreed that this phrase means standards of design, rather than project design life. He asked if this means that the period of time which whoever is putting this in is spending inordinate amounts of time to put the whole project down and get it into the ground?

Mr. Larson noted that David Hugg, of the State Planning Office, had written this part of the report. He interpreted this section to mean that you don't want to build something that may be obsolete if technology improves your means of disposing of sewerage, for example.

It was agreed to delete the word "design" in B-2.

Mr. Biondi asked what policy B-3 is intended to do. Mr. Cooperson answered that component had to do with sewer systems in southern Delaware whereby connections to major sewer systems in rural areas were being done directly and encouraging scattered development in areas where it would be otherwise unwise.

Mr. Walton clarified that the Committee, in policy B-3, is saying that if you make a commitment in the design of a project to control access to preserve an area - that you don't break the commitment.

Mrs. Slights noted that the idea was that when there is an interceptor pipe, the main transporting pipe that goes down a road like U.S. 13, if a development comes between one major municipality and another, on this line, that development can't come in and tie into this main line. It must, in fact, go back to one of the municipal lines and tie, through that system, to the mainline.

Mr. Larson stated that this implementation tool was designed to reinforce the general community development policies, which the Commission has generally accepted, that is: we don't want scattered sprawl development along the highway. If you can prevent development from tapping into the sewer lines and guide development to go to the communities - that helps re-enforce the land development policies.

Mr. Weiner suggested that the word "strict" be taken out of B-3. He feels the word "strict" implies a strength and a rigidity that is going to be impossible. Mr. Larson said he had no objections to this and further felt that "adherence" could be deleted also - so as to read "This implies development and implementation of a hierarchial system of highways and utilities".

Mr. Russell indicated that the word "hierarchy", which the Committee intended to use in terms of systems, ought to also imply commitment to capital planning and capital budgets and the maintaining of those capital plans or budgets.

Mr. Larson felt it is the responsibility of the counties and the State to adopt that hierarchy as part of their Capital funding program. They know what they need in the way of facilities to enforce their plans. That is where the hierarchy is created in the process of planning and financing these public facilities.

Mr. Weiner expressed concern over the references to Capital funds. There are interceptor lines that have been built privately. He asked if by the implication of the Capital funds, are we excluding the right of private citizens who payed for the interceptor to use it? Mr. Russell answered no.

On policy B-4, Mr. Larson stated that he found this policy to be redundant and easily strikable from the report. It was pointed out that, in the preparation of this policy, Mr. David Hugg (a member of the Land Use and Community Development Committee) noted that many times the State doesn't follow its own policies and puts facilities where there aren't any infrastructures to service them.

Mr. Larson noted that another point being spoken to in policy B-4 was the concern that the federal government bring its policies in the State of Delaware in line with other community objectives.

Mr. Weiner cautioned the Commission against taking a firm stand on what might be desirable in the efficient use of community facilities, as to have one believe that the Committee is proposing a policy which would have urban concentration for everybody except for those who may have agricultural sites.

Mr. Walton pointed out that there is not enough land in the State of Delaware for every resident to have 10 acres of land.

Mr. Larson suggested that the words "should be located" be added to B-4 so as to read "Public and publicly supported facilities, services, institutions and facilities should be located in accordance with the policies above, i.e.".

Mr. Oldach stated that the Commission seems to be addressing the problem of land use, recognizing that we're going to have to restrict people from spreading out all over. If the Commission does feel that this is a critical problem and we'll have to control the use of land much more than we have in the past, then the Commission should be more specific.

Mr. Biondi said that the Committee is saying that public investment should not encourage sprawl by locating outside of the areas of urban concentration.

Mr. Larson, commenting on Mr. Oldach's statement, said that he feels that zoning alone cannot effectively control sprawl. Controlled public investment is probably the most muscular tool that can be used to guide development. This has the potential to be even a stronger tool for guiding development than traditional land use planning - zoning. That is what the Committee tried to emphasize strongly.

It was agreed to change B-4 to read "Public and publicly supported facilities, services, institutions and facilities should be located in accordance with the policies above, for example publicly supported services should be located so as to serve urban concentration. Recent school and other service location decisions often have been contrary to this approach".

C. Promotional Programs

Mr. Biondi asked how one goes about promotional programs. Who does the public educate in this area (beyond publishing the Commission report)?

Mr. Larson said the Committee felt that you have to go beyond the enunciation of policies and programs, particularly where you're trying to make recommendations that are new. The suggestion was made by the Economic Development Committee that the Commission continue as an educational and monitoring group beyond the original life. The Commission should explain why they made these recommendations, in order to get the public to want to develop that way.

Mr. Biondi asked if anybody, except the people in the planning department, when they publish various district studies, and explain their rationale, convey to the public the general ideas behind what's happening.

Mr. O'Donnell noted that New Castle County holds an extensive series of workshops for that purpose.

Mr. Biondi stated that there is a problem in that many people don't see anything wrong with stretching development along Delaware's roads. He asked

how you go about changing their minds. Mr. Bradford said that this report shouldn't necessarily spell out what the educational process should be, however it should be indicated in this report that there will be follow-up (the reasons for and against the recommendations will be explained).

Mr. Biondi noted that, as past experience has shown, the public express concern only when something physical happens directly affecting them. This is a problem the Commission should address in greater detail, as to how to get the public interested at all in the Commission's report. He said that "if they all come out and disagree with it, it will be an accomplishment".

Mrs. Greer stated that she felt that the vocabulary used in this report needs to be simplified, in order to get the report into terms that the public can understand. The way the report is received and the vocabulary used is going to go a long way in getting the public support.

Mr. Biondi agreed that simplification of this report is in order. There is also a problem with creating public interest in State problems. Mr. Walton noted that he is disappointed in the attendance at the Commission's meetings.

Mr. Weiner said that Section C is applicable to the entire Commission Report and should be extended to cover it.

Mr. Biondi stated that the Commission members ought to understand, in a precise manner, what we are discussing and dealing with. After the Commission understands this, there is a problem communicating this to the public.

D. Jurisdictional Arrangements

Mr. Russell suggested that Section D be held in abeyance until the discussion regarding paragraph 4 on page 5 Statewide Standards.

Mr. Weiner pointed out that D-6 doesn't quite have anything to do with jurisdictional arrangements. Mr. Weiner moved that item D-6 be stricken.

Mr. Biondi asked for the meaning of D-6. Mr. Weiner expressed concern with the phrase "of serving that development". He felt that this implies services

outside of the development. It was agreed that this policy should be uniform statewide.

Mr. Chamberlin pointed out that in any zoning hearing over a proposed new development, the public points out that this development will cost the people who are already in residence varied amounts for additional facilities (police, schools). The new development should (in the sense of some sort of capital grant-in-aid) pay for these additional facilities, which would be indirect or external costs. The basic effect of that is to suggest that those capital facilities be financed through mortgage on the house rather than some form of municipal indebtedness. Mr. Chamberlin felt that this is a mistake because the consumer ends up paying probably twice as much.

Mr. Biondi suggested that policy D-6 is closely related to what's being done in New Castle County under the planning concepts at the present time, however, this policy would make quite a difference in Kent and Sussex Counties.

Mr. Larson said that policy D-6 was intended to try to find a way that those newcomers would meet the incremental costs of areawide or communitywide improvements necessitated by the fact that a new development had come into an area. Mr. Chamberlin expanded on this by suggesting adoption of the user charge concept.

Mr. Weiner felt that the words "user charge concept" should be stricken from D-6. If there is an abusive practice existing, then that should be addressed, however, a new concept has been developed regarding user charge concepts. For example, the Highway Department came up to New Castle County and said together with New Castle County Planning Department, that if the corridor area is going to grow, it was suggested that the people living there will now pay for major public highways out of their pockets at 9-10% interest on their mortgages instead of using public financing under tax exempt bonds and programs that

everybody else in this State has always received for public growth. That is the user charge concept of serving those developments that's been proposed in New Castle County. If the Commission is talking about a different kind of problem, it should be made very clear, if not then the Commission should be very careful about the wording, as it could be easily misunderstood by laymen.

Dr. Latham expressed confusion over two aspects of Mr. Weiner's statements. One is the funding aspect. He didn't see the connection between having users pay for services and necessarily financing it privately. The other side is whether or not the users should be paying for it. He suggested that maybe what's missing is an additional statement that says "where costs exceed benefits". There are also benefits derived from additional development. It is a narrow concept to say that additional costs are the only impact of development on the community.

Mr. O'Donnell, in response to Mr. Weiner's statement, said that as far as he knows, New Castle County Planning Department has not endorsed user fees in the area of corridor transportation.

Mrs. Smith said that if the Commission is talking about trying to control growth and channel it through the public facilities, there are totally unmeasurable benefits that accrue to people who can afford to and choose to live outside urban concentrations. If you're going to talk about user charges, it may be necessary to measure what benefits accrue to someone who lives on 10 acres with the fact that he can have others channel into concentrations - so he can have his 10 acres.

Mr. Biondi stated that government has some responsibility to help people find a decent place to live and provide some governmental support for doing that. The theory of government is that people come together and pool their common resources and do things overall for the benefit of the entire group that they couldn't otherwise do. He stated that "if we're getting down to the concept

of user charges, then maybe we ought to get down to whether we need County and State governments to start with.

Mr. Bradford stated that he was concerned about carrying the user charges to the absurd. He was also concerned that D-6 mentions "incremental costs" which mean an additional cost brought on by some addition which requires a new unit, and it's possible in places that have sufficient capacity - there might be no incremental costs in the sense of capital costs for additional people living there. On the other hand, if you're trying to develop in a place that is concentrated already - that may be just the straw that breaks the camel's back. Therefore, incremental costs may assess someplaces and not others.

Mr. Biondi stated that when all the different branches of government come together and approve a development in a certain location, then the government has exercised its clout and therefore, these incremental costs are a public responsibility and a part of the whole governmental system of cost. Why do you have to add a punitive tax system on top of a regulatory system.

Dr. Latham felt that a distinction should be made between the different kinds of benefits that are provided. Certain kinds of benefits are so direct to the consumer that they ought to pay for it, such as - streets and utilities inside of development, etc.

Mr. Biondi stated that this is accepted. People have always built homes and built their own roads to connect with the main roads. The same thing is done in developments, however when you get away from developments and start talking about incremental governmental costs, what you're really doing is talking about assessing a different governmental cost.

Mr. Kreiger felt that policy D-6 is very discriminatory. He felt that D-6 would be a deterrent to people coming into Delaware.

Mr. Larson seconded Mr. Weiner's motion to delete D-6 saying that if all the other policies work, this policy won't be needed. This policy was designed among

other things, to get at the problem of sprawl.

Dr. Latham stated that he agreed with Mr. Larson to a certain extent in that all the other policies and the user charge concept are substitutes for each other. If you perfect the user charge concept appropriately, you don't need any other policies. Growth will go where it's most economic, it will make use of already existing facilities, etc. However, if you use the other policies talked about - concentrating developments without regard to cost, then you may be raising the cost of development, raising the cost of people to find better homes and a better life. It will be impossible for a person who wants to get away from concentration and is willing to pay a very high cost to be able to do that. These policies will be imposing on people a decision about where they must live, instead of letting them take the budgets they have available and deciding for themselves if it's worth paying the full cost for what they want to do or not.

Mr. Biondi said we're talking about the average man making $10,000-$15,000 a year. Dr. Latham said there is no conflict - that man could never afford to live outside the concentrations, he would never be making that choice.

Mr. Chamberlin disagreed with Dr. Latham. He said many examples of when someone purchases 2½ acre lots off of a farmers field and puts in a couple of septic tanks, runs the dry waste down a country road and on down a road, that's the cheapest way and where's your user cost? That's sprawl.

Mr. Weiner felt that policy D-6 is a very specific policy aimed at a very specific group of people. He reiterated that this policy should be stricken. On the issues of user costs, Mr. Weiner stated that he always felt that our basic policy was to try to get people to be able to live within our society so that those who had more paid more taxes, in a progressive tax fashion. Example: a man making $50,000/year is probably using the same amount of water (or less) as the man making $7,000/year. Yet the $7,000 pays the same as the $50,000.

Mr. Cooperson said it is not possible for any economist to determine what the incremental cost is for one individual person to do that. He doesn't see any possible practical way of assessing fairly a user cost, therefore, why even entertain it as a serious way of taxation.

All present were in favor of striking policy D-6 as moved by Mr. Weiner.

Agriculture and Farmland

Mr. Walton gave some background on this policy. He stated that the problem with farmland preservation is that farmers, like everyone else, are entitled to reasonable returns for their life's investment on their property. The farmers are not complaining about the existing system. The concern should be with New Castle County where the greatest population is because you don't have 10 acres a person for everyone in this State. His position is to preserve farmland for the future.

Mr. Biondi asked how much farmland in the State is prime farmland? Mr. Walton answered that 413,000 acres is prime farmland classified as I, II, and III. He further explained that to make Class I land an economical agricultural unit, it will be mixed with Class II and III land which is drained. The net income of Class III land is comparable to prime land. Any type of Class I, II, and III land can be economically farmed if it's in proper economic units of agriculture.

Mr. Biondi asked what percentage of undeveloped land in the State is classified as prime farmland. Mr. Walton said that of the 413,000 acres it could all be considered prime farmland and worth preserving. He said he isn't sure if forest and timberland is included in this figure, however there are several companies buying timberland in southern Delaware harvesting large crops of timber. That takes up Class III land right to the digit. Class I land in Delaware is located in Dover, Middletown and Bridgeville.

Mr. Weiner agreed that prime farmland, as much as is feasible, should be protected and preserved so it can be used for those purposes.

Mr. Biondi stated that if you're talking about a policy for preserving prime farmland and coming up with tax incentives, he felt that you're saying there should be some public policy decision that this land ought to be preserved as prime farmland. He asked if that's a public policy decision within that context, should the decision be left to the farmer, whether or not to farm his land or will it be a system of governmental controls where land is farmed regardless?

Under Implementation, Mrs. Smith questioned the phrase "investigate the use of incentives in addition to the Farmland Assessment Act". She asked if they're saying that the Farmland Assessment Act has to be a basis for any program of implementation. Mr. Larson answered no, because it is already in effect.

Mr. Kreiger suggested that the last three sentences of paragraph one under Implementation be clarified to say that the tax should be on fair market value as farmland.

Mr. Biondi suggested that the fourth sentence under Implementation be amended to read "Another incentive is modification of estate and inheritance tax laws to insure the orderly transfer of agricultural land so that value is based on agricultural use rather than fair market value at its highest and best use. This amendment was agreed to by all present.

Conservation and Open Space

Mr. Kuennen explained that after he submitted his minority report on Finding Number Two the wording was changed which answered his concerns.

Mr. Walton clarified on Finding Number Three that he's saying that whatever is deemed to be open space has a right, in itself, to be open space and not necessarily to be a residual of all that isn't developed. It was moved

that this finding be amended to read "Open space should not automatically be regarded as land awaiting...".

Mrs. Slights stated that this Finding Three was meant to address the feeling that we should have certain areas that are considered open space and they are not holding grounds for future development. That does not mean all open space that has never been developed but rather a certain or specific percentage of open space that will stay as such.

Mr. Walton pointed out that the State owns 40,000 acres for parks and recreation. That's open space.

Mr. Bradford asked if there is a method by which open space land can be transferred by an act of the General Assembly from open space to some other use. Mr. Webb said a piece of open space land can be sold the same way it was purchased.

Mr. Russell asked what is the process for changing a restriction in a deed. Mr. Weiner said complete concurrence of everybody who has any right in it is required.

Mrs. Smith asked in the statement "Open Space should not be regarded" who would be doing the regarding? Mr. Walton said this refers to everyone, State agencies and the public, as well as the private developers.

Under policies, Number One was agreed to by all present.

Policy Number Two was deferred due to its connection to the coastal zone controversy.

Mr. Biondi asked Mr. Kuennen what his objections were to Policy Number Three. Mr. Kuennen said again, the wording had been changed since his objections were raised and he agrees with the statement as rewritten. Policy Number Three was agreed to by all present.

Policy Number Four was agreed to by all present.

Mr. Biondi asked the meaning of Policy Number Five. One of the most critical problems in land use is the amount of useable water to be available for future

development. This is one of the most limiting factors in some areas.

Mr. Biondi stated that this policy calls for "experimental collection, retention and water recycle systems". He felt that the policy should call for development of water resources.

Mr. Cooperson felt that the word "experimental" is not needed. A lot of the technology for water recycling is already there and has to do with the willingness of government to commit capital in that direction. Secondly, he felt that the development of water resources is addressed in this policy. Recycling is a way of developing water resources.

Mr. Biondi asked why the Committee was concerned with experimental methods of collecting when there are some time honored methods of getting water resources that just require public investment. Mr. Cooperson said that he's talking about once through systems, which are ultimately self-defeating.

Mr. Weiner felt that Number Five is poorly worded. He felt that the Committee was trying to say that we should "support collection, retention and water recycling systems as one of the means for insuring an adequate water supply for agriculture, industry and community development". This policy should be reworded to say that. Mr. Kreiger questioned the use of the word "support". Mr. Weiner said that meant financially, idealogically, intellectually, legislatively, judicially- everyway possible that's good for the country. The Commission agreed to accept Policy Number Five as reworded by Mr. Weiner.

Implementation

No objections or comments were raised on Number One. On Number Two Mr. Russell noted that Secretary Bryson had previously questioned whether you could indeed, finance the massive public expenditures through boat licenses and park fees and general property taxes.

Mr. Biondi felt that Number Two is looking for some regular commitment of

a percentage of capital funding, for example.

Mr. Weiner felt that this paragraph was confusingly written. The point being raised is that public expenditures for acquisition of open spaces through the use of municipal or State bonds would be paid for by special taxes and fees.

Mr. Biondi noted that if you're saying that you should pay for open space acquisition by bonds financed by certain special taxes, then what you're saying is that public expenditure for open spaces doesn't have a very high priority.

Mr. Russell suggested that the wording be changed so as to read: "Open Space will be acquired by expenditure of public funds". He questioned the definition of open space and asked if this eventually means park land. If so, this could pose a problem as it has in New Castle County - who owns approximately 3,500 acres, half of which is undeveloped, due to the fact that this is such a large capital commitment to develop.

He explained that he was trying to point out what might be a future problem. If you're talking about open space that will remain undeveloped because you don't want development and it's going to stay undeveloped - that's one question. If you're going to purchase land to make open space and then develop it, then public expenditure becomes a real priority problem.

Mr. Biondi suggested that Number Two be changed to read: "Public expenditures for acquisition of open space should have a high priority". This was agreed to by all present.

No objections were raised on Number Three.

Mr. Cooperson said that he participated in the Christina Basin Study. He explained that there were two phases of the Study. The first part dealt generally with water resources and planning development policies; the second phase dealt with an examination of specific measures for land development. He felt that Number Four is so helplessly vague that it's meaningless because the first phase

had to do with the whole approach to planning and he wasn't sure that any of those measures, such as were analyzed in that study, could be put into practice. There were no specific recommendations that could be put into practice. The second phase is a compendium (a handbook and a listing) of a whole multitude of development practices for this area and other areas in the county. To say in an unselective kind of way those practices should be required by the State is meaningless. Which practices? Some of them may be in conflict with one another and may not be appropriate to this area. He, therefore, moved that Number Four be deleted due to its lack of specificity. This move was seconded and agreed to by all present.

Mr. Cooperson further suggested that it be noted that many of the measures in the Christina Basin Study which did deal with responsible development practices should be seriously looked into and possibly adopted by various governmental jurisdictions in the State.

Number Five was agreed to by all present.

Mr. Bradford again expressed concern with the lack of a clear definition for open space. He explained that everyone has his own ideas of what open space is. Since this is a title of a section, this should be clarified.

Mr. Biondi asked Mr. Kuennen and Mr. Larson and members of the Land Use and Community Development Committee to come up with a clear definition of open space that fits within the context of this report.

Residential Land

Mrs. Aughey submitted a minority report expressing her concerns with the wording in this section. She felt that Policy Number Two should be reworded to state "Delaware must assume leadership in helping people". She also said that housing is a human need - not a right. She said you have a right to those things which you are willing to do something about - it is not the governments obligation

to provide you with a house or food - except in the case of children or disabled people.

Mr. Weiner said he had no objection to changing the phrase "Housing is a human right" to read "Housing is a human need". He felt that this doesn't change the thrust of what we have to do.

Mrs. Aughey stated that her main concern was with Policy Number Two the word "assume". She felt this should be changed to "Delaware should assist".

Mr. Weiner pointed out that in Mr. Kuennen's Minority Report the point is raised that it's a cop out to believe that Delaware should take over the responsibility when to a great extent the federal government has not been doing their job.

It was suggested that Policy Number Two should be changed to read "Delaware must assume a share of the responsibility together with the federal government, of assuring housing for those who, because of their physical, social or economic condition, are not adequately housed by private market". It was moved by Mrs. Slights and seconded by Mr. Keifer that this policy be adopted as amended. All present agreed.

Mr. Biondi noted that two county representatives were either opposed or not voting on Policy Number Three. Mr. Cooperson explained that they felt that what was being sought in this policy was a loss of control by the county of their governmental prerogatives.

Mr. Biondi asked what are the laws that are "those laws that inhibit". Mr. Kuennen said there is a whole line up of agencies that you have to go through with different regulations (for permit procedures and zoning ordinance). The State should have a common set of procedures and permits, etc. for construction.

Mr. Cooperson questioned who is defining which laws are inhibiting development. What the Committee was looking for was a simplification and a reasonable

consistency among regulatory agencies and also laws that would encourage people to maintain and upgrade the properties that are already held. He asked if this policy could be construed to mean advocating the lifting of all zoning and environmental legislation because somebody in the development community feels it's inhibiting their ability to make houses. Mr. Cooperson felt the policy should be rewritten.

Mr. O'Donnell thinks the intent of this policy is for the developer to know (for example) that in any place in the State when it has put a catch basin in - he knows what they're talking about and there aren't three or four different interpretations.

Mr. Weiner clarified that this policy is intended to say "Let's have equitable, effective housing and land development control regulations that are applicable and workable."

Mr. Walton explained that housing codes and building codes were not stated in this policy because there may be other regulations and they couldn't all be enumerated.

Mr. Chamberlin said that this policy was suggested because of the frustration that exists in trying to process a piece of land, for any use, through the various public agencies at various levels. He doesn't think anyone could sit down and list (for residential use for example) all of the agencies and all departments within each of those agencies you'd have to clear through before you could "break ground". In addition, the substantive areas of regulations are so intermingled and overlapped that it is impossible to know when you've gotten an approval or not. This is a system that is expensive, time consuming, irrational and unreasonable. It is more like a maze than a process.

Mr. Biondi asked Mr. Chamberlin and Mr. Cooperson to rewrite and clarify Policy Number Three.

On Policy Number Four, Mr. Biondi asked if they weren't trying to lower the rate of escalation. Mr. Weiner said he felt the Commission should support this policy.

Mr. Walton explained that he opposed this policy because he feels it interferes with the free market and competitiveness.He felt that the consumer gets the cheapest costs when there is competition between developers and builders. He felt that when the State steps in, it ends up costing the consumer more.

It was moved and seconded that Policy Number Four be adopted as written. Mr. Walton was the only no vote.

The implementation section was accepted as written.

Commercial Land

Mr. Biondi asked what is meant by Finding Number Two. What is meant by regional? Mr. Walton explained that is a shopping center of a certain size that services a certain area (not local shopping centers) for example, Tri-State, Concord and Blue Hen Mall. Sussex County can't support a regional mall and Dover can't support another mall (one just went bankrupt). There was discussion on whether New Castle County could.

It was moved and seconded that Number Two be stricken. All present agreed except Mr. Walton recording the only no vote.

Mr. Weiner expressed concern over Finding Number Three. He stated that other ventures were not asked to give market analyses and many market analyses are not accurate.

Mr. Biondi stated that a market analysis doesn't always guarantee success in any commercial venture. However, he's never seen a commercial venture on which you couldn't get a favorable market analysis. He suggested rewording this finding to read "A commercial developer should be expected to show economic justification for a project".

Mr. Walton said the point of Number Three was that the taxpayers of this State are required to make sizeable expenditures for commercial development (in the form of overpasses, intersections and drainage ditches) and it's unfair for the taxpayers to participate in the bankruptcy of a financial venture.

Mr. Biondi said at the present time the complaint is on the behalf of the developer that they are being compelled with the economics of a project, to solve governmental problems, in terms of highways, sewers and drainage, that preexisted the development. This is happening in New Castle County.

Mrs. Aughey felt that Number Three is of no particular use simply because you can get a market analyst or a consultant to give you almost anything. This is something that the judgement of the people of planning departments of the counties should consider as part of their decisions.

Mr. Biondi noted that there is no proven method by which to determine a successful business venture. It really takes a variety of people in the money market, the planning market location, etc. to come to a decision on a successful location. Market analysis is just one of maybe 10 factors that go into this kind of a decision. Mr. Biondi objected to market analysis being isolated when many other factors are equally as important. He suggested that Finding Number Three be amended to read: "A commercial developer should be expected to justify proposed commercial development and show need for such development." It was moved by Mr. Walton and seconded by Mrs. Slights that Number Three be accepted as amended. This was agreed to by all present.

Under Policy II 1, Mr. O'Donnell expressed concern with the word "disperses". He stated that this term is contradictory. If traffic were dispersed, there would be no problem. He suggested this phrase be changed to read "Commercial strip development that impedes traffic flow throughout...". This policy was agreed to, as amended, by all present.

Mr. Kuennen explained his opposition to Policy Number Two. He felt the

frame of reference dealt with New Castle County and he felt that this policy couldn't be implemented in lower Delaware. He felt this statement should be more specific. Mr. Biondi suggested the addition of the phrase "where strong core districts exist" to the end of this policy.

Mr. Weiner felt that Policy Number Two would discourage commercial development in the rural suburban fringe at the expense of moving all of it into the central business district. He felt that this policy needs another sentence. He feels that we should encourage commercial development in and around existing central business districts, however all commercial development should be designed to provide services to people and should be located in ways that will accomplish that purpose.

Mr. O'Donnell asked what the term "around" means. Mr. Biondi agreed that if you're talking about encouraging development in downtown central business districts like Dover, Wilmington or Newark, you have to strike out "and around". This was agreed to by all present.

Mr. Walton agreed that the purpose of this policy was to help existing downtown business districts.

There was much discussion as to whether Policy Number Two was referring only to downtown Wilmington or if this was to be a Statewide policy. Mr. Biondi suggested that this policy be amended to read: "Major commercial development should be encouraged in existing central business districts". This was agreed to by all present.

Mr. Kreiger asked the meaning of the term "incidental" in Policy Number Three. Mr. Webb felt this meant adjacent to. The discussion against the regional shopping center said it would create its own growth and you would have to justify large concentrations in that area.

Mr. Biondi noted that this paragraph is clearly not related to the Wilmington problem.

Mr. Chamberlin explained that a regional shopping center generally includes two department stores, requires in excess of 40 acres of land, has somewhere around 400,000 square feet of retail, sales area and will draw customers from approximately 30 minutes travel time. There is no true regional shopping center in Delaware at this time.

Mr. Walton said this policy was meant to be in conjunction with the idea that we have enough regional shopping centers. The Committee also meant this policy to discourage shopping centers from locating in areas where it would encourage other development to come to it. That is what was meant by the phrase "incidental to urban areas".

Mr. Biondi raised several points concerning regional shopping centers. (1) They kill off all small commercial development around a regional shopping center, to some extent. (2) They don't draw from a specific urban area, they draw from a wide market - counties surrounding Delaware as well as from within the State.

Mr. Kreiger suggested that Policy Number Three be deleted, because he felt that this policy is not in line with discussions on developing Delaware. He also felt that this policy implies a lack of trust in the County governments to enforce their zoning laws. Mr. Walton said the Counties' tract records were not much better than the State's when it comes to enforcing effective development policies.

Mr. Walton explained that he didn't vote on this policy because he felt that if the money interests wanted to build a shopping center, and saw it as an effective market, he had no objections to it being built in the proper area, however he felt it should be "incidental to the urban areas" and this wasn't defined clearly.

Mr. Biondi found the term "urban areas" to be rather vague.

Mr. Kreiger moved that Policy Number Three be stricken for the following reasons:

(1) There isn't a good definition of the term "regional shopping center".

(2) It's not clear what's meant by the term "incidental".

(3) This policy is anti-economic development.

This motion was seconded by Mr. Oldach. All present voted in favor except Mr. Walton recording the only no vote.

Mr. Cooperson said that, as far as he understood, the objective of the Delaware Tomorrow Commission was not simply to look at ways of encouraging business, what we're concerned with is the total environment and people of the State of Delaware.

Mr. Biondi asked what was meant by Policy Number Four. Mr. Cooperson noted that this policy is just a restatement of the concern in Policy Number One. Automobile-oriented uses do tend to take up alot of street frontage. It gets back to the idea of impeding traffic flow.

Mr. Weiner asked if this policy was trying to say that automobile repair shops and dealers should not be strung out along the highways. He felt it should be stated that way.

Mr. Chamberlin felt that the scale of this policy is inappropriate for the deliberations of the Commission. This is only one type of commercial development we're concerned - with what about other types?

Mr. Walton said that automobile repair shops was just an example and could be stricken. Mr. Weiner said that then you're saying the same as is stated in Policy Number One.

Mr. Biondi suggested that Policy Number One be revised to say: "Commercial strip development, including highway oriented uses...".

Mr. Walton pointed out that Number One says "curtail" and we don't want to curtail highway oriented uses, we want to concentrate them.

Mr. Biondi then suggested Number Four be changed so as to read: "Highway

oriented uses should be clustered and not strung out along major highways". This policy, as amended, was agreed to by all present.

Mr. Biondi moved that the meeting be adjourned. The next meeting of the Commission will be on Monday, June 16, at 4:00 p.m. in the Cabinet Room of the Townsend Building, Dover.

Respectfully submitted,

Dee Burkley

Dee Burkley

STATE OF DELAWARE
PLANNING OFFICE
DOVER

DAVID R. KEIFER
DIRECTOR

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Ref: 1007/1404

DELAWARE TOMORROW COMMISSION

Minutes of Meeting of June 16, 1975

A meeting of the Delaware Tomorrow Commission was held on June 16, 1975, at 4:00 P.M. in the Cabinet Room of the Townsend Building in Dover, Delaware.

The following members were present:

O. Francis Biondi
David R. Keifer
Ernest W. Thorn
John Walton
Joann D. Slights
Ross E. Anderson, Jr.
Carl S. Oldach
Fred G. Krapf, Jr.
Joseph Golden
Theodore Ryan
Secretary John D. Daniello
Secretary J. Thomas Schranck
Peter A. Larson
Dorothy Greer
Secretary Clifford B. Hearn, Jr.
Mayor Crawford J. Carroll
Marcie Bierlein
Secretary John C. Bryson
Carl Russell (voting proxy for Mr. Mel Slawik)
Secretary Clifford E. Hall

Also Attending:

Dr. William R. Latham III
Daniel Kuennen
Bernard L. Dworsky
Peg McClane
Rita Smith
Spencer Thompson
Rama Singh
Edward O'Donnell
William Bradford

The meeting was called to order by Chairman Biondi at 4:25 P.M. At

EXECUTIVE DEPARTMENT
SHERMAN W. TRIBBITT
GOVERNOR

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DELAWARE

the last meeting, the Commission discussed the Land Use Committee Report up to Page 15. Mr. Biondi noted that there had been some question as to what was meant by "open space." He had asked Mrs. Slights, Mr. Walton, Mr. Chamberlin, Mr. Larson and Mr. Kuennen to get together and define "open space" as it is used in this report. Mr. Kuennen circulated a memorandum on the subject to these people and there were no objections. This memo will be sent to the Commission members and at the next meeting, all referrals to "open space" in this report will be reviewed based upon this definition of open space. Any changes necessary will be made at that time.

MAJOR INSTITUTIONAL LAND USE

Mr. Larson explained that the Policy under this section was inserted primarily to try to get at the problem of the large public and private institutions that have resources for planning, land acquisition and development of its own, outside the context of government. This policy was also intended to reinforce the basic policies on land use contained in this report- which is to encourage urban concentration. The Committee felt that with a policy that directs and encourages institutions to conform to State and local land use planning we will avoid that kind of situation in the future.

Mr. Biondi asked if this policy is consistent with policy #1 on Page 4. Mr. Larson said they were consistent.

Under the implementation section, Mr. Larson noted that this could only be accomplished through Legislation, essentially to force institutions to cooperate and conform to local or State plans.

Mr. Russell asked Mr. Larson what would be done with existing facilities that are in place- they don't meet the required land use plan, but they have been there so long they have been grandfathered out. Mr. Larson stated that

he, personally, felt these facilities would have to be grandfathered out and start from scratch with new facilities.

Mr. Biondi asked: Assuming you have an institution which is going to purchase or acquire land, and they obviously are going to do it to render some service. They have been in the business of rendering service for some time and know more about the need for that service than virtually anybody else; however, the County authority like the County Planning Office comes into the picture. He asked if it wasn't possible that the people investing substantial funds for providing this service know more about what they are doing than the County officials.

Mr. Larson said that in his experience, the institution is often not the best one to make this decision, because they are too tied up in their own service that they fail to see their impact on the total community.

Mr. Biondi asked if this was a problem in Kent County or Dover. Mayor Carroll said it was but it is solved now. He said there are cases where public institutions lease out properties to private enterprise for either income or other uses, because they don't have any use for them. For example, Wesley College leases out to other enterprises for income, so the City taxes them.

Mr. Russell stated that he felt "private institutions" was not referring to public education. He felt this meant a non-profit agency like United Fund. In many cases, these kinds of agencies have to accept where they can go. For example, they are given a property from someone in a will. They cannot start from scratch and abide by an adopted land use plan and go where it is most profitable. They also get in cheaper or at no cost because it is non-profit. He asked if you can make them comply.

Mr. Russell further stated that as far as implementation of a tax exemption policy, New Castle County is revising what was adopted two (2) years ago in a constitutional amendment to take all the tax exemption policies under the County's wing and figure out who is getting what. This is an immense project as it is done today. To rethink that will be an enormous administrative rethinking.

Mr. Larson suggested revising the language under implementation, to bring this statement in line with Mr. Russell's because the word "continuation" might imply no grandfathering. He also explained that the reason the words "private institutions" were used is because public institutions are already tax exempt; private institutions have to specifically apply for and receive exemption either from the municipality or the State. He suggested the implementation section be amended to read "Private institutions seeking tax exempt status should comply with adopted land use plans."

Mr. Bryson asked if this means that private institutions not seeking this status don't have to comply with the land use plans? Mr. Larson said he presumed those would get caught in the normal land development process.

Mr. Russell stated that another thing the implementation process does not mention is making the public tax supported institutions abide by, not only the land use plan, but also the drainage codes, sewage codes, etc. That is where the problems are with local governments.

Mr. Larson agreed with Mr. Russell and said he would agree to inserting "and tax supported institutions" after "private institutions seeking tax exempt status."

Mr. Biondi felt that there was a gap between the policy and implementation of the policy. He felt the policy ought to be amended to read: "Public

and tax exempt private institutions, services and facilities should be located so as to serve urban concentration and should comply with land use, drainage, and other regulatory plans." This amendment was adopted by all present.

Mr. Russell suggested finding #2 be amended to read "... framework of municipal, county, and State Planning..." This was agreed to by all present.

INDUSTRY AND INDUSTRIAL LAND

Mr. Biondi explained that we are going to be discussing the intensity of economic development in the State and the rate of growth that we think the State of Delaware should have. However, these policies should also be considered in the context of the Land Use Committee Report. We know certain new industries that will be coming into the State and industrial areas will have to be developed somewhere in the State;this section of the report addresses where those facilities ought to be located and the nature of the facilities.

In Policy #1, Mr. Biondi asked if there is a limited number of existing unused industrial sites? Buildings? To what extent are there properties that can be renovated?

Mr. Krapf stated that he owns 1,250,000 square feet in the Bancroft Plant and he does not feel that this should be kept as industrial land. In his opinion, this land should eventually be phased out and put to a different use. Mr. Krapf further stated that finding #4, which states "...where energy, water and sewers are available" to him means that you would never build a new place. The sites that are available are too old and have too many problems.

Mr. Biondi asked if these might be sites that the State could purchase,

clear, and put up useable buildings. He felt the Committee was saying that even if there are no utilities available to use the industrial sites, we ought to force them to use the unused industrial sites and renovate them before going out to areas where utilities are not available at the present time.

Mr. Daniello said that he assumes #1 and #2 mean consistent with land use plans.

Mr. Larson said there are substantial sites zoned with public services, and good transportation facilities that can be marketed today. This policy is just intended to make sure these sites are not overlooked, when looking for new sites.

Mr. Krapf pointed out that the person who owns an operation should have a say in where it is to be located.

Mayor Carroll felt that the question of whether an industry decides to move into a particular county is the tract record of that County. He felt that in 5 years time Dover will have the same problems Wilmington has. Dover's concern is that they be given an opportunity to be competitive but to do it on a basis where the City is not being bled to death by the County and State governments, which put Wilmington in the position they are in today.

Mr. Larson felt that some of the problem with finding #4 is the word "available", which to him means economically feasible for extension.

It was moved by Mr. Krapf and seconded by Mr. Thorn that Policy #1 be accepted as written. All present voted in favor.

In Policy #2 Mr. Biondi asked what the Committee had in mind with respect to this policy. Mr. Larson said that this policy was intended to attract the types of workers that need jobs- be that a blue collar worker or

a computer operator.

Mr. Schranck felt that the definition of "needs" should be clarified. Mr. Biondi said this meant need for a job not a product.

Dr. Latham said there is some danger of adopting a policy that attracts industries where you have the highest rate of unemployment. You will be in a self-sustaining, self-defeating circle. He suggested that the Commission needs to balance the strategy of attracting low skill industry with upgrading the skills of the individuals to suit the needs of incoming industries.

Mr. Walton noted that, in the Committee, he had voted against this policy because he would rather see State money and policy being spent in expanding our own industries. This gets into an economic area which was not in the purview of the Committee. He said that rather than going out and recruiting new industries, Delaware development dollars should be spent with those firms that are already here and can expand their business. There is not a business in this State that has reached its maximum.

Mr. Biondi then suggested revising this statement to read: "Delaware should encourage the introduction of new industries and development of existing industries which optimize...."

Mrs. Slights, who also recorded a no vote in the Committee, explained that she felt that Delaware had certain native attractions that would bring without encouragement, specific types of industries that would fulfill the State's needs. She said we don't want to encourage in-migration of the kind that we already have an over abundance of.

Mr. Daniello said that the need for more diversity of industry in this State is vital. The existing industrial infra-structure does not take care of all the skills and needs of people in Delaware at the present time.

He further stated that Delaware is, for the most part, primarily dependent on two (2) industries: chemical and auto. If we could have some diversity, we would all be better off for it; especially the taxpayers.

Mayor Carroll felt that the Commission should define what is needed in specific areas and what type of industries you want in those areas.

Mr. Biondi clarified that the land use aspect of this policy relates to industries using land. Mr. Walton feels that the existing land ought to be used. This makes for more efficient use of land. The expansion of these facilities will ultimately result in less land being taken out of other uses.

Mr. Larson said there was a fundamental difference between Mr. Walton and the majority of the Committee on this question, which is the reason Mr. Walton voted no. Mr. Larson said he felt the Committee is talking about new industry. He further stated that the phrase "optimizing the State's resources" is the key to this policy.

Mr. Russell moved that Policy #2 be accepted as written. This was seconded by Mr. Oldach. Mr. Walton and Mayor Carroll recorded the only no votes.

In Policy #3, Mrs. Slights said that she was in favor in principle of this policy, however, she was not pleased with the wording. She felt the wording should be "Delaware should direct industrial development to areas that are located so that services can be provided economically."

Mr. Krapf said industrial development will not go to a location that won't be economical. Mayor Carroll said there is a question as to what the interpretation is of "economical."

Mr. Russell stated the problem is that, because an industry locates and puts a certain amount of money into the local economy and the local and State

governments put even more out to support those people for welfare, etc., that is not economically efficient for that local government.

Mayor Carroll agreed that this is part of the problem, however, he stated that you can make water and sewers available by agencies other than the local unit of government. Then the demands placed on that community, as a result of the human needs, is where the burden is placed on the local unit of government. The local government gets nothing in lieu of taxes or services, yet they have to provide the services. He defines local units of government as a city or county that supplies local services.

Mr. Russell said that we assume government is there specifically for costs and not for costs and benefits. In other words, they are going to operate in the red because that is what they are all about.

Mr. Biondi felt that Mayor Carroll has a problem in mind that none of the policies addressed in Policy #3, he thought they were saying that we ought to encourage the development of industrial areas that are located so that services can be provided economically as contrasted with locating them where the services will cost more to provide.

Mr. Krapf moved that this policy be accepted as written. This motion was seconded and agreed to by all present with Mayor Carroll not voting.

Mr. Larson explained that Policy #4 looks at the question of any future ports, marine terminals, or pipelines that might be built through the State. The Committee felt that the State and/or local governments should assume regulatory and/or operational control which in some cases might even be ownership.

Mr. Biondi said he did not know there was anything that was not regulated

by at least four (4) different levels- county, State, Federal and City levels.

Mr. Bryson said that, at the present time, the Department of Natural Resources and Environmental Control does not have the authority to tell these facilities where to locate. With respect to the kind of uses stated in this policy, the State, in addition to the County, should have a say as to where they are located, in addition to the problem of what regulations would be imposed on them. He asked what was the concept of operational control?

Mr. Larson said that would be in the event there was no regulatory control. For example, it is possible the State might want to build, own and operate a facility such as mentioned in this policy. This applies to future sites.

Mr. O'Donnell said he always assumed that the State did have regulatory powers in such things as pipelines and bulk transfer facilities such as the Coastal Zone Act. He clarified that when "Delaware" is mentioned in this report, this means all jurisdictional levels, not just the State. He also clarified that zoning control is not enough because it may or may not be based upon a land use plan, depending on where you are.

Mr. Walton noted that where utility, electric lines are located is not regulated by the State, other than by the Public Service Commission.

Mr. Biondi asked if it damages the Committee's policy to remove the phrase "operational control." He said there are levels of expertise involved that he does not see existing anywhere in the routine of State, County, or City employees.

Mr. Daniello said he could envision a situation where there exists a need for a particular facility and there is no way that it can be done privately and yet it would be in the interest of the State and its residents to have operational control. Mr. Biondi said that when Mr. Daniello found that case the Commission would agree to that policy.

Mr. Krapf moved that Policy #4 be amended, striking the words "or operational." This was approved with Mr. Daniello, Mr. Walton and Mr. Bryson voting no.

It was moved and seconded that the Policy #4 be adopted as amended. This was agreed to by all present.

Mr. Biondi noted that Policy #5 addresses some of Mayor Carroll's concerns. Mayor Carroll has been saying that, at some point in time, in addition to talking about optimum lot size, utility availability, accessibility, etc, you have to look at the overall impact on the surrounding community even if that community crosses a governmental line, such as a city.

Mr. Larson suggested, after the word "accessibility", adding the phrase "and the overall impact on local communities."

Mr. Krapf asked how you make a standard lot size. Mr. Larson said what the committee was trying to get away from was the one acre industrial park. They were suggesting an optimum industrial park size. Mr. Krapf said he, personally, agreed with this idea, however, he asked why should the little man who wants a one acre lot be eliminated; why should he be forced out of business? Mr. Larson answered because he is demanding services and facilities far greater than what he returns in benefits to the community. He can go into an industrial park at less cost to himself and at greater

benefit to the community that is planned and well laid out with optimum lot sizes than if he buys a piece of land, by himself, out in the middle of nowhere. It will be up to the land planners to determine what is optimum.

Mrs. Slights suggested that the word "lot" be stricken from this policy.

Mr. Krapf expressed concern about the unfairness of this policy to the "little man." Mr. Larson clarified that the Committee is not saying that the "little man" who wants to open a garage, or set up a little industrial operation, cannot do it. If he can find a site that is already zoned industry, he can do it. This policy refers to areas that are requested to be zone for industry: the Commission would discourage this.

Mr. Oldach feels that the Commission is not going to be able to establish a set of standards and criteria that will apply to optimum size, utility availability and accessibility. Every case will be different.

Mr. Keifer said it is difficult to establish standards for different kinds of industrial enterprises. He feels, however, that you could set some criteria out for new industrial clauses. He said he was in favor of this policy.

Mr. Daniello said that until the time comes that all counties land use plans are existing zoning, we have situations especially in New Castle County, where the industrial land conforms to the comprehensive plan of the County as proposed for industry- but it is not done and the owner will not bring the land in for rezoning until he has a buyer. He explained that his Department releases a publication about available industrial sites in

the State. He asked what would his Department do from a promotional aspect- the only lands they could show to any prospect would be lands already zoned. He said he did not believe that is what the Committee intended to do, although the policy says, in his viewpoint, that the only lands that would be available to show to prospects would be existing zoned properties.

Mr. Larson said that Mr. Daniello raised a problem that was not discussed by the Committee. He thought there would be a closer relationship between promotion and zoning worked out under such a program. He said Mr. Daniello was right and that this policy does tend to preclude his promoting a site that did not go through the process of meeting the criteria.

Mr. Biondi suggested this policy be amended to read as follows: "Delaware and its local governments should establish standards and criteria for industrial location, including optimum size, utility availability, accessibility, and the overall impact on local communities, such standards to be met prior to rezoning for industry. The State shall not promote the inclusion of a site, for industrial purposes, when the utilization for that purpose is contrary to the land use planning in the area."

It was moved and seconded that the amendment proposed by Mr. Biondi be accepted. This was agreed to by all present.

It was moved and seconded that the policy, as amended, be adopted by the Commission.

Mr. Krapf stated that he agreed to the amendment, however, he objected to the policy as a whole. As far as the reference to Delaware and its

local governments should establish standards, he does not feel that this is the proper vehicle. He feels that this policy is asking for something to happen before the fact.

Mr. Daniello said there was nothing in the policy that is not, theoretically, being done now. Mr. Krapf asked why is this policy even necessary. Mr. Biondi said it is taking the argument one step back from the zoning process.

Mr. Larson said that most land use plans and most zoning ordinances in Delaware do not include standards in criteria for industrial location, including size, utility availability and accessibility and the impact. He further stated that in the policy, we could be suggesting adding a level of standard to the land development controls, as they exist today, either through zoning or sub-division control. The intent is not to impose another level of controls. We are trying to make facilities in Delaware attractive so that people will come.

Mr. Daniello stated that if some kind of standardization of all the local rules and regulations, results from this, it would be a "blessing " for all concerned.

Mayor Carroll said he hoped this policy is saying that, if industry were to locate in a certain county, that a checklist should be made as to what demands are going to be placed on whatever unit of government is going to be responsible, not only from the standpoint of utilities. This policy also says that this should be accomplished prior to the time they put in a rezoning request to the County zoning office.

The motion on accepting policy #5 as amended, was agreed to with Mr. Oldach, Mr. Krapf, Mr. Schranck and Mr. Ryan voting no.

This completed the revisions of the Land Use Report (except for those issues to be addressed in conjunction with the Coastal Zone issue).

Mr. Biondi explained that the Commission has not yet received the revised Economic Development Committee report. Two (2) of the policies suggested by that Committee have not been resolved: the tax policy and the Coastal Zone policy.

It was agreed that the policies listed on page 14,15, and 16 of the Economic Development Committee Report could be considered at this meeting.

The Economic Development Committee will be meeting on Thursday, June 19 to discuss and write their final report, which will be submitted to the Commission prior to the next meeting, which has been scheduled for July 2, 1975, at 4:00 P.M. in the Cabinet Room of the Townsend Building in Dover, Delaware. Mr. Biondi stated that he hoped to finish discussing pages 14,15, and 16 of the Economic Development Committee Report and discuss the Cost of Public Services Committee Report at this meeting, so that, at the next meeting, the major issues concerning the Economic Development Committee can be discussed along with the issue of how much growth we want to stimulate in the State, apart from the specific issues the Economic Development Committee is looking at.

ECONOMIC DEVELOPMENT COMMITTEE REPORT

Mr. Biondi stated that in Policy #9, the thrust seems to be an indication that Delaware banks are either exporting capital or they are not loaning a sufficient amount of their assets in commercial or industrial loans. Mr. Biondi asked if the banks have anybody to loan it to or have the overall economic conditions in the State and the conditions in the State with respect

to development, deprived them of markets for loaning, if indeed there is a fourth (¼) for commercial-industrial loans?

Mr. Bradford felt that some of the words in this policy are misused. Development of venture capital is not a banking function. As far as the background figures in this policy, Mr. Bradford said that Delaware has historically raised more in deposits than the State has been able to use in loans.

Mr. Thompson (Chairman of Economic Development Committee) explained that the section concerning "venture capital" goes back to the idea of developing bonds to make sure there was adequate capital available for new industry coming into the State. He said the section on "venture capital" could be deleted. It was agreed to amend the first sentence in Policy #9 to read: " Delaware's banks should be encouraged to give greater lending support to business and industry."

Mr. Krapf asked if anyone knew if the percentages in the second (2nd) sentence are correct. Mr. Thompson said these figures came from the University staff working on this project. The thrust of these figures is that there should not be any reason for lack of capital for industries coming in.

Mr. Krapf said he just wanted to be sure the figures used are completely accurate. Mr. Thompson agreed to double check the figures.

Mr. Larson asked Mr. Thompson if there was any information that would indicate what percentage of the commercial, industrial loans go to Delaware businesses and industry. Presumably Delaware banks will loan outside of Delaware and Delaware corporations will borrow outside of Delaware from other

institutions. He felt that the figures aren't very meaningful.

Mr. Walton moved that Policy #9 be accepted as amended, striking "... and to cooperate in developing venture capital sources for starting new companies," and verifying the figures in the second (2nd) sentence. The only no votes were Mr. Krapf, Mr. Biondi, and Mr. Daniello.

Mr. Schranck said that policy #10 is a noble goal and he hopes it can be achieved, however, he stated that since he had been on board, he and Secretary Daniello have been trying to figure out how to accomplish this goal. He said his Department is funded and mandated by the Federal government to collect certain data. Some of the data listed in this policy is readily available and some is not available at all, for example: under-employment-his office has no way of checking this figure out; no data is collected on this. He said that basically he doesn't disagree with the intent of this policy, he just doesn't know how it will be accomplished.

Mr. Thompson stated that he felt that one of the problems facing the Commission in making policies is that they have no real feel for the standard of unemployment, for example. He did not think it would be too difficult for a sampling of these figures to be drawn up, possibly with assistance from the University staff. Mr. Schranck agreed that the information is available, a system has to be put together on how to extract it.

Mr. Walton moved that this policy be adopted as written. This was seconded and approved by all present.

In Policy #11, Mr. Biondi asked if there was any conflict between the first sentence of this Policy and the Policy against the over-extension of utilities that the Commission discussed in considering the Land Use Committee Report. Mr. Larson said he saw no conflict.

Mr. Biondi questioned whether the second sentence properly addresses the question of what we would like the State government to do about the possibility of a natural gas shortage in the State.

Mr. Thompson said he wasn't convinced that Delaware has problems in the energy area that are as critical as in the surrounding states. The problems are regional.

Mr. Biondi asked if the State government should support the de-regulation of natural gas prices in inter-State Commerce or should we support the development of an atomic energy power plant.

Secretary Schranck said that it has been said that if you support the de-regulation, the price will go sky high and then fall back. He said he did not know if that was true or not because it will become an over abundance of supply - so maybe we should support it. On the second half of that question, he said we should support the development of a nuclear power plant.

Mr. Bryson agreed that the State should work with the Federal government on policies to encourage nuclear power plants to a point. He said, however, that it can be overdone and it is grossly over-rated as to how cheap it might be. As far as cheap fuel is concerned, the controlling interest is too closely regulated by too few people.

Mr. Krapf said that he thought this issue ought to be looked into and that we certainly should support trying to find natural gas and oil on Delaware's shores or land.

Mr. Thorn stated that, in connection with nuclear power, he feels that there have been many arguments by "experts" regarding the safety and inexpensiveness or lack of safety and expensiveness. He said the whole issue is so confused, it is nearly impossible for any local governments to really know. He felt that, instead of promoting nuclear power at this point in

time, we should go into something we are a little more certain of, for instance coal with coal desulfurization.

Mr. Biondi said that the issues raised on off-shore coastal drilling, including oil and natural gas will be discussed at the next meeting. Mr. Larson suggested inserting the phrase "short term" so as to read ..."must develop a plan for meeting short term and long term energy needs of business and industry."

Mr. Bryson noted that his department has developed one new source-burning garbage and sewer sludge. It will be located in New Castle County. It is about a 19 million dollar plant that will turn garbage and sewer sludge into useable products, including fuel. This is a step in the right direction.

Mr. Biondi suggested that the last sentence in paragraph 1 of Policy #11 be amended to read: "The State government, in cooperation with Delaware's utility companies, must develop a plan for meeting short term and long term energy needs of business and industry, including the development of new energy sources and the conservation of existing sources." It was moved by Mr. Thorn and seconded by Mr. Daniello that this policy be adopted as amended. It was agreed to by all present.

In Policy #12, Mr. Thompson explained that there is a general concern that we have not done enough to bring the industrial needs and the educational services together so that the kids and adults are, indeed, being trained for jobs that really exist, rather than for the jobs teachers are equipped to teach.

It was moved by Mr. Daniello and seconded by Mr. Thorn that this policy be adopted as written. This was agreed to by all present.

It was moved by Mr. Larson and seconded by Mr. Walton that Policy #13 be adopted as written. This was agreed to by all present.

In Policy #14, Mr. Thompson explained, some of the material was drafted by the staff while he was in Brazil, and presented to the Committee. However, these items were not discussed by the Committee one by one. Mr. Thompson further stated that he felt 14-C was debatable because Delaware's median tax level is below many other states. We are 35th out of the 50 states. If you look at the total taxes collected in Delaware on per capita income, Delaware is not heavily taxed.

Mr. Biondi then suggested changing the wording on 14-C to read: "Keep the per capita ...."

Mr. Thorn asked assuming that we want services that are comparable to larger States, is it not possible to the extent we have to have an administrative force to accomplish these services, that our costs are bound to be higher than other states? For example, every state has only one Governor. However, the Governor of New York would be cheaper per person, than the Governor of Delaware.

Dr. Latham said that almost all government services do not have significant economics of scale, in fact there are significant dis-economics scale in most government services so that the larger the size of the government providing the services, the more inefficient it is likely to be.

Mr. Krapf stated that Policy #14 consisted of "a lot of nice words." Mr. Russell moved that this policy be stricken. Mr. Oldach seconded the motion and all present voted in favor.

Policies #15 and #16 will be discussed at the next Commission meeting.

COST OF PUBLIC SERVICES COMMITTEE

Mr. Bradford (Vice-Chairman on the Cost of Public Services Committee) explained that the purpose of this report is different from the other two reports in that it makes no recommendations for any alterations to the cost of services of the revenues to support that, simply because of a lack of guidance from the other reports to operate on. He said in this report, they attempted to gather some facts, and make a presentation on the costs of the governments of Delaware to give a data base, which could be drawn upon, when the time came, to see what would be required in the area of future costs.

He felt it was necessary for the Commission to try to get an understanding of what the Cost of Public Services Committee attempted to do.

Mr. Biondi noted that subsequent to the Buena Vista Commission meeting, there was some discussion about some of the data in the report. Dr. Latham said there was some question about clarifying the material that was presented, especially with respect to figures regarding revenues for various State and local governments. The main question raised was: " Why didn't the revenue figures in the Cost of Public Services Committee correspond to numbers with which individuals familiar with State's budget figures were familiar with. He stated that if you take the figures that most people are familiar with and subtract out refunds and add in special funds, then you end up with the numbers in the report. The report was intended to illustrate what <u>total</u> revenues for the State had been and how they had been expended for the past 5 years. That is the reason a distinction was not

maintained between general and special funds and it was also decided to net out any refunds, since those were not available for expenditure either. He said this information is in the summary report of May 23.

Mr. Biondi asked Dr. Latham if he considered the figures used in the report or the figures that some people are more familiar with, to be the valid figures to use for the kind of tool the Committee's attempting to construct here? Dr. Latham said that the numbers in the report are more valid than the normal State budget figures.

Mr. Russell asked if that means that the revenue of the State include the pass-through dollars dropped to local governments? Does the State then carry those revenues and not the local government. Dr. Latham answered: "This publication- yes. This report also includes Federal and inter-governmental transfers."

Mr. Biondi noted that Mr. Keifer, Mr. Bradford and Dr. Latham all agree that the approach used in accounting for these revenues in the report, for the purposes of what the Committee was aiming to do, is a more valid basis than using the ordinary State budget figures.

Mr. Biondi asked Dr. Latham, if, collecting the kind of data that has been collected, we can project what the cost of growth, for example, will be at various levels?

Dr. Latham said that in the summary report dated May 23 it states that there is a strong feeling that revenues would tend to meet rising costs of services if no new expenditures were contemplated. The Cost of Public Service Committee decided that unless the Commission is willing to specify a set of conditions, or agree to a set of conditions that the Cost of Public Service Committee has specified, there is not a good way

of putting some numbers down for projecting costs and revenues.

Mr. Biondi asked, rather than talking in terms of absolute dollars, could it be done in terms of percentage increases in revenue costs. Dr. Latham said it can be done. Some parts of the expenditures projected if we have percentage growth rates. We further stated that one of the main points in this report is that growth has been purchased largely with external dollars, that is very much of the growth has been financed by Federal funds. If, in the future, the same amount of Federal funds are not available and the State has opted for a certain level of growth, the people in the State of Delaware will have to pay for it and the money may not be available.

Mr. Biondi said he is trying to see if there is a way that the Commission can say, from an economic and social point of view, a given rate is desirable. The question is how much will it cost us and how will we pay for it all along?

Mr. Krapf asked where is Delaware's rate as far as the dollars expended for State and local governments over the capital income of the people. Mr. Thompson answered that in the figures published by the U. S. Department of Commerce, Delaware ranks 35th in the cost of government as a percent of per capita income.

Dr. Latham said that those figures are difficult to interpret because some states provide more services and turn around and charge back for them again-then the money comes in on both the cost and expenditure sides.

Mr. Biondi said that he does not think there is any doubt that the cost of government expenditures per capita, taking State and local tax burdens together, the State ranks 35th. He also thinks it is true that, as far as State expenditures per capita, we are one of the highest in the country. If we are 35th out of 50 as far as State and local expenditures and taxes per capita, there seems to be some room to afford cost of future development in the State. However, then the question arises, at what level will the cost of future development fall. The Cost of Public Services Committee report seems to indicate that the cost of services is growing faster at the State level than it is at the County and local government levels and the revenues are growing faster at the County level than at the State level. If we are talking about the cost of growth, we may have to talk about a reallocation of the cost of growth between various levels of government in the State in order to afford that kind of growth. He further stated that he thinks that if the cost of growth can be better allocated, we can afford more growth.

Mr. Oldach stated that he thought the Cost of Public Services Committee would approach the problem of trying to evaluate the relevant costs of services to other states. Dr. Latham said this is possible but has not been done.

Mr. Biondi stated that if, for example, the City of Wilmington government were abolished and combined with the County government, he did not feel that a savings of more than 5% would be realized. In fact it might end up costing more. However, he agreed that with the different levels of government operations there is room for improvement and combination of services and tax savings. There was general agreement that local and State governments can be operated more efficiently than at the present time.

Mr. Russell asked that if the cost of growth between the State and local governments was shifted, would the growth of revenue at the local levels be sufficient to absorb the cost of growth.

Mr. Biondi said he did not think it would be sufficient. He said you would still have to have an increase in the cost of government at the State level. The question is how much?

Mr. Bradford said one of the reasons that, on the disbursement side of the report, the Committee attempted to get the total cost was not so much that they saw a single government for the whole State rather an attempt to get the total cost of any growth and then go back and look at where the cost and revenues would fall. Dr. Latham noted than in regards to the cost of public services and growth, at the last Commission meeting the idea of employing user charges extensively in development was rejected. When user charges are employed with development, you don't have to worry about where the money is coming from - you would know where it is going to come from. You don't have to worry about who will be doing the expending; it is all taken place in connection with the development. He raised this issue to point out a consequence of one of the actions the Commission has already taken.

Mr. Oldach noted that the Commission is at an impasse because the Cost of Public Services Committee needs to know what kind of growth before they can calculate the economics and the Commission can't decide what kind of growth till we know what the price is. He suggested the Commission try out a couple of test cases where you assume a certain growth of a certain type of population and calculate the cost.

Dr. Latham said that would be relatively simple. The problems would be getting the Commission to agree on what the rate of inflation on labor will be and other costs for the next 10 years.

Mr. Krapf said that, first of all, the Commission should decide if they want any rate of growth at all. If so, then they should go from there and decide at what rate they want growth.

Mr. Russell said that he feels it will be detrimental to the direction of the Commission for the Commission to come out with a statement that we are for or against growth.

Dr. Latham said he felt the Commission is saying that growth is desirable provided that it is the kind of growth that does not cost Delaware in other values, provided that we still maintain a quality of life and a standard of living that is desirable for the majority of the people in the State. The question is at what level of growth do we start losing something in our quality of life.

Mr. Thompson asked how much growth has cost the State of Delaware in the last 20 years. Dr. Latham said that would be a major undertaking of going back through the State budget documents and determining where the expenditures came in.

Mr. Keifer stated that it would be nearly impossible to figure out where the historic capital went - did it go to service growth or improvements and repairs. He further stated that, in terms of the future, the biggest problem in handling growth, and the key factor in determining additional investment, would be where the growth goes, more than how much. The gist of the previous conversations was that the Cost of Public Services Committee should not use any of the Commission's new policies in calculating their figures. The Cost of Public Services Committee should look at things as they have been done in the past, and then the Commission can put what the Cost of Public Services Committee has done into the Commission's policies.

Mr. Biondi adjourned the meeting at 8:25 P.M. The next meeting of the Delaware Tomorrow Commission will be held on Wednesday, July 2, at 4:00 P.M. in the Cabinet Room of the Townsend Building. The Cost of Public Service Committee report will be further discussed at that time.

Respectfully Submitted,

Dee Burkley

Dee Burkley
Recording Secretary

DB/hmcK

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MEETING OF THE DELAWARE TOMORROW COMMISSION

July 2, 1975

A meeting of the Delaware Tomorrow Commission was held in the Cabinet Room of the Townsend Building in Dover, on July 2, 1975.

In attendance at the meeting were the following:

Frank Biondi, Chairman of the Commission
Dave Keifer, State Planner
Sherman Webb, Office of the Governor
Ernie Thorn, Common Cause
Cliff Hall, Secretary of the Dept. of Highways and Transportation
Ross Anderson, President of the Delaware Chamber of Commerce
Robert Berndt, Senator, Delaware General Assembly
Joann Slights, Watch Our Waterways
Pete Larson, Greater Wilmington Development Council
William Latham III, University of Delaware
Art Krieger, Attorney
Leon Weiner, Leon Wiener and Associates, Inc.
Marcie Bierlein, League of Women Voters, Delaware
David Singleton, Office of the Mayor, City of Wilmington
John Daniello, Secretary of the Dept. of Community Affairs and Economic Development
Dorothy Greer, Delawareans for Orderly Development
Joseph Conaway, Sussex County Administrator
Thomas Schranck, Secretary of the Department of Labor
Crawford Carroll, Mayor of the City of Dover
Jay Cooperson, Sierra Club, Delaware Group
Henry Folsom, President New Castle County Council
Carl Russell, New Castle County Office of the Executive
Peg McClane, League of Women Voters
Rita Smith, League of Women Voters
Rod Ward, Attorney
John Bryson, Secretary of the Dept. of Natural Resources and and Environmental Control
Bill Thompson, Dept of Natural Resources & Environ. Control
Dan Kuennen, University of Delaware
John Walton, Delaware Farm Bureau
Bernard Dworsky, New Castle County 208 Program
Ed O'Donnell, New Castle County Department of Planning
William Markell, University of Delaware
Frederic Krapf, Frederic Krapf and Son
Spencer Thompson, ICI, America

Chairman Biondi called the meeting to order at approximately 4:30 p.m.

Chairman noted the mention in the minutes of the last meeting of the Commission of a memo issued by Dan Kuennen on the definition of the term "open space". This memo was distributed to each member present (a copy of this memo is attached to this set of minutes).

The other unfinished matter was the Report of the Economic Development Committee of June 26, 1975; the Report of the Land Use and Community Development Committee in terms of its recommendations for the adoption of minimum standards for statewide land development and the Report of the Land Use and Community Development Committee insofar as it relates to the Coastal Zone. This issue will have to be taken in tandem with the Report of the Economic Development Committee on the same subject.

The Report of the Land Use Committee was first considered. On page 5, policy #4, "Delaware should adopt uniform minimum statewide land development standards." Mr. Biondi read excerpts from the May 15 memorandum he received from the Land Use Committee to clarify the Committee's recommendation on the uniform minimum statewide land development standards and the proposed American Law Institute Model Land Development Code (ALIMLDC). This memo also comments on the Delaware Society of Professional Engineers' report and their recommendations concerning the Coastal Zone Act.

Mr. Biondi asked Mr. Larson what would the Commission be endorsing in endorsing the recommendations on pages 5 and 8 of the April 1 Report, and on pages 1 and 2 of the May 15 addenda with respect to statewide land development standard and statewide land use management plan.

Mr. Larson replied that the addenda should be considered because what is contained therein supersedes what was originally recommended in the April 1 report. This addenda report recommends the adoption of uniform statewide land development standards and/or criteria, but they ought to follow the development of a statewide land use management plan. The Committee has often expressed that this should be carried out as a cooperative planning effort of the State Planning Office and the various counties and municipalities. It would be difficult to adopt minimum standards without having some notion as to how the kinds of land uses will be regulated in the State.

As far as item D., "Jurisdictional Arrangements", on page 8 of the Report, these were written in relation (as implementation tools) to all the policies under the Community Development Pattern Section - the first section of the Report. These could apply to Policy #4, as originally written; Policy #1 would not apply to the revised recommendation for a joint planning process between the State and local governments.

Mr. Biondi called attention to Addenda Report of May 15, paragraph 1, and asked what the difference is between a comprehensive, statewide land use plan and a statewide comprehensive land use management plan. Mr. Larson replied that the two terms are synonymous. A plan is not a plan without mention of means on how to implement it. If regulations are the means for implementation, then they have to be included. Obviously, when one is dealing with questions of land use regulations or controls, as part of the implementation tools, they become part of the plan.

Mr. Biondi recapitulated: when talking about a statewide land use plan - in the context of the Land Use Committee's Report - the Committee means a plan that includes mechanisms (regulations) for implementation. What else does it include, asked Mr. Biondi?

Mr. Larson said that, obviously, the word "comprehensive" means "all inclusive."

Do you mean geographically all inclusive, within the State, Mr. Biondi asked?

Inclusive geographically and insofar as the elements of the planners' concerns are included (all elements that bear on the development of the land uses of the State: transportation, utilities, etc.), Mr. Larson specified.

From a statewide point of view, how did the Land Use Committee view such a plan as operating, Mr. Biondi asked? Mr. Larson said that it should be a plan that would exclude the decisions of the local governments. At some point in time, there were discussions as to remove some of the land development control power from the localities, but a better solution is for the counties and municipalities to agree with the State as to what the measures should be. The implementation would be divided by essentially the same functional categories that the State and municipalities presently divide their responsibilities. Most of the administration would lie therefore with the local governments. The State, on the other hand, has a major input to make to the development in the way it programs and supports the capital improvements particularly in transportation and utilities. With that ability to control the rate and number of physical improvements necessary

to support development, the State, in turn, is going to have a role to play in deciding to where and when development should occur. It has to be a joint effort. The plan itself need not be detailed so far as getting down to individual parcel of land as the plan that New Castle County or Kent County or any municipality has developed. Mr. Larson added his personal feeling is that the plan should be clearer in its direction of community development policy than the present plans developed by the counties and municipalities. Some of that policy framework is fairly clearly stated and already adopted by the Commission in the Land Use Committee Report. As far as its status is concerned (and again speaking for himself) Mr. Larson said the matter was not discussed or voted on in the Committee. Any plan, regardless of how general or specific, should be adopted by the governing body that participates in; in this case, it would be the Legislature.

Mr. Biondi said that Mr. Larson would see more of a process such as an act of the Legislature adopting a land use plan as contrasted with a Commission of any kind appointed by the Governor and confirmed by the Legislature. Mr. Larson sees the Legislature giving some policy guidance and if the plan is going to be enforceable it has to have the backing of the governing body.

Mr. Biondi addressed himself to the State Planner, Dave Keifer. The Delaware Society of Professional Engineers has recommended that the State Planner develop a plan and recommendations in cooperation with a coastal zone management committee (of course, this was relative to the matter of the Coastal Zone). Forgetting about the

matter of the Coastal Zone problem and the Coastal Zone Management Committee, if someone were to adopt the short, concise statement of direction which says: "the State Planner shall develop a State plan and recommendations" what would you do, Mr. Biondi asked Mr. Keifer? What process would you follow and what produce would you see ultimately being developed through that kind of a process? What relationship would this plan have with the other plans that already exist?

Mr. Keifer responded that partly it would be a map, but it would be more than just a map. This map would show the different uses. The plan would have to determine what the State's concerns are such as development patterns & the State's investments. It would have to address itself to certain direct land use questions that are of statewide significance. The critical areas of concern would have to be determined - areas where land development decisions should not rest solely with the local governments. The total plan would have to be an attempt to organize the management of all various land development controls that we have and that are not considered traditional land development controls but "are on the books" as State laws: the Wetlands Act, the Beach Preservation Act, the Coastal Zone Act, etc. This is where this consideration of land use management v. comprehensive land use comes into play. It is more than just a State zoning map.

Mr. Biondi said, "You said just a State zoning map. This is what confuses me because I can look at the New Castle County Comprehensive Plan. A client comes to me and tells me that at the intersection of Route X and Route Y he owns some land that would

make an ideal location for a shopping center. By looking at New Castle County Comprehensive Plan, it shows Routes X and Y for manufacturing-industry (M1). Let us assume that the zoning is compatible with the plan (and this is not always the case), one can still go into the New Castle County Planning Office and file a petition for rezoning to a commercial use. The County will take another look at it and based on the plan or in connection with the plan, change the use. One still has to go through a zoning process. Through that zoning, the administrative bodies are involved and no one knows how it will come out in the end. There is a play of consideration and a play of factors. If there were a statewide land use plan, would it have any more impact? Would the State enter into play then? What would the relationship be? There will be people with physical pieces of land that they will try to put through a governmental process. One of the things that has been flowing through these reports (the Committees' reports) from the beginning - including the current report of the Economic Development Committee - is that we have to streamline governmental procedures in Delaware for making these decisions. What impact do you see (or would you recommend) that this plan has?"

Mr. Keifer replied that if given the assumption that State government ought to have some involvement in the land use business in terms of regulating the development of land, then we are almost locked into another type of permit system unless regulatory activities are taken away from the local governments. Logically, it cannot be done any other way.

In regards to management, the State has other land use

regulatory systems running. It is part of a State government management program that would have to get those (systems) into a coordinated system. May be by doing that, it would tend to streamline the process - specifically if the local governments can get involved in this. It would be a one stop permit shopping. A land use plan cannot be done in isolation.

What kind of an instrument is it when it is finished, Mr. Biondi asked? Right now, there is an open question of the extent to which planning is related to zoning. Theoretically, zoning should follow the plan, but what happens is that people reconsider the plan in light of specific use proposals in the zoning process. Would that also occur with respect to a statewide plan?

Mr. Keifer replied that it would have to.

Mr. Wiener commented that there is no question that under the Constitution and the legal structure, the power of planning and zoning emanates from the State. The State has, fundamentally, in our State, delegated that power to the counties and the municipalities. The question that is now being asked since the State has financial involvement in the municipalities which it supports, the State now could conceivably want to have some say over and beyond what it currently has which means taking away some of the powers. To some extent, the answer that Dave Keifer gave, the State is taking back its veto power. Since zoning is a negative power, a negative function, it says what one cannot do, the question that we are faced with is should the State reassume and take back some of the powers that have been delegated? It may be argued that some of these powers should be taken back by the State or should be deleg-

ated back through the State, if there is a need demonstrated that it will serve the public interest. Fundamentally, this is what the Commission was charged with, to look in the interests of the public as to what would be the reasons for taking any course of action. Simply, that the State is putting up the money and therefore is supporting certain activities is not a valid reason. Mr. Weiner said that he rejects the case in point. Are there critical areas which would be a justified matter of state concern which run through 2, 3, 4 or other jurisdictions and which have a state bearing? The answer is yes. There are matters of concern (such as the Coastal Zone) that are larger than any one of the jurisdictions that we are in. Transportation is clearly an area that runs far beyond any one municipality or county in terms of its relationship because there has to be an overall, regional, or state kind of a consideration. What we are really talking about is the kind of in-depth discussion which would come up with the answers to the questions I have been raising. Dave (Keifer) has expressed some feelings about it; you (Mr. Biondi) have raised a series of questions about it. I think it merits the kind of an examination that cannot be handled here to come up with a policy. The judgment would have to be whether one is looking at the private interest or the public interest; a question which has to be reconciled. There needs to be a consideration as to whether or not, and if yes, what kind of a State planning mechanism should be developed. Because of Delaware's size does not mean that it has to have one. It needs to be explored and fundamentally, it has to see how it can

help the public interest. I have heard Mr. Bryson say, Mr. Wiener went on, that if there were a comprehensive policy with regard to certain area of land use, that his task of environmental and natural resource overseer would begin to fall into line against that kind of a policy and ultimately lead away from the kind of specification type of control that we have in the coastal zone. Of course, the other question was whether to adopt standards. I would like to know whether they would be performance standards or specification standards. The position that this Commission should take is that there needs to be the adoption and the consideration of a State land use comprehensive plan and to define what the critical areas are, what the transportation problems are; to define what the wetlands are, etc. Then come back and make specific recommendations and decide where we ought to go. This problem is so broad and to attempt to do all of this in the time the Commission has, would leave me abstaining.

Mr. Biondi remarked that he looks at planning and zoning as "a bundle of sticks". All the sticks have been parcelled out. The State is simply getting back some of the sticks. To what extent does the Committee (Land Use) see the State taking back part of these powers?

Mr. Wiener feels that the sticks have not been parcelled out and this is part of the problem. The Department of Highways and Transportation, for instance, has not handed out any of its sticks; it has handed out a few "bucks". The Department of Natural Resources and Environmental Control has a big "stick" that has been handed to that department by the federal government to a certain extent. What this Commission should talk about is a rational reconsideration

of the order of priority. All the wisdom does not lie necessarily in the local governments and all the stupidity is at the State level. On the other hand, all the wisdom does not lie at the State level and not at the local level where the sensitivity to the community needs is equally great. Mr. Wiener suggested that what needs to be done is that the Commission should find out how it wants to shape this "beast" before it proceeds with the plan to make the "beast."

Mr. Biondi then said to assume that there is a U.S. Route X running through a portion of the State; the county has designated that area for intensive residential development between 1975 and 1985. A developer with 200 acres of land comes in and files an application for a DPUD which complies with the plan for the area and the Department of Planning staff and the Planning Board consider this a reasonably good plan. The Department of Highways and Transportation finds that this plan will generate too much traffic in the area, therefore, the condition of the Department of Highways' approval for this plan is going to have to stage that project in the area that needs improvement. The Department wants the project staged and the condition applies to the county's approval of the project so that no more than x units can be developed before intersection A is improved; no more than y units before intersection B is improved. This is the way things are done now. Does the Land Use Committee's recommendation mean transferring that kind of control by a planning mechanism into a State Planning Department? or creating a set of standards that stipulate that x units cannot be developed along a state highway unless the intersection is of

certain character? What are we talking about, Mr. Biondi asked?

Mr. Larson answered no on the second part of the question. However, the State plan might well designate Route X, between point A and point B as a critical area because it is already over-congested and the prospect of early, remedial assistance may be dim. There may be other problems (structural, geographical, etc.) that would influence the Department of Highways' decision to have that particular area on Route X deferred for development until the problem is resolved. This State policy, in turn, should be translated into local policy and reflected in land use plans and local zoning for that area.

Mr. Folsom remarked that for instance in New Castle County, there is a large area called the Middletown-Odessa-Townsend (MOT) Planning District, where the main constraint to development is the sewer system. The County is about to remove that constraint by building a regional treatment plant. So the sewer system constraint will be removed and the capacity for development will be shifted to the highway system. Instead of the County getting this problem out of balance by unilateral decisions, the County has gone to the Highway Department to give the County an idea of what the highway system can handle in the MOT area with the recognized improvement. The Department of Highways will then give the County the needed answer. In planning, the approach should be where the State should enter in (the State is financing some of this) and begin talking to the county on a practical basis, at the local level on what the constraint is and the limit of that constraint. If there were constraints in the matter of environment or in the matter of coastal zone, other State agencies would enter in. This

is where State and local planning efforts must coordinate. We ought to get away from plans. They are long range dreams that are put away on the shelf. What the Commission ought to look at is how much development the State can afford and what we can support. It is not necessary to get another set of pictures, another set of principles, that are fine but cover the next twenty years and we are to be talking about where we are to go practically and put a price tag to it.

There were general exclamations of "Well said" from the members of the Commission on Mr. Folsom's comments.

Are these ideas consistent with the Land Use Committee Report, Mr. Biondi asked Mr. Larson?

Yes, was Mr. Larson's reply, although there might be a problem on the definition of a "plan". Obviously, a State plan cannot be as deep and detailed as a local plan. The State plan should concentrate on trying to project the resources available in those areas where the State does maintain some level of control, the way it distributes the money it collects from citizens. The State plan should concentrate in those elements which are critical areas (coastal zone, wetlands, flood areas, beaches, historical, archaeological, etc.). The other thing that a State plan needs to do that we do not have is to get a better handle on the potential financial resources available to serve development in the future. We have deplorable means of projecting our revenues and expenditures and a plan is only half a plan because it does not have the financing mechanism attached to it. We have a six year capital improvements program but it has no practical projections; it only focuses on

what is going on now. It takes six to ten years to plan and build a treatment plant, as an instance, and we need to know what the resources will be in the future for what we plan now. There is little relationship between the State capital improvements program and the capital improvements programs of the counties and the local governments.

Mr. Russell commented on Mr. Larson's remarks that one total aspect of the comprehensive plan at the local level that has not been considered at all - and this is the point of employment and economic development. These aspects are not considered. Some of these considerations should come from the State to the local governments. Of course, the local governments have not considered these aspects either. The problem seems that a so-called "plan" becomes a static instrument - which it should not be - instead of a tool to assist in getting from place to place. For instance, the New Castle County Plan is accepted by ordinance, but it is not law and therefore it is considered more a static document than a tool. This is the way the plan has been used. It is now being updated.

Mr. Wiener commented on the statements made in regards to the MOT growth and development. What will make MOT grow or not grow is people. The market has to be there. The State can put all the roads it wishes, or all the sewer lines we want to, but this is not what will make an area move. Any plan has to be responsive to the demand and need which are generated out of the economic and human elements. My biggest concern, Mr. Wiener said, is that it would be a static plan. This is the problem with the Coastal Zone Act at present. It was not designed to be a dynamic, responsive

piece of legislation. The Commission can speak about standards and criteria, for growth and development, and express an overall policy desire, if the State starts taking apart the New Castle Comprehensive Plan and simply superimposes it with colors and pictures, we are right back where we started from. The Department of Highways has been working with WILMAPCO and other agencies to coordinate many of these things. I propose, Mr. Wiener said, that you Mr. Chairman call from this Commission the establishment of a State Planning Commission (or group) to sit down and tackle this problem with representation from the counties, the municipalities, the State agencies rather than to try and take a position that there should be a comprehensive plan or that there should be establishment of uniform standards. We should consider an overall program. If it is too specific our purpose will be defeated.

Mr. Biondi replied that he disagrees with the view that the Commission should not recommend a land use plan as such. As I listen to Messrs. Folsom and Larson, Mr. Biondi went on, I get the feeling that there is an agreement that a statewide land use plan is needed, but this plan should not duplicate what the counties and the municipalities are doing and should address itself to those areas where there is a critical concern either from the point of view of environment or some other function. This should be the character of the statewide plan rather than having the State decide residential within given areas of the county. The plan should be concerned with problems that have to be resolved on a broader basis than just a particular area. The question is how does one define that concept?

Mr. Biondi asked Secretary Bryson to express his feelings about this whole issue. Mr. Bryson answered that, first one must not confuse planning and zoning. Planning is a must.

Mr. Biondi asked Mr. Bryson how he conceives this plan? This plan should start with what we have available regarding the water quality, the air, etc. and given the set of criteria adopted by the State and the federal government. The problem areas need to be defined so that we know where industry can and cannot locate. At the present time, the State Department of Natural Resources has serious problems with water supply, in fact there might be the first law suit coming now because Mr. Bryson would not let someone "import" water from one area to serve another. From an environmental point of view, what needs to be done is to identify areas where there are natural restrictions. The basis of any land use plan has to make these kinds of considerations to go into zoning.

Mr. Biondi said that he sees no conflict between the way Mr. Bryson sees a statewide land use plan and the current county's jurisdiction. The County Plan, Mr. Bryson specified, does promote some growth in an area where growth should not be encouraged because there is no water available. Presently, the law is not set in such a way that we can take water from A industry to give to B industry (located in a different area). We may have to consider changes necessary to do this. In the meantime, we have to determine what our problem is with the natural basis and go from there.

Mr. Cooperson said he wanted to take exception to what Mr. Wiener said to substitute the use of performance standards for developing some kind of a plan. This is a panacea to the sorts of problems that we now face. Let us assume that in a given area,

Mr. Bryson has done what he has suggested he would do in an area suitable for a certain use (retail, industry, etc.) and the development occurs similar to the kind that some developer proposes. Once that development takes place, there is now a different environment in that location. Those performance standards, are they going to be changed or once an area is declared acceptable for some use, does it thereafter remain always acceptable for that use so that we can have development a, b, c, all the way to development n, and assume that the same natural criteria exist prior to development a? When we talk about performance standards do we go in the basis of a certain performance standard which may have been acceptable for the first one, or two, or three uses in this particular area, are those the same criteria we should use for the 30th or 40th development proposed for that area? There has to be some sort of a plan and it should not be "static" but there has to be some idea of what ultimately can be allowed in an area.

Dr. Latham commented that the difference between Mr. Wiener's comments and Mr. Cooperson's is similar to comparing a land use plan and a management plan which specifies the criteria that will be used to make decisions about land use.

Mr. Singleton remarked that we have to recognize that the counties and the municipalities have been in the planning and zoning business for quite some time and they have done a responsible job. What the Commission recommends should not be a duplication of something that has already been done. The appropriate role of the State intervention is primarily in the area that concerns more than one jurisdiction or which is a State problem (such as the

water supply). We ought to be focusing on that.

Mr. Krapf said that we are creating something on top of something else. He thought what the Commission was trying to do was to come up with a simple plan. He sees another piece of legislation. He thought the Commission was supposed to come up with a State plan to do away with the rest of the plans and let the others control through zoning.

Mr. Folsom exclaimed: "Oh no, you take them all or none!"

Mr. Larson said that Mr. Wiener made a good suggestion to make a general statement that we need to think in terms of bringing together in some kind of plan the critical land use community development issues facing the State. This should be done as a cooperative effort between State and local governments. The specific form of plan (or management plan) be left to those who will come after this Commission - or possibly with feedback to it if it remains in existence. Everything the Commission members have been talking about, Mr. Larson said, insofar as planning at the State level is currently in the State Planning Act.

Mr. Bryson commented that there is no question about authority. It is just a matter of who needs to be involved to develop a plan that everybody can use. The Department of Natural Resources can tell what should not be done in a certain area but it does not necessarily mean that it will not be allowed. This works in reverse. If heavy industry is allowed in an area does not necessarily mean that it should go there. The local plans have to be considered.

Mr. Krapf does not agree with this concept. He feels that there is no reason why the State could not have a plan (coordinating

with existing plans) and have all the plans combined into one.

Mr. Daniello asked Mr. Larson in the use of the word "land use plan", isn't one definition of a "land use plan" a statement of policy? What is a comprehensive development plan?

Yes, Mr. Larson said, among other things. Right now the statement of policy, in terms of land use, is being handled by the subdivisions - either county or municipality - Mr. Daniello asked.

Essentially yes, Mr. Larson responded. The Land Use Committee has already adopted some rather significant land use policies for the State of Delaware and if the follow through mechanism works, the planning process, the local governments and the State government, there will be some fundamental changes in the plans that we have now.

There will be changes in the county plans because we are looking for the mechanism for the comprehensive plans that exist to accept whatever criteria that the State has decided must be there in order for them (counties and municipalities) to do their plans, isn't it what you are after, Mr. Daniello asked Mr. Larson.

Mr. Larson replied, well in the sense that the State should come in where there are critical statewide questions to be resolved. The counties do that now in a very informal way in terms of the regulatory bodies that may be held in any one of the departments and through the TAC groups used when there are some specific zoning problems, Mr. Daniello specified. You are suggesting a statement of policy at the State level that ought to be if there is to be any plan for the State. This statement of policy must be accepted by those who have the authority for a land use plan. This was Mr. Biondi's original question. Mr. Daniello said he would like to

offer a general definition of the concept of a State land use plan. The plan would be an as brief as possible statement of policy and criteria that the State must have to carry out their functions through whatever problems they (meaning counties and municipalities) might have. In the area of standards, for instance, it would spell out that they would all use the same population figures; the same employment and unemployment figures, etc.

OTION #1: Chairman Biondi suggested the following motion: "the Commission approve a recommendation for the creation of a statewide comprehensive land use plan which would be developed in a cooperative effort with the full participation of all the departments of the State government, the counties and municipalities in the State; which would consist of a statement of policy at the statewide level relating to those areas which are of statewide concern, either because they are multi-jurisdictional in nature or they are of critical concern to the people of the entire State; and which is not duplicative; and does not contravene the existing authorities of counties and local governments with respect to planning". This suggested motion was duly made by Mr. Larson and seconded by Mr. Wiener. Mr. Wiener said he supports the motion,

T. TO ION #1 but he objects to the word "comprehensive". It might cause a confusion as to what the Commission means, for example, at the level of crossroad designation and the other parts of the plan. The word "comprehensive" is associated with specificity. Mr. Biondi was asked to explain the word "contravene". Mr. Biondi replied that it means the counties would still have the authority to plan through their

existing planning authority: those things that are done on an almost ad hoc basis and not in any organized fashion (which contribute to problems in processing plans) would now be done on a comprehensive basis with all statewide agencies involved in a statement of policy, done with the counties but not meaning to take away any authorities that the counties currently have. This would be a sort of a marriage. There are going to be points of contact where there will be impositions of authorities because some authorities come from the federal government, especially from Mr. Bryson's Department where there is not too much choice. As I look at the range of problems that the Commission members have been talking about, Mr. Biondi went on, it does not seem that we have been talking from a planning point of view. We need to look at the planning process by the imposition upon the other levels of government because there is always going to be a point of contact in the practical carrying out of these plans where you make a practical decision to put money in a bond act; to appropriate State funds; to make improvements. If it is not working together, cooperatively it is assumed that someone will resort to the power of the purse.

Mr. Bryson mentioned an example of an industry wanting to settle in a particular area where the water supply is in critical shortage. This would imply that this industry would have to use a water supply outside their area or maybe outside the county.

Mr. Biondi said that at this point, the Department of Natural Resources would be talking to the county in question that it showed on its plan an area for industrial development where there is a

shortage of water. What we would hope to accomplish with the State plan would be that it would reflect Mr. Bryson's input relating to water supply shortage. According to the State statutes, this industry would have to come to the Department of Natural Resources to allocate water resources.

What the word "contravene" means is that Mr. Keifer cannot tell Mr. Bauer what to do or not to do. What it means is that Mr. Keifer (or Mr. Bryson) must sit down with Mr. Bauer and say here are the reasons why we think you are moving in the wrong direction, and try and come up with some solution to the problem.

Mr. Biondi said that if the State had a plan, as defined in the discussion above, there might not be too many situations where people get involved in a regulatory application where they get "kicked" from one place to another. The counties and the State would work together on what can be done in specific locations and they would have taken into consideration all the factors. There would be a coordinative effort.

Mr. Krapf is fearful that what the Commission might be creating is another "monster". Everyone agreed that this is an area where the Commission will have to exercise extreme caution.

Mr. Daniello said that he would ideally see the time that upon the approval by a county that has already accepted certain criteria there would be no need for the regulatory trip to the particular State agencies, because it has already been approved. Mr. Krapf said that he sees where there could be some problems in having a state plan and a county plan and a city plan all in effect

that would contradict each other.

There were no further questions on the motion. Mr. Biondi asked for a vote on the motion, as amended by Mr. Wiener. The motion passed with one "no" vote.

Mr. Folsom said that the Commission has taken care of, by the above motion, the long range planning. There is an immediacy for short range planning that occurs at budget time. He would like to see the Commission make some sort of a proposal that either the State Planning Office, by itself or in conjunction with the other planning groups of the State, municipalities and counties, review the various capital budgets and give a report as to more or less what those budgets will support coordinately and where they are out of phase and will not support. This is a key problem that the State is not putting money where the county is putting money for development. This would give everyone a short range picture each year to see dynamically whether or not the plan is where the money is.

Mr. Daniello said that there would also have to be some mechanism for those subdivisions that have capital budgets to be willing to submit their capital programs so they can be reviewed as an impact to the State capital budget.

Mr. Folsom said, certainly. All he is asking is that a report be made of all the capital budgets of all the jurisdictions in Delaware, including the State's, and how these capital budgets relate to the support of this State plan, as now being defined.

Mr. Webb commented that there is a problem with this coordinative effort called "politicians". Mr. Webb believes that the suggestion made by Mr. Folsom is brilliant. One of the weaknesses

of the State is that the counties' governments do not necessarily come to the Legislators for their needs. The way things work now is the State gives too much advantage to the individual legislator who tries to get done everything he can for his own area without giving thought or consideration to the total State. The legislators waste a lot of taxpayers' money because they put in the bond bill projects that have no business being there.

Mr. Larson made a motion which was seconded by Mr. Wiener that: "the State Planning Office be urged, at the earliest possible time, to develop a composite capital improvements program of the State, municipal and county governments in the State; to present that composite program to the governments and to this Commission (the Delaware Tomorrow Commission) - if it is still in existence - to those items relating to the plan."

Mr. Folsom said that we should only be interested in those projects that impact the plan: sewers, roads, etc.

Mr. Wiener suggested that Mr. Larson does not specify the State Planning Office as being the agency to do this composite. Mr. Wiener explained that it may be that a commission might be given the charge to do this composite. Mr. Larson responded he has no objection to this, but he mentioned that the State Planning Office is in existence, the Commission that Mr. Wiener speaks of, is not. At this point, Mr. Biondi suggested that the motion read as follows: "The Statewide plan include (as a part of the plan) an on-going comparative analysis of capital funding at the State and local levels which impacts on the plan." This was made as a new motion and was duly seconded. Mr. O'Donnell said that he may be

TION #2:

speaking out of line for his Director, but he hopes that this job will be to such an extent that the New Castle County Department of Planning would assist the State in preparing this composite or analysis. Mr. Larson said that it is indispensable that there be a close coordination between the State and the counties because, at times, there is withholding of information.

Mr. Thorn had a question on the motion with regard to timing. To some extent, before a budget is passed, it would be nice to know how it is matched in. On the other hand, if the budget on the bond bill is not decided until late in the first session ...

Mr. Folsom answered that the ideal thing would be that the whole comprehensive or coordinated budgets be compiled prior to passing. That is impractical. What we are looking for is a gauge of how well we are doing in support of this plan and it is just as effective to us until we learn how to use it whether it happens in July, August, or September. It would be ideal if we could prepare this before the budget preparation. Mr. Bryson noted that the State agencies will be submitting their budget requests next month any way.

There was no further discussion on the motion and it passed unanimously.

Mr. Walton said that, on page 6 of the Land Use Committee Report of April 1, under "Transportation Policies": The problem of water supply brought up by Mr. Bryson is also true of the land use; when one runs out of natural resources, one runs out. Delaware is going to run out of land just as New Jersey is now. Delaware's

present position is that of New Jersey twenty years ago. If this Commission is going to look at Delaware tomorrow, it will have to look at the way it uses its land. New highway construction uses much land. It changes the land use patterns. The State of Delaware should have a policy to use the right-of-way available to the full practical extent before buying new land. There are some legislators with a lot of influence who can get a road dualized in the middle of nowhere, but if it is State policy to develop the existing right-of-ways without buying new land for new construction, this would stop this practice. A good example were the improvements made in Dover on Route 13: full use of the existing right-of-ways was made. Mayor Carroll remarked that the improvements were made ten years too late. Mr. Walton made the following motion: "the Commission approve a transportation policy which would require the development of existing right-of-ways to the maximum extent consistent with current planning before purchasing additional right-of-way." Mr. Walton said that he will accept the advice of the engineers on this issue. If the engineers say that this corridor cannot handle any more traffic no matter how it is improved, then all has been done that can be done; but until the experts say that the corridor cannot be used, the right-of-ways should be used.

Secretary Hall gave an example of the Division of Highways having plan for a limited access highway from Stanton across the marsh and leading out toward Route 13. It was obvious to Secretary

Hall, at the time, that it was impractical; it was tremendously expensive; and there were historical sites that would have to be dealt with. Secretary Hall recommended that the project be abandoned; and to plan to dualize Route 7. There are no shoulders on Route 7. There is no excess land there. This Route will have to be widened and dualized. Is this what Mr. Walton is talking about? This is an example, Mr. Walton said, of what the State policy should be.

Mr. Wiener suggested that instead of "within existing right-of-ways" the word "corridor" be substituted for "right-of-ways". It was finally agreed to use the word "location". The
ION #3 motion should read: "The Commission approve a transportation policy which would maximize the utilization of existing road locations." The motion, as reworded, was duly made and seconded. The motion passed with Secretary Hall and Senator Berndt voting no.

Senator Berndt remarked that in his area, for example, the Concord Pike is fully utilized. Then, if it not feasible, additional land is required - but whenever feasible and available the right-of-ways should be used, Senator Berndt was told. In this case, Senator Berndt approved the motion and changed his vote from no to yes. Mr. Wiener asked if the motion just made would eliminate the need for any further consideration of item 4, on page 5, "Delaware should adopt uniform minimum statewide land development standards" and item D. "Jurisdictional Arrangements" on pages 8 and 9. Mr. Wiener was told yes; and it also covers paragraph 1, on page 1, of the addenda paper of May 15 and paragraph 2 on pages 2 and 3, of the addenda of May 15.

It was moved to take a dinner break of about one half hour and when the Commission resumes business, the Report of the Economic Development Committee be considered and the coastal zone issue be examined concurrently with the Land Use Committee Report and the Economic Development Committee Report.

The Commission reconvened and considered the Economic Development Committee Report (referring to the latest document, printed on both sides and dated June 26, 1975) It is presented in a form of a summary; after the summary, are Parts I, II, III, IV, and V.

Mr. Thompson asked that the members consider the parts first, then go back to the summary to see if the summary reflects what was said in each part.

Parts I through IV are essentially what has been reviewed by the Commission before. There is one change in Part IV, which has to do with the railroad. It is a more explicit recommendation. This issue has to be acted upon by the Commission because the decision is going to be taken in Washington later on this month. Part V is new, and deals with the question of income tax, capital gain taxes, and the coastal zone and offshore oil question. It is in Part V that the Committee reconciled its deferring views. These are the issues that contributed in creating an anti-business picture and that created problems to the business leaders and the State leaders. The Committee has presented the problems to the Commission but no solutions were recommended by the Committee. The Committee does not know what the answers are to the income tax and capital

gain rates. It may well be that when these questions are examined by a broad spectrum and qualified group in the State, it may be found that it has become counter productive; that we will be losing more revenue as a result of where we are on the income tax and capital gains than we are in fact generating over time. The other issue, the coastal zone, the Committee felt it understood it better and it was a temporary action that was taken in 1971 to remedy to a particular situation and that the State is ready to move toward statewide planning and that the coastal zone act should be discontinued. With a statewide plan and the disappearance of the coastal zone law, Delaware's image statewide and on the national scene would disappear.

Starting with Part I (on page 13, of the new summary); this is identical material to what the Commission has reviewed before except for a few changes in the language. There was some disagreement between certain members of the Economic Development Committee, but after a meeting, the Committee arrived at a total agreement and the summary report is the product of this agreement.

Mr. Wiener asked whether the Commission is going to "lock in" on the population figure of 697,600 rather than a general range. Mr. Thompson said that it is an approximate figure on the high range. The population figure is not an important factor. The number of people who will enter the labor force within the next ten years is what is important. We should acknowledge the fact that there are no two figures on the population estimates that are in agreement in the State, Mr. Wiener commented.

This figure of 697,600 is the Planning Office's estimate. It is the lowest figure used in this area. The other studies that are being made are coming down to that figure. An approximate figure should be used rather than such exactitude. A motion
TION #4: was made and seconded "to use a population figure of 700,000." The motion was carried with the exception of Mr. Krapf who voted no. There were no other changes in Part I.

Part II (on page 19) was then considered. Mr. Biondi suggested a change in the wording in paragraph 1, to read: "...
ON #5: (to a low 11th in 1970) but has recovered to fourth in the nation in calendar 1973." Dr. Latham suggested that the calendar year 1974 position be mentioned. Mr. Biondi asked Dr. Latham to let him know the figure for 1974 when he gets them. A motion was duly made and seconded to change the wording in the above mentioned paragraph. The motion passed unanimously.

In item 2, on page 19, Mr. Biondi suggested to substitute the second sentence by: "Delaware ranked tenth in the nation in fiscal year 1972 and dropped to fifteenth in the nation in fiscal year 1973." Mr. Thompson said that a different issue would be raised by this change. The point that was made was Delaware was way down in the 1950's but it no longer is. Mr. Biondi said "and we are in the positions I stated, right?" Essentially yes, Mr. Thompson replied. But the only point made was that the Delaware's position of the 50's has changed.

Mr. Daniello suggested a change in the first sentence of the same item that would affect Mr. Biondi's suggested change, to

read: "... per capita as most other states."

Mr. Thompson said that the Committee meant to compare only with the surrounding states. Mr. Thorn asked whether the Commission should get the impression that in comparison to the neighboring states, Delaware's taxes are low? Mr. Thompson said no, compared to the neighboring states, Delaware's tax burden per capital is comparable but what Mr. Daniello means is that we should not compare ourselves only to the neighboring states but with all the states. As soon as Delaware makes such statements, Mr. Daniello said, we are putting ourselves down compared to our neighbors. A question was asked as to what was meant by item 2 on page 19. Mr. Thompson explained that at the outset Delaware has lost its low tax position compared to the 1950's when Delaware was attractive because of the lower tax burden. Mr. Thompson said that this comparison made between the 70's may be construed as political motivation.

A motion was made by Mr. Krapf, seconded by Mr. Daniello
ON #6: to change the first sentence of item 2, to read: "The combined State and local government taxes in Delaware now are as high per capita as most other states." The second sentence remains as is. The motion passed unanimously.

There were no further comments or questions on Part II, therefore Chairman Biondi went on to Part III.

Mr. Daniello, to be consistent with his last statement, suggested that any reference to the "mid-Atlantic region" in Part III title and reference to the "local" regional comparison of Delaware be struck because he strongly felt that Delaware's

position in competition cannot be regionalized. Delaware is competing with states that are not in the mid-Atlantic region.

TION #7: Mr. Daniello made a motion that "the words 'in the mid-Atlantic region' be taken out of Part III's title." The motion was duly seconded and was carried. It was further decided that any reference to "mid-Atlantic region" within the body of Part III be struck.

Mr. Folsom mentioned item 6, on page 25. He felt that this statement means that the State encourages inefficiency by rewarding the small, non-viable municipalities. Mr. Krapf said no. The intent was that if industrial development takes place in one county of Delaware, not only the county government and the school district should benefit from the property taxes, but since many State factors will be involved in having that industry located there, then the State should get some of the tax revenue. Mr. Krapf was emphatic on this interpretation.

Mr. Thompson explained that as an example, let's take Delaware City which has a very heavy industrial complex and very high property taxes being generated for such a small municipality. We should look at this basis of sharing that on a wider basis within the State.

Mr. Daniello commented that if we are going to talk about a land use plan, and we try to direct industry in some location and eliminate competition in our own localities for the industry in terms of competition, there is got to be a way of fair sharing the revenue. There is got to be a revenue sharing formula of property

taxes generated from commercial and industrial among the communities that generate it and the communities that suffer because it is generated.

Mr. Conaway said that there is one side that the Commission is ignoring which is the municipality or the county has to provide services to that particular industry. Are we going to say that everyone sharing in the property taxes will also have to share in the cost of the services of that industry? It is the only fair way to do it. This would probably affect Sussex County more than anyone else since Sussex County would get more revenue down than would come up. It would not be fair for the County not to pay for those services. Mr. Conaway said he would be against that completely. Mr. Thompson said that the Committee was not trying to solve a problem but to raise one. There are inequities in school districts, there ought to be some way to equalize this when a particular unit of government does not profit unduly because industry is located there. Mr. Folsom suggested that this item be worded as follows: "the State should study a revenue-sharing formula for commercial-industrial taxes and charges, so that all jurisdictions of our small State will share in these fees proportionate to the service that they provide." The motion was seconded by Mr. Krapf. Mr. Daniello suggested that the motion be amended to read: "the State should study ... our small State will share equitably from these revenues."

Mayor Carroll commented that this would eliminate competition as far as enticing people into a community. If money is shifted to

support inefficiency, he can in no way support this motion. If a community cannot afford to support industry, then it should not accept industry in its area in the first place.

Mr. Schranck remarked that the federal government's method of gathering statistics has changed. The Department of Labor now gathers information on employment as the place of residence of the worker. When the formula is developed, the Department of Labor takes the place of residence to determine what a particular area is going to get. So, what the Report says in item 6, is already being done. Mr. Wiener recapitulated by saying what the Report is trying to recommend is for the State to study a revenue formula. This cannot be done at this time. The cost of services should be taken into consideration (this is what Mayor Carroll was saying). We are saying that the jurisdictions of the State will share the taxes equitably. In certain cases, we will have to subsidize an inefficient operation. In the case of communities with mostly residential, they will not want to share the burdens of air pollution, services and other responsibilities. What we are looking for is those communities that are not able to attract industry because of ecological or environmental reasons, and that have a low income level, they not be penalized. We have to look at both sides of the coin. What the Committee is suggesting is to study the matter and may be we will find that an equitable formula is not feasible. Mr. Daniello said that he does agree with Mr. Wiener that a study should be developed to prevent a company to "jump across" a line and to leave a particular area sometime unnecessarily because the

county says it wants the property taxes; and yet all the human services are still there. Mayor Carroll said that this would encourage even more "jumping" because industry would go to another area where they can "get away" with more. Mr. Wiener said that this is where the study will develop a formula to avoid both. Mr. Conaway saw the same problems in the school districts when he was involved in education. This is opening a Pandora's box. Let us take the example of the beach areas. Once we start sharing industrial and commercial property, why not condominiums? We are going to end up with property taxes all across the State. Mr. Biondi asked for
IN #8: a motion, which Mr. Thompson made: "6. The State should study a revenue-sharing formula for commercial-industrial revenue so that all jurisdictions of our small State will share in the revenue equitably." The motion was seconded by Mr. Wiener. It passed with two no votes.

IN #9: A motion was duly made and seconded "to insert the word 'transportation' in item 7., after the words 'sewer systems'." The motion passed unanimously.

Moving on to Part IV, Mr. Spencer explained that what Delaware has presently is good east-west rail service but very poor north-south transportation both in terms of rail structure and traffic service. Mr. Thompson emphasized what is mostly needed is better service. For instance, when duPont Co. wants to ship from Delaware toward North or South Carolina, the freight goes all the way to St. Louis, Missouri, and back rather than south because of the rate system, because of the different railroad companies

serving. The rates would not be better but what is needed is a direct north-south route so as to save time. This will be considered in Washington later on this month, between Conrail and the Southern System and the federal government. It was felt if the Committee supports some such policy (paragraph 2 of Section 1, of Part IV) on this issue; make contacts with the Delaware Delegation in getting our Congressmen to move the Interstate Commerce Commission to make the necessary modifications in the rate structure, it would be beneficial.

Mr. Biondi suggested the use of the word "support" instead of "adopt", because the State cannot adopt such a plan. Mr. Wiener

TION #10: made a motion that was duly seconded that "the Commission adopt the position proposed by the Economic Development Committee with the inclusion of the amendment stated above." The motion carried unanimously.

ION #11: A motion was made and seconded that "the Secretary of the Department of Highways and Transportation be requested to forward this statement of policy made by the Delaware Tomorrow Commission to the relevant federal officials dealing with the problem of the Southern acquirement of the railroad and the rate problem and that it be also sent to our Congressional Delegation and to the Delmarva Advisory Council." The motion was approved unanimously.

The full question of transportation, Mr. Thompson said, is a very complex issue and could be argued. The problem of the east-west corridor and the passenger rail service is a problem which might be answered in the resolution that was just made by the Commission.

Part V was then considered. In the second paragraph of this part, the problems should be better specified than just speaking of the State's personal income tax and capital gains tax rate. This is a repetition of an over simplification of the State income tax. It is too simplistic. Specific figures should be entered in this paragraph. Personal income tax rates are at their highest (19.8%) and there is no limit on the taxes on earned income and the capital gain tax rate. This is where the problem is; it is not in the whole structure of the State personal income tax. A motion was duly made and seconded that the first sentence ON #12: of paragraph 2, of Part V read as follows: "The core of this controversy revolves around the upper limit of the State's personal income tax rate at 19.8%; the lack of a ceiling on earned income; and the 100% capital gains tax." The motion passed unanimously. The second sentence in that paragraph becomes counter-productive.

Mr. Biondi suggested that an item (c) be added to (a) and (b) of paragraph 2, to reflect that these factors have an adverse impact upon people thinking about establishing major corporate headquarters or regional offices in the State, as stipulated in Mr. Richard Both's letter to Mr. Thompson of May 27, 1975. These are not the only factors that discourage corporation headquarters to settle in Delaware, but if we are considering points (a) and (b) without bringing out this third matter, it is incomplete.

Mr. Thompson said that his committee was not just looking for the kind of activity that will provide employment for the

unemployed and the underemployed in the State. The Committee was not just looking for corporate headquarters to move into Delaware, they were concerned about the total image of anti-business. It was felt that the letters presented as exhibits in the Economic Development Committee Report were not representative of the true industrial picture. These letters only reflect the interest of the highly paid personnel - not the average income workers. Mr. Wiener said we should look after the interest of the latter as well. Item 2, on page 31, reflects the highly paid brackett (over $30,000) and this is why this factor impacts the corporate headquarters and concernsthe executive positions.

Mr. Daniello said that the decision making process for a branch plant to be located in Delaware is being made by corporate leaders and those leaders are affecting the location of the branch plant just as much as they are affecting the location of corporate headquarters.

It was proposed that item (c) be added, in the second paragraph, on page 30, "these taxes have a particularly adverse impact on the location of corporate headquarters and major regional field offices in Delaware."

Mr. Daniello suggested to amend this suggestion. It should be mentioned that this has an adverse effect on locating industry in the State.

Let us say that Corporation A President in New York wishes to move a plant in Delaware. He converses with the President of Corporation B established in Delaware. Corporation B suggests to Corporation A not to establish in Delaware because the Executives (in the above $30,000 income brackett) will be taxed a high rate.

What the State is looking for is a good diversity of industry. We should stop emphasizing the corporate headquarters and the regional field offices.

A motion was made by Mr. Thompson and seconded by Mr. Daniello ON #13: that "the following sentence be inserted as the first part of (b): high personal income tax rates are a serious detriment to the location of new business in Delaware." The motion passed unanimously.

Going on to the bottom of page 30, item (a), Mrs. Slights commented that she is not sure that proof has been presented to justify the Coastal Zone Act is responsible for the anti-industry image in Delaware. She was told that it is not the Act but the controversy over the Act that does. It cannot be denied that a debate over the Act has been going on in the State for the last two years. Some believe it is good, some believe it is bad. Mr. Daniello specified that there is no question that the controversy over the Coastal Zone Act has caused some problems in terms of economic development. The Coastal Zone Act has not had an adverse effect on industry locating here, but the controversy has. Mr. Bryson said that we are not saying that the Coastal Zone Act has been responsible for everything that has been attributed to it, but the controversy and the permit system has been to Delaware.

Mrs. Slights said that she would like to see the point explained that the Act is not contributive to the bad image, only the controversy is. So many times during the controversy our industry image has been blamed on the Coastal Zone Act that the statement alone will be construed to mean that.

Mr. Biondi suggested the sentence to read: "The controversy

over the present Coastal Zone Act has been reflecting in a continuing debate in the State which has contributed to an anti-business image."

Mr. Bryson said that at the time the Coastal Zone Act was drafted (two versions of the Act were made), it was not the intention of the sponsors, the Governor, or anyone involved for this law to be the final answer to our problems in the coastal zone. The State had an immediate problem and a temporary solution had to be found. With all the publicity it got, it turned out to be a great bill and it was not intended to be a great bill. It was meant to be a land use and planning concept to protect our coastal zone. It went too far in its overall intent. We suffered somewhat in attracting industry and in our image in an area where we should not have lost it (Getty and DeGussa, for instance). A land use plan will let a lot of people have an input as to where things will go.

What about the recommendation of the Land Use Committee whereby the Committee support the recommendation of the Delaware Society of Professional Engineers (page 4 on the addenda report of May 15) Mr. Biondi asked? The statewide land use management plan would supersede the Coastal Zone Act and other land use legislation presently administered by the State.

Mrs. Slights made a motion that "the Commission adopt the recommendation, as outlined in the addenda report of the Land Use Committee Report in lieu of item (1) of the Economic Development Committee Report." The motion was duly seconded.

Mr. Krapf felt that the way the Economic Development Committee

worded that particular issue is a lot better than the recommendation of the Land Use Committee Report.

Mr. Biondi specified that what he was proposing earlier was that the Commission take the statement from the Economic Development Committee Report (Item (1), on page 31), then add to it the recommendation from the Land Use Committee Addenda Report of May 15, on page 4, item (3), starting at "the present regulations should be used intact, as interim guidelines, to govern development in the Coastal Zone until the new land use management plan and regulations are complete and enacted. At that time, the comprehensive statewide land use management plan would supersede the current Coastal Zone Act and other land use control legislation presently administered by the State." This would make up a more detailed statement.

Mrs. Slights mentioned that the Land Use Committee Report is in agreement with the Professional Engineers. She felt that the sentence "the Committee has concluded that the time has come to replace the initial Coastal Zone Act with a comprehensive statewide land use planning act" was not needed. Mr. Biondi assured her that no one implied an interim period where there would be no regulation. This is why Mr. Biondi proposed the two statements juxtaposed. Mr. Cooperson commented that in response to Mrs. Slights' comment, he wants to go on record as understanding her position on this issue and his position on the matter is similar to hers. What Mr. Biondi suggested is that the present regulation be used as is until such a time there is a proper legislation to take the

place of the Coastal Zone Act.

MOTION #14 A final motion was duly made and seconded that the second paragraph of item (1), on page 31, of the Economic Development Committee Report read as follows: "This bill was passed in lieu of a more complex Coastal Zone Act which had been proposed earlier but received little support. In reality both bills were an attempt to being land use planning at the State level. The Committee has concluded that the time has come to replace the initial Coastal Zone Act with a comprehensive statewide land use planning act. The present regulations should be used intact, as interim guidelines, to govern development in the Coastal Zone until the new land use management plan and regulations are complete and enacted. At that time the comprehensive statewide land use management plan would supersede the current Coastal Zone Act and other land use control legislation presently administered by the State."

Question on the motion: Mr. Folsom asked if this meant that after the statewide land use plan is adopted the Coastal Zone Act would no longer exist. He was told that this was a recommendation on which the General Assembly would have to act and that the plan would also have to include regulations. The motion passed with two "no" votes.

Mr. Wiener said that the Commission passed a motion that we want to see the land use plan undertaken. Apparently, the Professional Engineers' Report talked about three years to do this report. Mr. Wiener felt that three years is excessive. If

there is nothing in the motion passed earlier implying the need for rapid consideration in light of our concern of our economic development, we should reopen that question and add on to the motion regarding the time urgency required for the adoption of a state plan to act with the necessary guidelines - not only for the coastal zone but the critical areas management and all the other needs that exist. If the Professional Engineers think that they are going to get a long term contract out of this report, we should desillusion them. This plan should be done before the end of next year.

Mr. Larson said that his Committee did not agree with the time necessary to prepare this plan. The Committee did not accept the notion that it would take three years to do; and it did not accept that it would necessitate an act of the Legislature to get it started. Obviously, if it takes an act of the Legislature we will not get the plan started this year. So an Executive Order or even the existing enabling legislation under the State Planning Office Act, could get this plan started as soon as possible. The State Planner, in his letter of May 9, said that he could produce a State plan by June 30, 1976. Mr. Bryson was fearful that the time span might be too short for his Department to give the necessary input. If the Commission determines that we should move forward with the plan and something evolves from the federal energy policy which at the moment is in a total vacuum, Senator Berndt said that he will move toward doing what is the right thing for the people of Delaware and will try to get the energy necessary into the Valley.

Mr. Biondi noted that what Senator Berndt will do as a Legislator is, of course, entirely up to him, but what is needed here is a total point of view of the whole State. It was felt that what the Senator was trying to express was a sense of urgency. What the Commission needs to do is to issue some sort of a recommendation with respect to the initiation of such a plan; when it ought to be initiated; and the feasible expectation to get it done.Senator Berndt said that the State Planning Office, last year, received a grant from the federal government of about one half million dollars to do coastal zone management. What has been done with that money? More money was just allocated to the State Planning Office from the same source. Where does all that money go, Senator Berndt asked?

Well, Mr. Biondi said, let's ask the State Planner, he is right here.

Mr. Keifer replied that it was based on the amount of money that the Planning Office is getting that we could get this statewide plan done in one more year rather than the three years of the program. The Planning Office just finished the first of the three years. In my letter of May 9, Mr. Keifer went on, when I said that the Planning Office could come up with a preliminary plan by the end of another fiscal year, I based that on my assessment of the status of progress of the New Castle County 208 Program, this program is critical input to the process; the fact that Sussex County in the eastern shore is just getting started in the 208 Program; and hoping that we would fit all the pieces into a coherent program. However, I do not see, Mr. Keifer said, how we can get all of this done and coordinated in less than twelve

months.

Mr. Conaway commented that it is significant that this group has been looking toward a statewide plan toward land use and the only State-attempted land use management is probably the most controversial act that has ever been done in the State. I am wondering, Mr. Conaway went on, what would have happened if the Senator (Berndt) had not voted for the Coastal Zone Act in 1971 and Sussex County was still in charge of its coastline and New Castle County could do what it please with the Delaware River. I don't believe that we would be sitting here and worrying about industry. I believe the same thing will happen when the State comes up with this plan.

Another issue that Senator Berndt brought up is the legislation that passed the House regarding the storage of oil. If a man wants to build a plant, he can borrow the money in Delaware to build this plant; but he cannot borrow money here to build storage tanks. There is a severe gas shortage in Delaware. We should be building storage tank areas some place to get the gas necessary in this State, but we cannot lend money to get this done. There is a feeling all over the State that refuses anything that has to do with oil and gas and energy and industry.

Mr. Thorn made a few remarks as to the time table. The land use plan is a good idea, but neither money nor wishes will give us an ideal program. I believe that we should give a lot of credence to what Dave Keifer has to say. If he thinks that it takes a year, it is very important that this statewide plan be very carefully thought out. If it can be done by the experts in the time said, fine, but the State Planner should not be pressured unduly.

Mr. Bryson mentioned that Dave (Keifer) said a preliminary plan. He wants to caution the Commission that he does not have the manpower to provide the input necessary and keep up with the other functions of his Department. I can't see, Mr. Bryson said, getting a preliminary plan done in less than one year, may be eighteen months.

It was the general consensus that at the time of the Coastal Zone Act passage, it was understood that the Act was an interim measure until the publication of a state plan; nothing has been done since then; and now it is imperative that a plan be developed.

Mr. Wiener mentioned that another urgent issue is that of gas and oil exploration and development off the shores of Delaware and their impact on the coastal zone area. We should plan very quickly or things will just happen to Delaware that we will be sorry for. The sense of urgency is not only correct but also might prevent chaos that might happen along the coastal area. We are faced with the fact that the federal government is going to be moving. Mr. Webb mentioned that the federal government has already postponed the recent schedule for the mid-Atlantic coastal states (New Jersey, Delaware, Maryland, New York, and Virginia) from December 1975 until June 1976. It is likely that it will be postponed until after the 1976 Elections. In other words, Delaware can fit its plan within that timeframe.

Mr. Walton wished to make a few remarks about the Economic Development Committee Report. He felt that the figures, projections, and statistics that the federal government has given should not be taken seriously (some of the figures were 80% off).

When we can prove what the federal government advances then we will know otherwise. We have a report that is highly one-sided (the Economic Development Committee Report). He believes what is written in the letters (Exhibits), but if we are basing our arguments on sound principles, then the other areas of industry should have been solicited. Why wasn't the "other side" such as the conservationists contacted to bring their input on what they felt the economic pressures were? This represents an economic solicitation from one side. Mr. Biondi said that he has not been impressed by the letters either. The only letter that presented a balanced view is the letter from Mr. Richard Both, of Hercules. The remaining letters reflect what the writers were solicited to say. If we wish to have an exact opinion from the industrial leaders, this is the way the industrial leaders think. Just for that reason, the letters are significant.

Mr. Walton said that the viewpoint of the industrial leaders is not representative of what is being voted on and said by the Commission. Mrs. Slights said that she disagrees with Mr. Wiener who said earlier that we ought to develop a broad land use plan quickly; at the same time we are incorporating this recommendation with the land use plan that the Land Use Commission has adopted which says that this plan is going to supersede all the other plans that are already in existence. She does not believe that a broad base land use plan for the State is going to be enough to allow to drop the existing legislation. We have got to have more than a broad base or else she will withdraw her support of

the previous recommendation to adopt a land use plan to supersede these existing legislation. Mrs. Slights suggested that the experts be asked what they think a reasonable amount of time is to prepare a well-thought plan.

Mr. Larson said that given the constraints of budgets, staffs, etc., I believe that Dave's (Keifer) projections are reasonable. It does not mean to say that less time could not be taken if the money, the people are there. But more critical than just the technicians are the conclusions of the leadership of this State, through this Commission; what the implementation tools are. Shall we go to performance standards; if we go to performance standards, what will they be? These are the questions that should be resolved by the leaders to allow the technicians to get to work. This should be done quickly. The time will determine what you put into it.

Mr. Weiner said that he had hoped he had not conveyed the notion that the work be done in a "sloppy" way or simply be a "hit and miss" plan. I believe that no technicians can capably deal with the substantive detailed issues unless the broad policy guidelines are developed in a clear fashion. At that point, simply the application of manpower and the background data can be brought to bear and to come up with a meaningful plan. The urgency is that the Governor set up a body which will begin to deal with the kind of problems we are talking about immediately. I did not intend to imply that it is got to be a "signed off" plan, Mr. Wiener said. The major debate is where we want to go. This can be done at this Commission level. The kind of motion we made earlier

is the kind that we should urge the Governor to act on tomorrow. The fact remains that if we do not have this sense of urgency then it will drag again.

Mr. Cooperson said he agrees with Mr. Wiener that the state of urgency exists, but he cautions everyone that the kind or urgency implied by Senator Berndt is out of place and it is why a year was lost because if this sense of urgency had been put into a thoughtful plan a year ago instead of the intent to throw another piece of legislation and put it through a political circus the way the last one was conducted, is not going to get us anywhere. There is nothing to be gained by getting a new law together.

Senator Berndt asked if anyone knew where the coastal zone is. There are areas that are not in the coastal zone that should be and vice-versa. Dutch Creek all the way to Smyrna should have been included in the coastal zone, for instance. Odessa should be included in the coastal zone.

Mr. Biondi suggested a motion be made that a statewide land use plan be prepared and be ready for enactment by May 1, 1976, (which is a month before the federal government is going to lease places and three years before anyone will drill). Mr. Biondi said that he gets the general impression that there is much federal money floating around in the coastal zone management and other areas and it requires some grantsmanship to allocate this money to get the job done. Mr. Folsom suggested a modification to Mr. Biondi's proposed motion to read that the money necessary to produce that plan be sought and policy discussions be started within two weeks. Mr. Bryson said that he does not wish to hold up the progress of this project, but given his manpower, he cannot give a

meaningful participation to this plan in that time span.(SEE INSERT)

Mr. Keifer said that he got $250,000 from the federal government last year.

At this point, Senator Berndt wished to change his vote from a "no" to a "yes" on the previous motion dealing with item (1), page 31, of the Report of the Economic Development Committee. Mrs. Slights wanted to know whether the Commission was going to consider the last sentence of item (3) of the Addenda Report of May 15, of the Land Use Committee Report. Mr. Biondi replied if Mrs. Slights wished to, the Commission would.

In relation to the Economic Development Committee Report in general where there were significant changes in the new draft from the original, were the changes based in large part on the exhibits that came with this report? Parts I, II, III, and IV were unchanged and are not related to the subject of the letters. Was Part V rewritten on the basis of the Exhibits? Mr. Thompson replied no; the letter just show specific evidence from business leaders indicating the nature of the problem in the industry and economy of Delaware. Who solicited these attachments, Mrs. Slights asked? Mr. Krapf said he did, within an assignment by Mr. Thompson who appointed a subcommittee for this purpose. Mr. Krapf was a member of that subcommittee.

The Commission has debated not only policies, not only sections, but paragraphs, lines, and words in this report, and this Commission has tested the substantive value of what has been argued, Mr. Biondi said. Our obligation here is to discuss the problems on their merits and test each other's ideas across the table and see if these

(INSERT)

ION #1A: A motion was duly made and seconded that "the Commission recommend that a statewide land use plan be developed by May 1, 1976; that the funding sources necessary to carry out the effort be identified and sought to whatever levels of governments they are available from; and that within the next month planning mechanisms be established as to how this is going to take place procedurally and as to who will be involved in cooperative efforts, and how it is going to get done. The Governor should take the lead to do this." The motion passed unanimously.

ideas are valid and try to persuade each other.

Part V, Mr. Thompson said, is a fair representation of the views of the Economic Development Committee. The whole Committee was not in attendance at any one meeting, but during the series of meetings that we had, I think we had a fair representation of the Committee.

Item (2), on page 31, of the Economic Development Committee Report was then considered. Mr. Biondi suggested to add a separate section (e) to state that an additional objective should be a candid assessment of the position of business and industry in the State with respect to taxes as compared to other states and considering the fact that the corporate franchise tax is a tax which we export largely. Such a study ought to indicate just where we are with respect to taxation of business and industry.

If for example, it is determined that we should reduce the income tax at the highest level, we will lose a given amount of revenue from that; and if it is determined that we will slice the capital gains tax, the State will lose revenue from that. In determining where that revenue should be made up, we should not only see where we are in taxation of individuals and consumers, but we should look at where we are with respect of business and industry. Frankly, the reports which have been used by industrial leaders including the corporation franchise tax which is exported, not paid by local industry, are not representative of what the true tax burden on business is. In fact, we are compared favorably. Mr. Biondi would not want to see a tax study made to go up on the

idea where we are going to replace the revenue we are going to lose from changing these taxes and look only at imposing that revenue in some measures on the individual taxpayer and consum r and not look where business is in terms of tax compared to other states.

Mr. Thompson feels that a look at the whole tax structure should be seriously given. He feels that item (d) reflected all aspects of revenue - not just the individual taxpayer - but if Mr. Biondi wishes to add on to that item, it is agreeable with Mr. Thompson. Mr. Biondi asked that the following end of
TION#15: sentence be added to item (d) on page 32: "including the relative burden of taxation on manufacturing and business in the State."

Mrs. Rita Smith wanted to clarify a point that the Commission is saying that business is in good relative position taxwise to operate in Delaware, but we are not able to attract business because the business leaders are making decisions on their own, personal income tax. She was told yes, this is what happens. Mr. Biondi's suggestion was made into a motion duly seconded. The motion passed unanimously.

Item (3), page 32: The drilling for oil and the development of deepwater port is more than a question of the reaction of the State to it, it is a question of economic feasibility. State planning should take into account the judgment of industry with respect to the economic feasibility of these matters. Mr. Thompson mentioned that there was some feeling that the State was tending to drag its feet in terms of being willing to participate in this program to develop offshore. The offshore activities may not

commenced right away and the onshore activities might be located in New Jersey and Maryland and Delaware would be left behind. The Committee did not feel that the State was "dragging its feet" but the concern was that it should not. We wanted to encourage the State to take a positive attitude rather than a negative one toward the possible participation of the State in this effort to develop offshore and do it in the way that the Governor's Office has been doing it.

Mr. Webb remarked that people confuse local attitudes with State attitude. The State's attitude at the Executive level, along with the Chief Executives of the surrounding states, is identical. This issue is being worked on a regional basis on the whole problem of the Outer Continental Shelf. It may be that one particular community in one particular state has one attitude about the matter, but it does not reflect the attitude of the whole state. Everyone involved is trying to develop a positive plan for offshore development in the whole region.

MOTION #16: (See p.57 for motion) A motion was duly made to change item (3) to read: "In order to maximize the future economic benefits while minimizing any detrimental impact, the State should establish a program to participate in the Atlantic offshore drilling and/or the development of deepwater terminals." The motion passed unanimously.

Mr. Wiener mentioned that the title of Part V is awkward. Two or three different issues are considered in Part V and the title does not reflect what is being discussed in the text. It was also mentioned that Part IV which discussed the transportation

and railroad problem, the economic problems of Wilmington and the housing construction business drop in Delaware, has nothing do do with the "Quality of Life" in Delaware. It was suggested that Part IV be titled "Problems Affecting the Economic Quality of Life in Delaware". Mr. Biondi said that Part V title will be reworded.

The Commission needs to consider, yet, the following:

1. First, the need for a policy decision on the rate of growth. This will have to be considered partially with discussing of the Cost of Public Services Report. The minutes of the last meeting will be helpful with respect to that. The discussion is laid out well regarding the overall rate of growth that Delaware should seek to achieve in the next ten years.

2. The memorandum by Dr. Latham entitled "1985 Forecast of Revenues and Expenditures of Major Delaware Governments."

3. The summary of the Economic Development Committee Report.

4. The recommendation of the Land Use Committee Addenda Report of May 15, regarding proposal of interim legislation dealing with lightering, aquifer recharge, and tributaries.

The next meeting of the Commission will be held on July 10, 1975, at 4:00 p.m., in the Wilton Center.

After this recapitulation of work left to be done, Mr. Biondi went on with the remaining statements on pages 32 and 33 which represent an explanation of item (3).

Mrs. Slights missed part of the vote and explanation of item (3). She explained that she was asking Secretary Bryson a question apart in regards to item (3). Mrs. Slights wished to ask

whether this statement concerning the deepwater terminal would be in keeping with the present Coastal Zone Act? If yes, then Mrs. Slights would like a statement to that effect inserted in item (3), to clarify the full meaning of the statement.

Mr. Biondi said he would not support this because it would be inconsistent with the recommendation. The law exists and if the State does not have a statewide land use plan before July 1976, it will remain in effect and the State cannot wait until then to plan what the impact would be on the State of offshore drilling.

Mrs. Slights said that she does not wish to change the statement; she wants to make certain that the statement is in keeping with the Coastal Zone Act.

Mr. Thompson said that when the Committee dealt with the question of the Coastal Zone Act, it felt that the Act should be considered along with the planning effort. It is one action. Apart from that, the State has to start thinking how it will interface with the offshore oil and gas drilling or a deepwater port.

As the statement is written, Mr. Daniello said he understands it to be for any kind of program that the federal government is talking about on an offshore port anywhere. Secretary Bryson said that there are two policies in the statement. We certainly do not want to give the idea that we want to do away with the Coastal Zone Act. As far as the State's participation in the offshore issue it is mandatory that we do. He feels that the State has done a good job on interstate participation and coordination. The second part of the statement regarding the deepwater

terminal, Mr. Bryson does not agree with it, unless it is within the constraints of the present Coastal Zone Act.

Mr. Daniello said that presently the Office of Technology Assessment (OTA) is doing a study on the feasibility of deepwater ports along the Delaware, New Jersey coast. If Delaware is setting a policy in such a way that it cannot participate in the study that is being done because the State happens to have a Coastal Zone Act, it is insane not to be there to get and give the input.

Mr. Bryson reiterated that he has no objection to the ideas advanced if they do not violate the Coastal Zone Act. If they do, Mr. Bryson said he does not wish to participate in any of it.

To clarify the statement, it was proposed to add to item (3): "and any studies for the development of deepwater terminals." Mrs. Slights still wished to add "within the confines of the Coastal Zone Act."

Mr. Thompson said that the thrust of this statement is that the State cannot close its eyes to what is going on. May be the State will want to consider that the Coastal Zone Act be modified to permit the development of a deepwater port because of such and factors. The State should not make the statement that it will not even consider it because of the Act.

Mr. Walton asked if the Coastal Zone Act would prevent the State from participating in studies. No, was Mr. Thompson's reply. But the change in the language would have you do this. Adding to the statement would disallow the State's participation in the study. There was disagreement there further expressed

by the members of the Commission. Mr. Daniello said that if the federal government or another state were to propose something that may or may not affect or be in violation of the Coastal Zone Act, the State of Delaware should be a part of it all - if for no other reason to say that we object because of the Coastal Zone Act.

Secretary Bryson specified that he cannot be involved in the participation of the development of a deepwater terminal because of his position on the Coastal Zone Industrial Control Board.

Mr. Biondi attempted to finalize the statement under item (3)
TION #17: to reflect all that was said, as follows: "(3) The State should establish a program to participate in the Atlantic offshore drilling for oil and studies for the development of deepwater terminals in such a way to maximize the future economic benefits while minimizing any detrimental impact." The motion passed with two "no" votes.

Mr. Daniello said suppose we talk about the development of the Port of Camden, the Port of Wilmington, or the Port of Philadelphia - the development of either. The only thing we are saying is that the only thing we can do is to study. We are not to be a part of the development. Well, Mr. Biondi said, how can we be part of the development of a deepwater terminal if it violates the Coastal Zone Act?

Mr. Wiener said let's take a hypothetical example that the study determines that the terminal should be in Delaware. Obviously,

our representative who would study the issue would have to make the rest of the group aware that legislation in the State of Delaware would have to be changed before the terminal can be settled in Delaware. What we do not want to say in this statement of policy is let's not talk about it because we have the Coastal Zone Act. The modification proposed means that we will participate in the study, and in the discussions - no more, no less. If the study reaches the decision that the terminal should be in Delaware, then the confrontation has to be faced. We cannot hide behind any language.

To carry this further, Mrs. Slights said, as it was said that Delaware should not hide behind the issue, this is specifically why she would like the Coastal Zone Act to be mentioned because it <u>is</u> the issue. Mrs. Slights does not agree that everyone wishes to have the Coastal Zone Act modified. Mr. Webb wished to take the next paragraph out. He explained that Delaware is part of a group called the Mid-Atlantic Governors Coastal Resources Council, including Virginia, New Jersey, Maryland, and New York that is involved in very close cooperation through a consortium of governors in developing a regional approach to offshore drilling. This statement could create a problem at the interstate level by having the phrase "the development of deep-water terminals" because the four other states are categorically opposed to it. If "economically feasible" were inserted between "terminals" and "in" it would solve an interstate problem that may arise.

Regarding the second paragraph of item (3), there is nothing wrong in saying that Delaware should encourage development relating to offshore development or outer continental shelf, but when it specifies deepwater terminals or offshore drilling, it creates a problem.

Furthermore, Mr. Webb said, the way the federal law is written, there is gubernatorial veto and at the present time, anyone wanting to put an offshore superport in Delaware, outside the coastal zone, or up in Marcus Hook, would be opposed by the Governors of Maryland, New Jersey, and possibly New York because the Governors are opposed to it.

Mr. Biondi responded that if this Commission wishes to make such a statement, he sees no reason why the Commission should not do so, independently from what the MAGCRC's position is.

Mr. Bryson said that he sees Mr. Webb's concern. What MAGCRC is doing goes far beyond any individual boundary. We are trying to achieve a regional voice with the federal government. A few months back, we were out crying in the wilderness with no one to hear us. We have gotten together with our neighboring states and now the federal government is listening to us. We now have a chance to participate in the offshore drilling of oil and to carry out the next part which is to make sure that we minimize the environmental impact; and to maximize our future economic benefits.

What Skip (Webb) is saying is that we should not do anything, purposely, that would compromise our position with our sister states because it is the only voice that we have in all of this.

Mr. Wiener asked if we are saying that we want the offshore development but we don't want the oil to come to our shore in Delaware? Actually, this is our present position under the Coastal Zone Act, but the fact remains that the program has to be for deepwater terminal at some point. What we are talking about is strictly participation in the study without trying to pre-prejudice anyone's concept of what is in the best public interest. At the same time, MAGCRC is there representing the interest of the five states. If a deepwater terminal is going to be detrimental to the development of our state, we expect our representative to fight against it and veto it. This is consistent with the federal policy. Now what we are considering is the fact that we recognize that if we are going to favor and consider the whole question of the impact of the offshore development in order to maximize the economic effects, then we also want to be participating to see where and how that deepwater terminal situation is going to be handled. Mr. Bryson said that our coastal zone position would jeopardize our chances with MAGCRC. No formal action was taken on the suggested amendments to the previous motion.

Mr. Biondi adjourned the meeting. On July 10, the Commission will consider the second paragraph of item (3), on page 32.

Respectfully submitted,

Francine Booth

Francine Booth
Recording Secretary

FB

June 11, 1975

TO: Pete Larson
Joann Slights
John Walton
Steve Chamberlin

FROM: Daniel S. Kuennen, Area Agent
Community Resource Development

RE: Conservation and Open Space, Findings: #3

As you will recall from the June 9 Delaware Tomorrow Commission Meeting, Chairman Biondi asked that I get together with you to draft a clear definition of 'open space'.

Of course the time precludes getting together prior to the June 16 meeting so that I have drafted some ideas you may want to revise or respond to at the next meeting.

If you have any questions or comments please call me at 856-5250.

Thank you for your cooperation.

Best regards.

cc: Francis Biondi

CONSERVATION AND OPEN SPACE

Findings

3.) It is clear that there are two ways of interpreting open space. Open space is (generally) all land and water not presently covered by buildings or structures. In this view open space is a counterpart of development.

A second more specific approach regards open space as a clearly defined area designated for preservation in its own right. It is not considered merely as space which has not been developed. It is land dedicated to a specific use (open space) much like developable land is designated for a specific use (i.e. general residential).

Open space could include designated areas such as (but not necessarily limited to): scenic areas, streams, rivers, lakes, ponds, flood plains, beaches, prime agricultural land, wetland marshes, swamps, wildlife areas, parks, etc.

Delaware should prepare a land use plan that specifies a percentage of remaining undeveloped land and designate a portion of that land to remain undeveloped as preserved open space.

Implementation

There are several mechanisms for assuring open space.

Public acquisition is one approach. There is little doubt of its effectiveness but the availability of funds is questionable. There are also other major considerations: 1.) loss of tax revenue through removal from tax rolls; 2.) opposition of ownership to government owned land; 3.) many owners not willing to sell or agree on an equitable price and 4.) the high costs of land acquisition diverts public funds from other objectives (i.e. housing, education, etc).

Conservation easements, a second approach, is the acquisition by government to conserve environment amenities. The owner continues to own the land. The land development, however, is subject to the right of government restriction. The easement runs with the land and binds all subsequent purchases.

Easements are cheaper than land acquisition. Farmers for instance, can continue to farm their land and are paid the difference between the value of the land without any restriction on development and value of the land as restricted. Lastly, the land remains on the tax rolls.

The National Park Service after 20 years experience with easements concluded: "easements breed misunderstanding, administrative difficulties are difficult to enforce, and cost only a little less than the fee".

A third and newer concept is the Transfer of Development Rights (TDR). Every owner of preserved open space would receive certificates of development rights in an amount that equals the percentage of assessed value of undeveloped land to the total assessed value of the undeveloped land in the jurisdiction.

Other measures are: critical areas zoning; encourage gifts, etc.

DELAWARE TOMORROW COMMISSION

Minutes of Meeting of July 10, 1975

A meeting of the Delaware Tomorrow Commission was held on July 10, 1975, at the Wilton Community Center. The following members were present:

Mr. O. Francis Biondi - Chairman
Mr. David R. Keifer
Ms. Dorothy Greer
Secretary John D. Daniello
Mrs. Joann D. Slights
Mr. James H. Gilliam, Jr.
Mr. Ernest W. Thorn
Mr. Frederic G. Krapf, Jr.
Secretary John C. Bryson
Mr. Ross E. Anderson, Jr.
Senator Robert J. Berndt
Mr. Carl S. Oldach
Mr. John F. Walton
Mr. Jay N. Cooperson
Mr. Peter A. Larson
Mr. Richard Bauer (voting proxy for Melvin Slawik)

Also present:

Mr. Lance Werner
Mr. Bob Meinen
Mr. Steve Chamberlin
Ms. Merna Hurd
Mr. Bernard Dworsky
Ms. Rita Smith
Ms. Peg McClane
Mr. Raymond H. Malefant
Mr. William R. Latham, III
Mr. Eric Brucker
Mr. William Markell
Mr. Arthur Krieger

At the last meeting the Commission discussed the Economic Development Committee report from page 13 to page 32. It was agreed to amend (3) to read "...drilling for oil and should study the development of deepwater terminals...".

Mr. Biondi noted that, at the last meeting, objections were raised to the next paragraph, specifically, the sentence "Delaware should take the initiative to encourage such developments...". He said the principal objection to this phrase was the idea of developing deepwater terminals. He said that Secretary

Bryson expressed concern that this statement might cause some problems in dealing with the policy decisions that have been made by the Maryland, New Jersey, Virginia and other governments about deepwater terminals. Secretary Bryson said that MAGCRC has been very important to us in giving us a voice within the federal government. This is the first time the federal government has recognized, at least a group of states. They won't recognize individual states. We do have a role to play and we do have some impact on the shorelines. For the first time we are getting information that was previously considered confidential by the federal government. Secretary Bryson said he felt it was important for the Delaware Tomorrow Commission to protect this position.

Mrs. Slights said she feels it cannot be assumed that deepwater terminals are going to develop along the east coast. She moved that the first sentence of this paragraph be stricken completely, because it is an arbitrary statement that doesn't belong in the Delaware Tomorrow Commission Report.

Mr. Krapf moved that the first sentence be amended to read: "Deepwater terminals and offshore drilling appear likely to develop along the East Coast". This motion was seconded by Mr. Weiner.

Mr. Thorn questioned the need for clarification of deepwater terminals. It was agreed that this term covers all concepts of bringing oil to shore.

Mr. Krapf moved that the entire paragraph be amended to read "Deepwater terminals and offshore drilling may develop along the East Coast. Delaware should be alert to and involved in such developments, both to reap the benefits of the job and revenue opportunities and also to maintain control to avoid undesirable environmental and other affects." This motion was seconded by Mr. Kreiger. Mrs. Slights recorded the only no vote.

It was moved and seconded to accept the remaining content on page 32 and 33. This was agreed to by all present.

The Commission began the review of this report on page 13, so they then went on to discuss pages 1-13. Mr. Biondi asked the Commission to be aware of the fact that most of these issues have been discussed previously in pages 13-33.

Mr. Krapf noted that this summary is a synopsis of everything (in the Economic Development Committee Report) previously discussed. He felt that the Commission should agree to substitute duplicate issues with what was previously agreed to by the Commission.

Mr. Biondi asked if there was any disagreement with the concepts illustrated in I.A. Mr. Weiner raised two points: He felt that the use of the word growth should be clarified as there are two essential kinds of growth - economic and population growth. He felt that the intent of the word "growth" is not really clear in certain sections of these statements. He suggested that, in the final write up, this distinction be clarified.

Mr. Biondi asked Dr. Latham what kind of growth did he perceive this report to be addressing - population or economic and how would he differentiate a measure of economic growth from population growth. He was told that this report was primarily based on population. Mr. Biondi noted that 1. (a), (b) and (c) seem to relate entirely on population growth.

Secretary Daniello, a member of the Economic Development Committee, said he thought the Committee meant both population and economic growth in I. A. Mr. Biondi didn't feel that the findings are consistent with both population and economic growth. Mr. Oldach said the Committee discussed both population and jobs. Mr. Biondi asked the Committee to meet and clarify it's thinking and discuss the concepts of population and economic growth separately and state their conclusions with reference to specifics in each category.

Mr. Chamberlin suggested that the Committee not only look at population and economic growth as the two primary elements of growth, but that they also look at some of the other aspects of growth that might tie together the conclusions of the Land Use Committee with the Economic Development Report, etc. He suggested that the Committee compile an entire separate section which speaks basically to and defined those two major points; that is, population and economic growth and perhaps single out some indicators.

Mr. Weiner made a motion that Section A be sent back to the Committee to define a little more clearly the characteristics of the population and economic growth and the interrelated factors. This motion was seconded by Mr. Krapf. All present agreed with Secretary Daniello voting no.

Mr. Biondi stated that Mr. Webb has reviewed Section I. B. (c) and had the Budget Office prepare a study of debt service as percent of general fund disbursements over the course of years. Mr. Webb suggested that this paragraph be reworded as follows:

"The cost of past long term borrowing (debt service for interest and principal repayment) has increased in dollars significantly. However, as a percentage of annual total General Fund Disbursements, it peaked in 1961 at 20%, declined to 18.1% by 1968 and further declined to 15% for the year beginning July 1, 1975, (Fiscal Year 1976)."

Attached to Mr. Webb's statement is a study from the Office of Budget Director, December 1968.

A question was also raised on paragraph 4 (a). There was some question as to whether Delaware was ever a high income/low tax State. Mr. Hudson, of the State Planning Office, has done an analysis of State/local taxes in Delaware from 1958-1973, including State and local tax revenues.

Mr. Biondi moved that the Chairman of the Cost of Public Service Committee (provided with Mr. Webb's memo and attachments to Mr. Biondi) meet with his Committee to discuss the issues raised on B. 1 (c) and 4 (a). He felt that since the Cost of Public Service Committee has expertise in this area, they should be able to look at these issues and come back with something to distribute to the Commission. This motion was seconded by Mr. Krapf and approved by all present.

Mr. Biondi gave Mr. Webb's letter and supporting documentation to Mr. Kreiger for study by his Committee.

The remainder of Section B was agreed to with no comments. Section C was approved with no comments.

In Section D, Mr. Biondi pointed out that a number of Commission members disagreed with the title of D.: "The 'Quality of Life' in Delaware has declined markedly." The Commission had agreed to amend this to read "The economic vitality of Delaware has declined markedly". Mr. Cooperson asked if this statement isn't true of the U. S. in general and not just particular to Delaware. Mr. Biondi said the point of the first two parts of this report is that, while we were growing at faster than twice the national growth rate at one point in time, we are now growing at the national growth rate - which has declined substantially. So we are talking about a more serious problem than the current recession. In other words, if the current recession were to end in normal course and have a normal economic recovery, we would still have this problem of growth in Delaware.

Mr. Weiner pointed out that Section D answers the question that's been raised. Not only does the new title say that the economic vitality in Delaware has declined markedly, but it points out specifically where and how: highways, railroads, the city, etc. and none of these infers the recent recession that

the U. S. is in.

Mr. Biondi brought up an issue raised by Senator Berndt on page 3, on the accuracy of statement (d) "Additional borrowing faces increasing political resistance". He said he thought the Committee was trying to say that the additional borrowing is a cost which we have to pay at some point in time. Mr. Biondi felt that rather than saying "faces increasing political resistance" what they were really saying is that additional borrowing will have serious long range cost impact on the State. Mr. Weiner felt that this sentence serves no purpose. Senator Berndt moved that B. 1 (d) be stricken from the report. Mr. Krapf seconded this motion. Secretary Daniello voted no. All others approved.

In Section D. 1 reference is made to Delaware's highway programs. It was moved and seconded that some mention should be made in this section of the fact that the passage of the recent bond bill incorporating $42,000,000 in funds, for the Highway Department, shows a recognition of this problem. All present approved with Secretary Daniello voting no.

Secretary Daniello said that motions are being made to change the summary without any reference to making any motions to refer to the kind of language use - in some cases idential language - in Part I-V of this report. He suggested that if the Commission is going to make a motion to strike, delete, or amend what's in the summary, then the Commission should be sure all the policies stated in the reports are consistent. Mr. Biondi said that if, at any point in time, Secretary Daniello would like to refer a written communication to the Chairman indicating any conflicts, the Chairman would be happy to receive it.

Section D. 2 was approved with no comment.

In Section D. 3 Mr. Dohorty asked what time frame this refers to. Mr. Biondi felt that the City of Wilmington has been suffering for quite sometime.

Mr. Biondi suggested D. 3 be amended to read "The City of Wilmington suffers from problems similar to those of other urban centers in the U. S.". He asked Mr. Dohorty if there has been any kind of signficant population in flow back into the City which would make D. 3 not correctly in focus at the present time. Mr. Dohorty answered that the Bureau of Census released information saying that the population has declined from 80,000 to 74,000, however the City of Wilmington disagrees with these figures.

Mr. Weiner noted in D. 3 (a) he felt that blighted housing and the crime rate have been serious problems, and have not just become problems. It was agreed to amend this sentence to read "Blighted housing and the crime rate are serious problems". Mr. Weiner felt that the question of the time frame is important in this issue.

Mr. Anderson said that the statement "there has been a sharp decline in the quality of public schools" (3 (b)) is not compatible with what was said in Part IV - which says "expand educational programs to upgrade residents' skills and motivations". Mr. Biondi agreed that 3 (b) implies concern with public school buildings, when, in fact, the concern is with the educational system itself. This phrase should be amended to read: "decline in the quality of public education".

Mr. Biondi read Section D. 3. to incorporate the suggested amendments. This Section would read as follows:

3. The City of Wilmington suffers from similar problems to those of other urban centers in the U. S. since 1950.

   (a) Blighted housing and the crime rate are serious problems.

   (b) There has been a sharp decline in the quality of the public school education program.

   (c) There has been a general exodus of residents and business from the City to the suburbs.

There was a great deal of discussion concerning the educational system in the City - whether or not it has improved recently or deteriorated. Dr. Latham suggested that 3. (b) be stated in a more positive manner so as to read: "The quality of public education needs to be improved".

Mr. Oldach felt that the issues all refer to the first paragraph in Part I - what are the major post - 1970 developments which have changed the economic climate of Delaware. Mr. Biondi said that if the Commission is talking about post - 1970 developments, D. 3 would have to be amended to read:

3. The City of Wilmington has continued to suffer from problems similar to those of other urban centers in the U. S.

   (a) Blighted housing and the crime rate are serious problems.

   (b) The quality of public education needs to be substantially improved.

   (c) There has been a general exodus of residents and business from the City to the suburbs.

It was moved by Mr. Krapf and seconded by Mr. Oldach that D. 3 be adopted as amended. This was agreed to by all present.

D. 4 was agreed to with no comments.

Secretary Bryson expressed concern with Section E. He felt there was no data in E to support the phrase "environmental policies" in the title.

Mr. Biondi suggested that Section E.1 (c) be replaced with the policy rewritten in Capital Gains and agreed to at the last meeting. This will read as follows: "Alternate sources of revenue must be judged for their equity and effectiveness, including the relative burden of taxation on manufacturing and business in the State".

Mr. Krapf again pointed out his concern and Secretary Daniello's concern about possible conflicts of policies agreed to by the Commission. Mr. Biondi said there are not many points of conflict, and the conflicts will be rectified

to agree with previously adopted policies.

Mr. Anderson asked if in the title of E. the word "environmental" could be changed to development, because there is no substantiating evidence to describe environmental conflicts. Mr. Biondi said that E. 2 refers to the Coastal Zone Act where Delaware has adopted an anti-industry image as compared to its past reputation. It was decided at the last meeting that it was the controversy over the Coastal Zone Act and not the Act itself that gave Delaware its anti-industry image.

Mr. Weiner felt that this policy implies that government and business leaders are anti-environmental and he doesn't feel that that is accurate. He made a motion that E. be amended to read "Government and business leaders have publicly disagreed on State tax and developmental policies. This motion was seconded by Mr. Anderson. Secretary Daniello, commenting on the motion, said, as was discussed at the Economic Development Committee Meeting, that business leaders have criticized and have disagreed with the State's environmental policies - the crux of which is the Coastal Zone Act. Mr. Weiner moved that instead of singling out government and business leaders that we say: "Leaders in government, business, labor and other groups have publicly disagreed on State tax and environmental policies". This motion was seconded by Secretary Daniello.

Secretary Bryson stated that if the Committee's reasoning for inserting the phrase "environmental policies" is just on the basis of the controversy of the Coastal Zone Act, it is unfair to put all other environmental policies in the same category.

Secretary Schranck moved Mr. Weiner's motion be amended to read: "Leaders in government, business, labor and other groups have publicly disagreed on State tax and some environmental and developmental policies". This motion, as

amended, was seconded by Mr. Krapf and agreed to by all present except Mr. Bauer, voting no.

Moving on to Section II, Mr. Biondi said these issues address the economic strengths on which Delaware can build. He felt that under A, 1 and 3 relate to Delaware's geographic location, however 2 seems to relate more to a quality of land rather than its location.

Dr. Latham said that in A. 2, the point being made is that Delaware's is simply located geographically to a large potential market for agricultural products and that's why it's important to mention agriculture in relation to it's geographic advantage. He said this section ought to be edited to clearly talk about the agriculture market.

Senator Berndt asked in A. 1, what waterways are we talking about? Mr. Biondi clarified that the Committee was talking about waterways, not for development, but as transport corridors.

Mr. Thorn suggested that A. 1 be amended to read: "Delaware is strategically located in the New Castle metropolitan corridor, with favorable waterways for transportation and still has a substantial amount of land which could be used for future growth. This suggestion was moved and seconded by Secretary Daniello. Mr. Cooperson questioned the implication of having a substantial amount of land. He felt A. 1 is in conflict with A. 2. Mr. Oldach answered that this is just a list of strengths which, if desirable, could be used. In other words, the Committee listed things that would make it possible for economic growth in Delaware, if we want to pursue that. Mr. Walton felt that it should be clearly stated these policies will only be followed <u>if desired</u>. It appears to him that the whole State is on the market block. In a vote on the motion, Mr. Walton, Mrs. Slights and Mr. Cooperson voted no and the motion was adopted.

On Section A. 2, Dr. Latham moved that it be amended to read: "Delaware

has a high level of land devoted to agriculture; and, with the nation's food needs increasing, the favorable location of Delaware's agricultural industry should permit it to continue to make a major contribution to the State's economy. This motion was seconded and approved by all present. Mr. Biondi requested that a copy of this section - as amended - be sent to Mr. Walton to give him the opportunity to make any comments after he has seen it in writing.

It was moved and seconded that Section A. 2 (page 7) be adopted as written. This was agreed to by all present.

On Section B, Dr. Brucker questioned the automotive statement in B. 1. He said that the national trends indicate that we may never see the rate of automotive production we say in the late 1960's. Secretary Daniello felt that the word "automotive" should not be left out, as it is one of the three major industries in Delaware.

Mr. Oldach felt that the title of Section B. should be changed to read: "The major industries in Delaware have been in the growth sectors of the economy". He said it is stated, in B. 3, that there may be some question about the automotive industry.

Mr. Biondi clarified that this paragraph states that the major industries in Delaware remain in growth sectors of the economy. He said it doesn't imply that we've seen all the growth we are going to see in any one of the three industries illustrated and the only comment made perspectively is that the "growth will <u>probably</u> continue to expand at a <u>reasonable</u> rate". There is no indication that it will expand at the rates of the past. These industries pay better than average wages and the particular problem of the auto industry is pointed out.

A motion was made by Mr. Krapf and seconded by Mr. Thorn to adopt Section II. B. as written. This motion was approved by all present.

On Section C, Mr. Biondi noted that the Commission had previously exhausted the debate over the specific content of this Section. He said there wasn't anything in Sections C, D and E that had not been previously debated and approved by the Commission. Mr. Krapf moved that Section II. C, D and E be accepted as written. This motion was seconded by Secretary Daniello with all present voting approval.

Mr. Krapf moved that Section II. A be approved as written. This motion was seconded by Secretary Daniello and approved by all present.

Mr. Biondi stated that all the questions in III. B were debated at the last Commission meeting. Mr. Krapf made a motion that II. B 1-4 be accepted as written. This move was seconded. Mrs. Smith requested clarification on the word growth as used in this section - does it mean a mixture of economic and population growth. Mr. Biondi said that B. 1 refers to population growth. B. 2 and B. 3 also refer to population growth. However B. 4 seems to relate to other problems, such as environment related considerations. All present voted to accept Section B as written.

In Section III. C, Mr. Cooperson moved that we strike the phrase on internal population growth, because he feels there is no way the Commission can control internal population growth. Mr. Biondi felt that, in terms of the way the Committee used internal population growth versus in-migration, they were not talking about controlling internal population growth, they were talking about whether or not we ought to stimulate a rate of economic growth which would require net in-migration from people for jobs.

Mr. Weiner was concerned with the sense of the entire paragraph. He said that he assumes there will be an end to the Delaware Tomorrow Commission. In this report, the Committee has indicated a need to look at new jobs, which (Mr. Weiner feels) is a tangible, feasible task. However, if the Commission

wants to establish growth and development goals and specify the amount of new businesses desired and set up some specific figures, he suggested that Section C is virtually an impossible task. He further stated that on page 15, of this report, the Committee did an excellent job in taking the whole question of growth and projecting the figure of the number of jobs in a given period.

Mr. Biondi then suggested that III. C be amended to read: "...the Delaware Tomorrow Commission should establish job growth goals including such things...".

Mr. Oldach explained the Committee's point in this section was that we haven't analyzed the economics of what's happened in the past. You need to make some sort of analysis to try to relate a cost to various changes. When that is done, you are then in a position to judge looking forward to some sort of program and whether or not the State can afford it. For example, we don't know if the State can afford to not have any new industries coming into Delaware - whether the State could keep up with the expenses.

Mr. Weiner's point was that there are many growth and development goals that can be identified, which would be non-economic in character.

Mr. Walton expressed concern with the phrase "in light of the above growth impact analysis". He said B. 1-4 are only questions. There are no answers. He felt that C should state that "when the answers to B. 1-4 are realized, then we will establish job growth goals". Mr. Biondi then agreed to strike "In light of the above growth impact analysis", and start Section C as follows: "The Delaware Tomorrow Commission should establish job growth goals including...".

Mr. Weiner again stated that page 15 gets specific as to goals and figures and that the summary ought not to be generalized. Mr. Oldach said that the statements on page 15 are not goals they are assumptions. They have nothing to do with what is desirable or what the Commission should "shoot for".

It was moved and seconded that Section C be amended to read: "The Delaware Tomorrow Commission should establish job growth goals including such things as internal population growth vs. in-migration, type and amount of new businesses desired, and a forecast of the resulting changes in State income and expenses".

Mr. Bauer asked further clarification on the phrase "such things as internal population growth". Mr. Biondi said that phrase is not addressed in isolation, it is discussed in terms of internal population growth vs. in-migration - should the job development goal be such that you would produce a number of jobs in the future which would not only be sufficient to provide jobs for the growth of population within the State but would encourage a number of people from outside the State to come into the State for jobs. Mr. Bauer felt that this concept was not very clearly stated.

The motion was approved by all present.

Mr. Biondi felt that Section D was sufficiently qualified and that the key words are "some continued growth". Delaware needs some growth, as a necessity, just to meet the imbalance kind of thing that the Committee attempted to do on page 15. Section D is within the context of Part I of the Committee's report - pages 13-15.

It was moved and seconded that Section D (not including 1-11) be adopted as written. This was agreed to by all present.

Mr. Biondi said it was his recollection that the Commission had previously voted on D. 1-9 in the previous Economic Development Committee Report and had approved each step.

Mr. Anderson asked if D. 5 had been adopted, as written. Mr. Bondi said it had been revised and the problem had been dealt with.

Mr. Cooperson asked if D.1 shouldn't be modified to say: "It is recommended that the Governor and Legislature develop...". Mr. Biondi said he thought the Committee was implying some more degree of Executive responsibility.

Mr. Thorn asked if D. 10 (a) could be amended to read: "By developing a Comprehensive State-wide Land Use Plan". Thereby deleting "to remove the inequities of the Coastal Zone Act". Mr. Oldach felt that the whole point on this action was to deal with the anti-business reputation of Delaware caused by the Coastal Zone Act.

Mrs. Greer asked if it was necessary to act on 10 (a) with the resolution adopted at the last meeting. It was moved and seconded that the Commission substitute for 10 (a) the resolution adopted by the Commission with respect to the Coastal Zone Act and the development of a Comprehensive State-wide Land Use Plan. 10 (a) would read as follows: "The Coastal Zone Act was passed in lieu of a more complex Coastal Zone Act which was proposed earlier but received little support. In reality, both goals are an attempt to begin land use planning. The Committee has concluded that the time has come to replace the initial Coastal Zone Act with a Comprehensive State-wide Land Use Planning Act. The present regulation should be used intact as interim guidelines to govern and develop the coastal zone until the new land use management regulations are complete and accurate. At that time, the Comprehensive State-wide Land Use Management Plan would supersede the Coastal Zone Act and other land use control legislation presently administered by the State".

Mr. Weiner moved that the above be substituted for 10 (a). This motion was seconded and approved by all present.

Mr. Biondi said that 10 (b) and (c) have already been acceded to in the body of the report.

Mr. Cooperson said it was his recollection, on the matter of the coastal zone and State land use planning, that when the Commission went through the Land Use and Community Development Committee Report, there was also a resolution approved by the Committee dealing with the coastal zone relative to extending the coastal zone protections to other non-industrial uses and that should be considered in this context.

Mrs. Slights moved that D. 11 be replaced by (3) on page 32 as amended and adopted by this Commission. This move was seconded and agreed to by all present. D. 11 would read as follows: "The State should establish a program to participate in the Atlantic offshore drilling for oil and should study the development of deepwater terminals in such a way as to maximize the future economic benefits while minimizing only detrimental impact".

This completed the review of the Economic Development Committee Summary. The Commission then went on to discuss and review Dr. Latham's working draft of 1985 forecasts of revenues and expenditures of major Delaware governments". Mr. Biondi asked Dr. Latham to explain what this document is and its concepts.

Dr. Latham said that he felt the most important point in this report is the kinds of assumptions that are drawn up, rather than the specific numbers that came out. The report is a result of the Chairman of the Commission's suggestion that an attempt be made to extrapolate past trends in revenues and expenditures under several possible assumptions and see what happens in the way of revenue and expenditures for State government (all the governments in the State).

Dr. Latham distributed copies of a paper entitled "Additional Explanation of Revenue and Expenditure Projection". This paper explains the process used in the June 30 report in a little more detail. (A copy is attached)

Dr. Latham added that he feels the most valid way of making projections is to take the kinds of revenues and expenditures that seem, in the past, to have responded to changes in population and project them on a per capita basis and take those that have not responded as strongly to changes in population and simply project their totals and then apply different rates of inflation to expenditures and revenues. This total would be similar to projection 10.

Dr. Latham made two caveats regarding the numbers:

1. The population figure he used he picked up from an earlier draft of the Economic Development Committee Report and did not reflect the number which had been agreed upon by the Commission of approximately 700,000 - so that would change all the per capita projections.
2. There were some numerical errors, simply because the people compiling the report could not believe that an accumulated growth rate could do the kinds of things it did. These errors were corrected to realistic figures by those compiling the report.

He said that the 10th projection may be the most reasonable kind of numbers that one could arrive at.

Mr. Biondi asked in Table 1, based on 1985-10, what does this table say. Dr. Latham answered that this table says: if you are willing to make the assumption that, in general, the rate of increase in revenues would be about 5.15% and if you assume that some revenues (as shown in Table II-IV) ought to be regarded as per capita based, while others should not be regarded as per capita base and then make simple extrapolations of trends from 1968-1973, revenues from 1985 would be $3,712,000,000.

Dr. Latham said that assumed along with all other factors is that the rate of growth in the amount of taxes people will continue.

Dr. Brucker said that, in the revenues, it should be made clear that Dr. Latham did include Delaware non-tax sources. There is a very large chunk of

external funds coming into this projection; i.e., revenue sharing.

Mr. Biondi asked Dr. Latham if any of the data compiled in his report will help him answer the four questions on pages 8 and 9 of the Economic Development Committee report. Dr. Latham said that you need the answers to those questions to make the revenue expenditures.

Mr. Biondi said he was having difficulty making Dr. Latham's report relate to the issue of what kind of rate of job growth the Delaware Tomorrow Commission should support in the State. Mr. Kreiger explained that the Cost of Public Service's original report illustrated that the total per capita costs were at the present rate, approximately $1,100 per person - residents in the State. That figure included revenue sharing monies, outside sources, etc. Dr. Latham's report attempted to point out that we'll be spending approximately $5,300 per person by 1985, which is about five times what we're spending now - assuming a population of 700,000 by 1985. This also assumes that the average continues at the same rate for the next 12 years.

Mr. Weiner asked what usefulness are the figures in Dr. Latham's report. He felt that the Commission could do one of two things:

1. Examine each assumption and get a common agreement on the assumptions and they can go from there, or;
2. Give them some other basis for making those assumptions.

Mr. Weiner felt that the Commission is not prepared to give another basis. Therefore, he questioned what the Commission can say as a result of these figures.

Dr. Markell noted that Dr. Latham has shown that, given any set of projections the Commission decides upon, you can come up with numbers. The Commission has to decide on projections in different areas by 1985.

Mr. Walton said that we need the answer to the question of: how much did this growth that we now have cost us? If the Commission could have an idea of what we've spent for what we have, we could approach this issue from a more

intelligent point of view.

Dr. Brucker felt that, rather than getting tangled up in the expenditure side of the problem vs. the revenue side, the Commission should first address reasonable projections of the tax burden on the population to 1985, because if you can't raise the funds, discussing expenditures is meaningless.

Mr. Thorn stated that he felt that the figures in Dr. Latham's report serve one purpose and that is the importance of knowing and evaluating the benefits and cost effects of whatever the Commission eventually recommends. Mr. Biondi said that this seemed to be the general concensus. He said that the major question the Commission needs to answer is: What rate of growth should Delaware seek to achieve in the next few years. In order to get to those questions, the Commission has to answer the questions that the Economic Development Committee proposed.

Dr. Brucker asked if we could go back on the revenue side of the first cut and ask what we see for the State of Delaware in terms of allocating resources from individuals and corporations to the public sector. Answering this question would tell us what we have left to work with on the revenue side. He then suggested looking at the expenditure side and do some ad hoc analysis of what the historical expenditure trends hold for the future. The Commission can then see how our reasonable projections of expense compare with our reasonable project of revenue. However, he said, the first question is: do we want the public sector to grow as a percent of the income of the State. He defined "public sector" as primarily State and local government expenditures - total dollars allocated to services that are generally supplied by governments within the State.

Dr. Latham felt that the easiest approach to take is to ignor the valid questions which have been raised, because we can't answer them and go ahead

and try to make a projection of likely revenue that can be raised on the assumption, for example, that people will or won't be willing to contribute larger portions of their income and then look at individual expense and see which ones could arbitrarily be candidates for cutting down the size of total revenues if it happens that total expenditures are larger than total revenues, based on the current projections.

Mr. Chamberlin felt that you cannot accurately project costs, except that in 1985 the revenues and expenditures ought to be equal. However, in examining the rate of growth, we can make reasonable projections as to the population increases and what is likely to occur in terms of in-migration. We should also make projections about what is likely to happen in an economic context. Both of these projections have to be focused toward the quality of life in Delaware.

Dr. Latham said he was not trying to balance revenues and expenditures. What he was trying to determine was the willingness of people to buy government services, their willingness to remain constant and what might happen to expenditures. Are we going to be able to afford the kind of government services that provide the quality of life desired by Delaware residents? If we find out that a reasonable projection of expenditures far exceeds the expected willingness of people to pay for services provided through the expenditures, then Delaware won't grow - it won't be an attractive place.

A lengthy discussion followed concerning the difficulty of projecting expenditures for the future.

Dr. Latham said that Delaware should pay the bill for whatever rate of growth we get and we should try to devise a general position that imposes the cost of the rate of growth on those who are causing it.

Mr. Biondi suggested that possibly the Commission ought to make a policy decision that states that there is not a great deal to be gained by encouraging

people to come here for jobs - look at the issue from the point of how many jobs do we need to support the natural growth in the population we expect and maintain a quality environment. With this assumption, Delaware will have to pay the bill for whatever rate of growth that is, and not try to quantify the questions of cost to that rate of growth.

Mr. Chamberlin felt that each project varies so much that it can't be decided how much growth you want in advance.

Mr. Weiner said that there is going to have to be a decision-making process that sets up some general criteria of what the State wants and not say whether it has a cost benefit or negative cost in terms of dollars, but relates to the question of how we achieve our goal.

Senator Berndt asked Secretary Daniello what he would project his Department's expenditures to be over the next ten years, in order to get some idea of the increase of the cost of government. Secretary Daniello said, assuming the same level of services, he only anticipated approximately 5% a year increase.

Mr. Chamberlin felt it would be more meaningful to define the maximum level of unemployment, rather than trying to define available jobs in the State in 1985.

Mr. Biondi said he didn't see how this could be accomplished. How would we compare Delaware's rate of unemployment and what is an acceptable rate?

Mr. Kreiger felt that everyone has overlooked the fact that Delaware seems to be living "hand to mouth" and has no surplus whatsoever. If any sort of catastrophe did hit Delaware, we wouldn't have any reserve money to fall back on.

Mr. Biondi felt that the concept of a "public surplus" was a mutually exclusive idea.

Mr. Larson felt that, in trying to think ahead at the cost of government, you have to look at it in terms of the product being delivered and the quality of this product. Once you've set the level of services for quality that you want to have to service any situation, you'll be able to put numbers on them.

Mr. Biondi said that there is a general recognition by the Delaware Tomorrow Commission that the cost of public services in Delaware - in terms of numbers of employees, etc. - is high in the sense that we have jurisdictions that we don't need. For example, he said there is no rational basis for the existence of the City of Wilmington as a governmental unit.

Mr. Morton pointed out that in 1985 approximately two-thirds of Delaware's total income will come from sources outside of Delaware. Currently, approximately 30% of Delaware's income is from outside sources.

Mr. Biondi suggested that tee Commission ought to recommend policies, eliminate those that are negative in the economic picture and as growth happens, make some decisions about what its impact will be on all areas - decide each case on its own merit.

Mr. Kreiger suggested that now that the base data are now available, some effort be made to construct some sort of model where we could attempt to keep rates and costs current for the future.

Mr. Biondi asked that the Commission look at the question of what kind of rate of growth, if any, is desired. How should the Commission handle the question of a recommendation in the area of growth and the creation of an environment for growth. He said any ideas will be discussed at the next meeting.

Mr. Biondi said that, at the last meeting, the Commission approved the creation of a State-wide Land Use Plan, with a completion date of May 1, 1976. Mr. Keifer, of the State Planning Office, was instructed to report back to the Commission within 30 days with a program for getting the job done by that time.

The Commission was insistent that this be a cooperative venture between agencies in the State government and local government and not be a "one man show". Mr. Keifer held a meeting on July 9. Representatives from New Castle County, Kent County, Sussex County, Wilmington, Secretary Bryson, Secretary Hall, Ms. Merna Hurd, who is responsible for New Castle's 208 Program, Sussex County Engineer, who is responsible for Sussex County's 208 Program. Everyone showed up either personally or with representatives, except for Wilmington. Mr. Keifer said that the group felt that we can tackle the problem. There was some question as to how much could really be accomplished by next May, particulary because of the wide difference in planning in the three counties. New Castle County is in good shape because their 208 project is a little over a year old. They are updating their comprehensive plan. Their basic work should be finished about the end of this calendar year, so that could be input to what the Commission is discussing. Kent County is not in as good a position as New Castle County. They have an adopted land use plan. Sussex County has just begun their 208 program and they are at least a year behind New Castle County.

One of the ideas this group came up with was that perhaps we could come up with some kind of State-wide plan on or about the first of May with a recognition that the level of sophistication of the plan would vary depending on where you were in the State and at the same time come up with some kind of mechanism to build in these other programs and amend the plan accordingly as they come on line.

The group identified a number of problems. There was a general consensus that the Chairman, or someone from the Commission should meet with local officials, county commissioners and planning commission members - and brief them on Delaware Tomorrow and why we're doing this plan. The reasoning behind this is so that the planners who have to be involved would have the support of their bosses and also so that when we come out with some kind of plan, the local officials know

what they are buying into also - since the concept of the plan said it would be a cooperative thing, in the implementation of it.

Another issue that was raised was, in terms of a State-wide plan, are the land use policies that have been adopted by the Commission, in fact, the policies that this plan is to be based on? Mr. Biondi said, from the point of view of the Commission, yes. That requires that governmental officials be convinced about the merits of those policies.

Mr. Weiner asked Mr. Keifer to give an illustration of a policy adopted by the Commission that is in question now relative to its inclusion in a State-wide Land Use Plan.

Mr. Keifer said there was a whole "litany" of recommendations in the Land Use Report on development, transportation and highway policies. He asked, what indeed, is the policy framework for that State Land Use Plan. Is that policy framework for that plan the policies that have already been adopted by this Commission.

Mr. Weiner said Mr. Keifer discussed somethings in terms of configurations. Mr. Weiner wanted to know: what kind of configurations. In other words, when the plan is completed, will it show where to build a new town?

Mr. Keifer said that it was the general view of the planners present at the meeting that, conceptually we were almost forced to think at the level of the New Castle County District Study.

Mr. Biondi said that Mr. Weiner is addressing himself to questions that, at some point, are going to be critical. However, he pointed out that nobody present at his meeting told Mr. Keifer to "go to hell". Mr. Keifer agreed that there was a general spirit of cooperation. He said no one present indicated they would not be willing to participate or that it would be an impossible task.

Senator Berndt noted that the U. S. Government reserves certain powers and says that those powers they don't have belong to the State. He asked if Delaware is going to do this to the Sub-units of government within the State.

Mr. Keifer said that his understanding of what the Commission adopted last week was for them to come up with some kind of plan that would incorporate the land use planning, that is traditionally the responsibility of the local governments, with the "quasi" land use planning done by the State government, particularly through Secretary Bryson's regulatory programs, along with the capital investments and related sorts of things that the State government traditionally does that has an influence on land development, come up with a plan that incorporates all of those and some implementation process that would orchestrate the implementation of all those regulations and laws by the levels of government that currently administer them. No one unit of government could unilaterally make a decision that would upset the plan. There would be no coersion and the "turf" would not change substantively from the way it is now. No one unit of government could unilaterally change the plan or make a decision in violation of the plan. The plan would probably be changed annually through some monitoring process. Mr. Keifer said this was his view of what the Commission was asking them to do.

Mr. Keifer also noted that the feeling at the meeting was that there were other governments who should have been invited but were not - Newark, Dover and possibly some others. Mr. Biondi suggested that the members of the Delaware Tomorrow Technical Advisory Committee might be a good basis of people who should be involved in this plan.

Mr. Biondi noted that the time frame (May 1, 1976) seemed to be more acceptable in New Castle County than in the lower two counties. Mr. Keifer said this was true mainly because of the status of certain projects that are already underway.

Mr. Weiner said he does not understand the nature of the kind of plan they are talking about. He said that what he feels the Commission is looking for is the broad policy outlined in a State-wide plan, which would help us to deal with very broad issues not the definite decisions which were to be left to the local jurisdictions. If they said that it will be, infact, a broad brushed overall approach to the plan, then Mr. Weiner could understand it. If that is not what this group meant, then he can see that they will have difficulty getting the plan adopted by May - or getting it before us by May.

Secretary Bryson explained that we have some court suits pending right now that are going to decide quite a bit on what is put into the State-wide Land Use Plan concepts. One of them is on water allocation.

Mr. Biondi read the resolution adopted at the last meeting relative to the development of the State-wide Land Use Plan. He said that was the general principal agreed upon, however, he felt it would take a while to figure out the specifics of what the Commission really wants.

Mr. Larson said that if this group is going to do nothing more than make a composite of district-type plans, then it's not worth the time.

In terms of financing this venture, Mr. Keifer said their assignment was to come up with something by the end of this month in terms of how they will accomplish this task.

Mr. Biondi said there was an open issue, raised by Mrs. Slights, that the Commission never considered that was in the Land Use and Community Development Addendum of May 15, 1975, was a sentence that reads: "The Committee further agrees interim legislation dealing with lightering, aquifer recharge and tributaries, should be considered immediately". Mr. Biondi said he thought we knew what the lightering legislation is all about - the regulation of lightering as it presently takes place in the Bay. There is some disagreement

as to who ought to do the regulating. However, Mr. Biondi said he wasn't sure what was meant by legislation dealing with aquifer recharge and tributaries.

Mrs. Slights said her understanding of this statement was the concern in the Engineer's Report that aquifer recharge and tributaries be designated as are as of critical concern.

Mr. Biondi felt this was part of the Land Use Plan and would be covered in the planning area. This statement does not require legislation.

Mr. Weiner felt that the interim legislation dealing with lightering does call for some action, because it may pose some threat to the environment. On the issue of aquifer recharge in the tributaries, he felt we should wait until we get an overall State plan and see what is of critical concern and what is not, because the present knowledge of aquifer recharge is poor and this is one of the things that should be addressed.

Mr. Weiner asked if we need interim legislation on lightering? Secretary Bryson said not necessarily, however that doesn't mean we shouldn't have some control in the future.

Mr. Weiner moved that that sentence in the Addendum be stricken. He moved that the Commission not support taking positive action supporting that recommendation. Mrs. Slights said she would support Mr. Weiner's motion with the understanding that the aquifer recharge and the tributaries will be dealt with and that we are not, by striking this paragraph, striking the idea.

Mr. Biondi agreed to state that this subject will be dealt with in the context of the plan.

In closing, Mr. Biondi delegated the following tasks to be accomplished prior to the next meeting of the Commission:

1. Mr. Oldach was asked to take the responsibility of calling a meeting

of the Economic Development Committee on the issue of separating the concept of population growth and economic growth, as stated in I. A of the Summary.

2. Mr. Krieger was instructed to call a meeting of the Cost of Public Services Committee to discuss the letter and attachment from Mr. Webb to Mr. Biondi, dealing with I. B of the Economic Development Summary. (The meeting was scheduled for Monday, July 14). Mr. Biondi further requested that this Committee discuss the four questions raised by the Economic Development Committee on pages 8 and 9 under III. B 1-4, and report back to the Commission with an idea on what data is available.
3. Mr. Biondi asked that the entire Commission give some thought as to how the Commission should state their approach to the question of growth.

Mr. Gilliam asked if anyone has looked at how other states have handled projections in the area of growth? Mr. Keifer said that they all have projections of some sort, however, he was not sure how they handled the government finance part. He agreed to check further into this matter and see how other Commissions similar to Delaware Tomorrow have approached these questions.

The next meeting of the Commission has been scheduled for Wednesday, July 23, 1975, 4:00 p.m., at Wilton Community Center.

Respectfully submitted,

Dee Burkley

Dee Burkley

STATE OF DELAWARE
PLANNING OFFICE
DOVER

DAVID R. KEIFER
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PHONE: (302) 678-4271

Ref: 1007/1404

July 29, 1975

DELAWARE TOMORROW COMMISSION
MINUTES OF MEETING OF JULY 23, 1975

A meeting of the Delaware Tomorrow Commission was held on Wednesday, July 23, 1975, at the Wilton Community Center. The following members were present:

Mr. O. Francis Biondi, Esquire
Mr. David R. Keifer
Mr. Frederick G. Krapf, Jr.
Mr. Carl S. Oldach
Mr. Jay N. Cooperson
Mr. Leon N. Weiner
Mr. Joseph Golden
Ms. Dorothy Greer
Ms. Joann D. Slights
Ms. Marcie Bierlein
Mr. Ross E. Anderson, Jr.
Secretary John D. Daniello
Mr. Richard Bauer (voting proxy for Mel Slawik)

Also present:

Mr. Nick Fisfis
Dr. William Markell
Dr. William R. Latham, III
Mr. Spencer Thompson
Mr. Arthur H. Krieger
Ms. Peg McClane
Ms. Jane B. Aughey
Mr. Bernard Dworsky
Ms. Merna Hurd
Mr. Steve Chamberlin
Mr. William Bradford

Chairman Biondi called the meeting to order at 4:30 P.M. He read an excerpt from the minutes of the July 10 meeting, in which he delegated several assignments to be accomplished prior

EXECUTIVE DEPARTMENT
SHERMAN W. TRIBBITT
GOVERNOR

to the next Commission meeting. These are as follows:

1. "Mr. Oldach was asked to take the responsibility of calling a meeting of the Economic Development Committee on the issue of separating the concept of population growth and economic growth, as stated in I.A of the summary."

In response to this request, Mr. Oldach noted that he had spoken to Mr. Thompson and several members of the Economic Development Committee and it was agreed that in the use of the word "growth" in this report, they were referring to population and employment growth only. He noted the following changes to the report to clarify this issue.

Page 1, IA. The high rate of <u>population and employment</u> growth in Delaware .....

Page 8, IIIA (a) that the State can obtain general agreement on goals for population and employment growth;

Page 8,IIIB In order to establish a reasonable goal for future <u>population</u> and <u>employment</u> growth rate .....

Page 9,IIIB3 Will future population growth in the State cost....

Page 9,IIIC The Delaware Tomorrow Commission should establish population and employment growth goals.....

Page 9,IIID ....the Economic Development Committee believes some continued employment growth within the State.....

Page 13, Part I Change in Delaware's Rate of <u>Population and Employment</u> Growth

Page 13 Part I Between 1950 and 1970 Delaware experienced one of the

fastest population growths .....

Mr. Oldach said he felt the rest of the report was self explanatory. Mr. Biondi said that, from the Chairman's point of view, these amendments clarify the intent of this report.

Mr. Biondi asked Mr. Weiner if these amendments answered the questions he raised the last Commission meeting. Mr. Weiner said his questions were answered and that using the word "employment" rather than "economic" pinpoints further the issue being addressed.

A motion was made and seconded that the amendments to the Economic Development Committee Report cited by Mr. Oldach, be adopted by the Commission. This was agreed to by all present.

Mr. Weiner asked for clarification of paragraph C on page 9, the phrase "....such things as internal population growth vs in-migration ....." Mr. Biondi said that, at the last meeting it was stated that the phrase "internal population growth" was meant as a contrast to "in-migration" and there were no policies being recommended with respect to the internal population growth. Mr. Bradford suggested substituting the word "considering" for "including" so as to read "... goals considering such things as ...."

It was moved and seconded that Section III C be amended to read: " The Delaware Tomorrow Commission should establish population and employment growth goals considering such things as internal population growth vs in-migration, type and amount of new businesses desired, and a forecast of the resulting changes in State income and expenses."

Mr. Biondi said that the minutes from the July 10 meeting further state:

2. Mr. Krieger was instructed to call a meeting of the Cost of Public Services Committee to discuss the letter and attachment from Mr. Webb to Mr. Biondi, dealing with I.B of the D Summary. Mr. Biondi further requested that this Committee discuss the 4 questions raised by the Economic Development Committee on pages 8 and 9 under III.B. 1-4 and report back to the Commission with an idea on what data is available."

Mr. Biondi asked Mr. Krieger if his Committee had, indeed, met and discussed the changes which had been suggested by Mr. Webb in the report of the Economic Development Committee on Page 2 and 3. Mr. Biondi said it was suggested that I.B. be changed to read: "Delaware's tax situation changed."

Mr. Webb also suggested that B. I. be changed to read: "Public borrowing to finance the rapid expansion of government services expanded rapidly." He further suggested that I. C. be changed to read: " the cost of past long term borrowing (debt service for interest and principal repayment) has increased in dollars significantly. However, as a percentage of annual total General Fund Disbursements, it peaked in 1961 at 20%, declined to 18.1% by 1968 and further declined to 15% for the year beginning July 1, 1975 (FY 76)."

Mr. Krieger said that the Cost of Public Services Committee met on Monday, July 14. He said there were two attitudes towards Mr. Webb's letter:

1. Some Committee members felt that the wording of

Mr. Webb's letter be adopted as suggested.

2. Others felt that they might object to the suggested revisions.

Mr. Krieger noted that Cost of Public Services Committee members generally resented several remarks and the tone of Mr. Webb's letter.

Mr. Biondi said this letter represents one man's view and certainly not the view of the entire Commission.

Mr. Krieger said that the viewpoint of the Cost of Public Services Committee was that they would not object to the changes suggested by Mr. Webb. Mr. Biondi said he was particularly concerned about stating correctly whatever the cost of debt service is in the State. He said we are borrowing more money than we have ever borrowed before in interest expenses. Apparently, however, the size of the State budget is growing faster than those interest expenses and if you are going to talk about it in terms of a percentage of the State budget, it is not rising in terms of the State Budget - that was not technically correct.

Mr. Bradford said that, in connection with the attachment "Debt Service Percent of General Fund Disbursements", the bonded debt column is outstanding. He said figures that the Cost of Public Services Committee have been using is outstanding plus authorized. Therefore, these figures, while they are not involved in the computations that are made as debt service, are nevertheless misleading in that there have already been bond authorization bills passed, which if issued, would be in excess of this amount. The point Mr. Bradford expressed was that, if the figures in the report

on Bonded Indebtedness are ever to be used, he thinks they will be in conflict with the figures shown in the Cost of Public Services report.

Mr. Biondi noted that in B.I (c), the comment "It now amounts to over 10% of the State's budget and is rising", is simply incorrect. In fact, in 1973 it amounted to 14.8% of the State budget, but because of the tremendous increases which are taking place in the State budget, as a percentage of General Fund disbursement, it is decreasing. Therefore, Mr. Biondi said that this statement is incorrect and should be eliminated from the report. He said we then get to the substantive question of what framework should the cost past borrowing be addressed in-should it be related to the State Budget, per capita, or other criteria. He suggested that the last sentence in B.I. (c) be eliminated.

Mr. Anderson suggested that B.I. (c) be amended to read: "The cost of State borrowing (debt service for interest and amortization) has caused a significant increase in current revenue requirements."

Mr. Biondi suggested the following revisions to Section I.B:

B. Delaware's tax position has changed.

1. Public borrowing to finance the rapid expansion of government services has expanded rapidly.

a) same

b) same

c) The cost of State borrowing (debt service

for interest and amortization) has caused a significant increase in current revenue requirements.

Mr. Weiner questioned the term "fiscal acceptability." Mr. Webb noted that the absolute ceiling on the amount of money that can be authorized, under capital programs, is 2.8 times the revenue for the preceding 12 month period. The source of that limit is an act by the General Assembly. Mr. Webb said that this may be something the Commission would like to comment on. The ceiling for this FY was $1,043,000,000 - that is the statuatory limit. Mr. Weiner pointed out that we have a bonded indebtedness of about $500,000,000 - less than 50% of the statuatory maximum. He stated that he questioned the question of fiscal acceptability.

Mr. Webb said that one of the three criteria for a government to be in fiscally responsible condition, as far as its operating budget is concerned, is that its debt service cost is not to exceed 18% of operating revenue. Delaware was in excess of a reasonable, fiscally sound level, from the period 1960-1965.

Mr. Weiner said that the Delaware Tomorrow Commission Report will be read by Industries, employers, and the public - some looking to settle in Delaware and make this their home. If we say that our public borrowing has approached the upper limits of fiscal responsibility - we have done a disservice.

Mr. Biondi then suggested that B.I. (c) be amended to read: "The cost of past borrowing (debt service for interest and amortization) has caused a significant increase in current revenue requirements although it has declined as a percentage of general

fund disbursements since 1961.

Mr. Thompson pointed out several things he noticed when he wrote the Economic Development summary. The per capita debt, just from 1968 to 1973, State and local, has gone up from $57 to $78. The debt increase, in the last 20 years in Delaware, has been so rapid that Delaware can't sustain that sort of increase in the next 20 years. He agreed to accept B. I. (c) as amended by Mr. Anderson, however, he felt the Commission should recognize that there is a problem that we have financed a lot of the growth in the last 25 years with the rapid expansion of our debt- we can't continue this in the next 20 years without being irresponsible.

Mr. Oldach said that part of the thought that was behind Section B is that the fiscal crisis in Delaware has been a cause for concern with industry. These fiscal crisis were the result of the cost going up rapidly and a scramble to try to raise the money to pay it. He said it might be helpful to add a Section B.I. (d) which states: "Some of these increases have been reflected in fiscal crisis which have been a concern to industrial management."

Mr. Biondi said that there were some decisions made during the period 1968-1972 where the State took over the obligation of the County with respect to some important services. That was a shift from a local to a State base of those expenditures. Because the State had to pay for those, to pinpoint the years in which that took place as the years around which the State's attractive low tax position came to an end, is an oversimplification of the problem. Mr. Biondi said that is why he would like

to delete any reference to a specific year.

Mr. Anderson then suggested Section B be amended to read: "Delaware's tax position has changed in recent years."

Mr. Weiner felt that the point needs to be made that we are concerned about economy in taxation, effective, fair taxation, etc; however, he thinks that if we are trying to make the point that something has happened in recent years, that puts us at a disadvantage with other States - that we were wrong. He feels that we need some adjustment in the way we are doing - the internal tax raising- but not the totals.

Mr. Thompson explained the Committee in writing this Summary was trying to look at the 20 year period to see the kinds of changes that have taken place over that period and then try to look ahead to the next 10 years to see, if those trends continued, what the impact would be. The Economic Development Committee's impression was that Delaware's relative tax per capita has gone up over that 20 year period more than just would be indicated by the amounts that are seen when you look at 1960-1973. He further pointed out that the Committee was concerned with the thrust of the taxes that had taken place in recent years in terms of its impact in bringing new industry into the State. He said that is why the date 1970 was chosen- because of the thrust of the recent taxes in terms of the impact it had on the industrial community.

Mr. Weiner agreed that the thrust and direction of the taxation that we have needs to be re-examined to make it a more progressive, rather than a regressive tax policy, however, he would not like to see the generalization that Delaware has gone downhill with regard to other States.

Mr. Biondi suggested looking at Section B from another frame of reference, changing it to read: "The fiscal burden of State Services has increased substantially in recent years." The reasons for this are spelled out in B. I-4.

It was moved and seconded that Section B be amended to read: "The fiscal burden of State services has increased substantically in recent years." This motion was approved by all present.

Mr. Anderson moved that B.I. be amended to read: "Public borrowing to finance government services has expanded rapidly." This motion was seconded and approved by all present.

Mr. Anderson moved that B. I. (c) be changed to read: "The cost of State borrowing (debt service for interest and amortization) has caused a significant increase in current revenue requirements." This motion was seconded and agreed to by all present.

Mr. Biondi suggested that a Section B.I.(d) be inserted so as to read: "One of the causes for the expansion of public borrowing has been the assumptions by the State, of services which were previously funded on a local basis." Mr. Thompson felt this was not a large enough issue to be put in writing.

The original Section B.I.(d), which read, "Additional borrowing faces increasing political resistance," was deleted from this report at a previous Commission meeting.

Mr. Oldach suggested adding an Item B.I.(d) which would read: "Fiscal crises have occured recently partly as a result of the State assuming local service costs, which has been a concern to industry." He felt that the recognition that the crises caused concern is just as important as whether we are fiscally responsible or not.

Mr. Biondi said that he felt that the public's definition of a "fiscal crisis" is a little unrealistic. He said that everytime we have to raise taxes it is labeled as a fiscal crisis. He said that the fact is that Delaware has been able to pay our bills without dramatic changes in the tax structure, either in the form of tax or the rate of tax--with one exception--the income tax rate.

Mr. Biondi clarified the point Mr. Oldach was making. He said we don't have a sales tax in the State at the present time; we don't have a State tax on real property; however, if each year there is a "fiscal crisis" and if there is a history of this, industry, although they may be satisfied with the present tax posture, does not know what will happen next.

Mr. Webb suggested that B.2 be amended so as to read:

"2. In line with proper fiscal practice, deferred expenses must be met out of current revenue.

a) The cost of pensions for State Employees has risen from 3% of payroll in 1950 to 18% of total general fund payroll in FY 76 (partly to cover unfunded past service liabilities in excess of $200,000,000 over a forty year period beginning with FY 76.)

Mr. Biondi said he would not agree with the first part of this, because we are trying to describe the problem. Mr. Webb is saying that in line with proper fiscal practices incurred expenses must be met on current revenue. The thrust of Mr. Thompson's statement is that we did not, in the past, make allowance for these expenses. They were deferred and they must now be met out of current revenue.

It was moved and seconded to leave B.2 as written so as to read: "Deferred expenses must now be met out of current revenue," and to amend B.2 (a) as suggested by Mr. Webb, so as to read: "The cost of pensions for state employees has risen from 3% of payroll in 1950 to 18% of total General Fund payroll in FY 1976 (partly to cover unfunded past service liabilities in excess of $200,000,000 over a forty-year period beginning with FY 1976.)

This motion was agreed to by all present.

It was agreed to accept B.2 (b) as written.

On Section B.3, Mr. Biondi asked if there has been an impact on the capital budget of the State by the State taking over these other services. If so, it ought to be stated here. Mr. Keifer said the impact has not been significant. Therefore, everyone present agreed to accept B.3 as written.

Mr. Biondi felt that in Section B.4 there was some problem with the date 1970. Mr. Webb felt that 1969 would be more accurate, as that was the first of a series of tax packages. The point being made is that the thrust is that the taxation mix has increased substantially.

It was moved and seconded that B.4 be amended to read: "Since 1969, individual income and capital gains tax rates have been increased substantially." This motion was approved by all present.

On Section B.4.(a) Mr. Biondi noted that we have not lost our total competitive advantage over other States with respect to location and other things. Therefore, he suggested amending 4 (a) to read: "Delaware has lost a competitive advantage over

other states." It was moved and seconded that this suggestion be adopted. This motion was agreed to unanimously.

In B.4.(b), Mr. Biondi felt that instead of talking about revenues, we should be talking about levies.

Mr. Weiner noted that on a per capita income basis, Delaware is, today, better than we were in 1960. Mr. Weiner then suggested striking the word "now" from B.4. (b).

Mr. Thompson said that Delaware's rank for State and local taxes on a $1,000 per capita income for 1958-1959, we ranked 50th. Now Delaware ranks 35th, so our relative position has declined in the last 15 years.

Mr. Biondi said that the whole purpose of saying that Delaware is now about average is to indicate that we cannot go around selling Delaware as a nice, low tax State to come to.

Mr. Weiner expressed concern that the Delaware Tomorrow Commission Report address all income brackets - not only those in high income tax brackets that have capital gains concerns.

Mr. Krapf moved that B.4 (b) be amended to state that "Delaware has gone from a State that had the best, to relatively good, to 35th." Mr. Bradford pointed out that those figures are not based on per $1,000--there is a difference.

Mr. Biondi moved that Section B.4.(b) be amended so as to read: "It's total State and local tax revenues, on a per $1,000 of income, have increased so that we are now above average for all States, whereas we were the leader.

Mr. Thompson felt that the issue was getting lost. He said that the average is $120 and Delaware is $115. Back in 1958 the average was $85 and Delaware was $55. Mr. Biondi agreed and

moved that B.4.(b) be amended to read: "Total State and local tax revenues on a per capita income basis, are about average for all States, whereas 10 years ago we were the leader." This motion was seconded by Mr. Keifer and agreed to by all present.

The Commission went on to discuss the 4 questions raised in the Conclusion on Pages 8 and 9. The Cost of Public Service Committee was asked, at the last Commission meeting, to look at the 4 questions raised, in the context of what data is available and what can be said in response to those questions. The four questions areas follows:

1. How much of the present debt and the related debt service was incurred to finance the post-war growth in the State?
2. Are there latent costs of that growth which have not yet appeared in the current expense budget of the State, such as, some of the cost needed to bring Delaware's highway system up to date or to expand hospitals and prisons?
3. Will future population growth in the State cost relatively more in relation to per capita income than the cost of our recent growth? Could the cost of this growth be minimized by effective planning?
4. What would be the relative benefits and liabilities of bringing into Delaware (and into different locations within Delaware) different types of businesses with their varying service requirements, job requirements, income contributions, environmental impact and related considerations?

In this regard, two separate reports were prepared; one by the Delaware State Planning Office staff and the other by Mr. Arthur Krieger and his staff.

Mr. Biondi first discussed the Delaware State Planning Office report entitled: "Operating and Capital Cost Projections Delaware State and Local Governments 1973-1985." This report was distributed to everyone present.

Mr. Keifer explained that the Cost of Public Services Committee met on Monday, July 14, discussed the issue and did not resolve the issue then. Mr. Krieger, Dr. Latham, Mr. Keifer, and some Delaware State Planning Office staff members met again on Wednesday, July 16 to try to come to grips with some of the questions. This paper was produced as an attempt to get at the problem freely admitting that this does not totally answer the questions.

Mr. Keifer went through each Table, explaining them briefly, starting with Table VI (6). He said that they felt the thrust of the questions raised by the Economic Development Committee were (1) can we afford the kinds of growth that we think seem likely, or (2) will that level of growth present some undue burden on the taxpayers of the State, in terms of financing. They assumed a population of 700,000 in 1985, which has been more or less agreed to. They used 1973 as the base year because that was the last year they had in the original Cost of Public Services report. They, very simplistically, assumed that the per capita operating costs, for 1973, would remain constant til 1985. They ran those out based

on multiplying them all by 700,000 to obtain the operating costs, in terms of Table VI. That is the categories beginning with Education down through General Control plus All Other (operations). There was some data on Pensions in the Cost of Public Services Committee Report. Based on that data, they assumed that $35.4 per capita in 1973 would remain constant. That is how they came up with the second column of Table VI. On debt service, they went through an analysis, that actually makes up the first 5 tables of this report, getting an overview of what the existing debt of the State government is. They calculated and analyzed the existing debt of the government. They made some judgements as to what the likely capital improvements of the state government would be, essentially by agency, to service a population level of about 700,000. They attempted to gather data from New Castle County and the City of Wilmington on their existing debt and their capital improvements plans. They obtained some data from Wilmington, however, they were unable to obtain any data from New Castle County so they made some assumptions to cover that. They then forecasted out what amounts to a capital program. The bottom line worked out to be 40 million dollars for the State and 15 million dollars for all locals combined. They held that constant in 1973, ran out the debt service on that-assuming 20 years general obligation bonds at 6% interest; calculated the debt service to pay that off, added on the retirement shcedules for all of the existing debt, and came up with the debt service numbers in column 2 of Table VI. Then, in order to get these figures into 1985 dollars, they applied 8% compounded to the 1973 numbers in column 2 to come

up with the 1985 numbers in 1985 dollars in the third column.

Mr. Keifer explained that they did not address revenues in this report. However, the expenditures levels in this report, are not too far off from the projections that Dr. Latham did in his report on "Revenue and Expenditure Projections" (distributed at a previous Commission meeting), where he made certain assumptions about the growth in revenues. Dr. Latham's assumption of about 5% a year fro inflation comes out to be not too far off from their expenditure projections.

Mr. Keifer said that the bottom line on all of this is that, if the Commission decides to accept their assumptions, then the expenditure side is not unreasonable given the projections of revenues.

This report was discussed briefly prior to the Commission meeting, with some of the members. The Cost of Public Service Committee and Mr. Keifer felt they had general consensus on the procedures used and assumptions made.

Mr. Keifer noted that these projections were based on the assumption of no change in the level of service per capita, no changes in programs.

In order to reflect the change in population from 500,000 to 700,000 they multiplied 700,000 times the 1973 per capita expenditures. Then to get from the 2nd column which was in 73 dollars to Column 3 in 1985 dollars, they ran an 8% compounded.

Mr. Krapf noted that the only thing that can be argued is if they used the correct percentage (rate of inflation) number. Mr. Keifer said that is why they listed 1973 dollars as well as

1985 dollars and tried to keep everything as simple as possible.

Mr. Keifer said this table also says there is no penalty for growth, up to 700,000 accepting their assumptions on the Capital facilities ($40,000,000 per year). This report says that this is probably fairly close to what is needed on an annual average basis, if the population increase is located in accordance with the policies already advocated and adopted by the Delaware Tomorrow Commission.

Mr.Weiner expressed concern that the total figure in column 3 of Table VI might be distorted, since without comparable salary figures, it appears frighteningly large. (to the average citizen).

Mr. Webb said that historically general fund revenue increases are between 7% and 8% a year, so between now and 1985 we are looking at about $900,000,000 in revenue, even with no increases in taxes.

Mr. Biondi asked if this Table says that the Commission can safely recommend a growth policy at the level of 700,000 over the next 10 years - that the State can afford it? Mr. Keifer says that is about what they are saying.

Mr. Thompson said that, as he understands the Table and Mr. Keifer's explanation, they have said that they really can not answer the questions. Mr. Biondi said that perhaps, then, the questions should be stricken.

Mr. Thompson said if they cannot answer the question, we ought to recognize that we are going forth a little blind on this issue. We don't know how much of the present debt and related debt service was incurred to finance the post war growth.

Dr. Latham felt that the point this report makes is that the response has been such that enough physical capital has been provided so that another 100,000 people can be handled without undue pressure on the budget.

Mr. Biondi noted that they were saying that the principal expenditures are for highways and sewers and that they are currently under construction or in the planning stages and have the capacity of in excess of 700,000 people. There will be relatively zero demand for new school construction.

Mr. Webb pointed out that these projections were not looked at programmatically. Mr. Keifer said that was impossible to do in one week. Mr. Weiner said that the Planning Office had done "a hell of a job." considering the time constraints.

Mr. Bradford said that we have only half the data required to support the assumptions. He suggested that similar data be compiled for revenues in addition to expenditures.

On the question of whether or not the four questions raised in the Commission Report should be stricken, since they can't be answered. Mr. Keifer said that in light of the Statewide Land use planning exercise agreed to by the Commission, to be completed by May 1, he felt that by then they should be able to produce answers to these 4 questions. He felt that they are valid questions and should be answered.

Mr. Weiner wanted to know what was the purpose of answer-

ing the questions.

Mr. Biondi said we are dealing with the report of the Economic Development Committee and the issue now is what portions of their report will be accepted by the Commission. There are specific questions that are up to the Commission to answer and make recommendations. He said the Commission has to be engaged in dealing with the substantive questions raised by that section of the Committee report.

Mr. Thompson said the 700,000 population projection for 1985 assumes an in-migration, however, this in-migration is substantially less than was realized in the last 20 years. The Commission has to face the issue of: is that a reasonable goal to set - to have relatively lower level of in-migration in the next 10 years than we have in the past 20 years.

Mr. Biondi said that in the Economic Development Committee Report they continuously refer to the fact that in the period between 1950 and 1970 Delaware's population and employment growth was twice the national average. Since 1970, it has fallen to the national average and the national average has fallen. If we can just maintain pace with the national average and provide the number of jobs stated in the report, we will have enough jobs to support the natural growth in the existing population plus some small in-migration. Mr. Biondi said that he has been assuming that the 700,000 population figure relates to that perameter of economic and population growth. He asked if the report now being discussed, in addition to revenue figures, projected to 1985, will indicate that we can afford that rate of growth without

strapping ourselves anymore than we are at the present time? The answer to that question is yes. How much more growth can we afford at what cost, if we want a rate of growth which is more than merely enough to satisfy the number of jobs we will generate internally, plus a small in-migration.

Mr. Krapf said that was the question in his mind: "If it is only a mathematical number to go to 700,000 why can't we go to 800,000 or 1,000,000.

Dr. Latham said that Mr. Keifer did not mention some of the numbers behind this report, one of those being the figures on school age population. Mr. Fisfis said that we had 135,000 at our peak; we are down to about 125,000, we will bottom out at about 100,000, then when we have 700,000 people, it is projected we will have 135,000 school age children again - which will bring us back to our capacity. Therefore, Dr. Latham said that this report says if we want more than 700,000 people, we will have to expand the capacity of schools, then the projections are no longer valid and the per capita costs start to rise more rapidly.

Mr. Weiner said that since we agreed on 700,000 as an arbitrary figure and understand that this is just "for instance" then we can begin answering the four questions in the Economic Development Report. The answers in Mr. Keifer's report are not a response to those 4 questions and Mr. Weiner felt that even when we have a Statewide Land Use Plan the questions will not be answered.

Mr. Weiner went on to say that these questions go into

depth to question the assumptions that are made. They made the assumption that the cost per capita, for 100,000 to 125,000 more population, assuming the level of services to remain the same, will continue in a straight line curve. In order to answer the first question asked on page 8, B.I., there are several important characteristics to take into account: 1) you have an rapidly expanding population with tremendous geographical spread and you are playing catch up. 2) Are there latent costs of that growth that have not yet appeared - have we finished playing catch up? 3) will the future growth in the State cost more in relation to per person income.

Mr. Weiner said there are a whole series of hypothetical questions that have to be outlined. He said the fourth question is a little easier to answer because you are dealing with the physcial and the question of facilities that already exist. He said that those 4 questions, unless the Commission is willing to work for the next 6 months or year, are not going to be answered by us- not in the fashion that we would want to put our name on.

Mr. Biondi asked Mr. Weiner how the Commission should answer III. C. on page 9 which says: "The Delaware Tomorrow Commission should establish population and employment growth goals .....". Mr. Weiner said the Economic Development Committee, in Part I, have already done that. He said he is willing to accept the series of figures put together in their report.

Mr. Biondi asked Mr. Weiner if he was then saying that the population and employment goals to be established by the Delaware Tomorrow Commission should be those which are consistent with the

job growth goals spscified by the Economic Development Committee on a population of 700,000 for the year 1985. Mr. Weiner said he would be willing to accept them for the next year, however, he did want to look at them again in a year.

Mr. Bradford felt that the first two questions on page 8 have, in essense, been answered, in that we have said that the examinations of the debt service, to a point, indicates that "catch up" is pretty well in the planning pipeline. Therefore, the answers to question 1 is less relevant to question 3 and 4 than they were when they were asked. However, Mr. Bradford felt that questions 3 and 4 need further consideration by the Commission. He asked if it was the intention of the Commission to produce at this point in time a report which makes recommendations over a 10 year period or to set forth one level of growth, which is almost non-growth and raise the questions that have to be answered (3 and 4). He asked if this Commission is in a position to make a final recommendation as to growth over ten years at this point?

Mr. Weiner said that planning is a constant process. He reads the report to say we want some growth, a fair amount of growth, we want growth in certain areas; we want growth that will recognize the need to cluster our communities, as well as to bring in growth that will provide jobs. However, he feels that you cannot every make a projection that will stand up for 10 years. Mr. Bradford said that was the exact point he was trying to make.

Mr. Thompson said that the Economic Development Committee, in these job and population projections, assume a lower rate of growth in the next 10 years, than we have had in the last 20 years

by a substantial margin. The Commission has to answer the question: is that acceptable? He went on to say that the population in Delaware is going to change in the next 10 years just from the people who are already here. That population will generate a larger work force than now exists in the State. The percentage of people working will be larger 10 years from now than we have now, whether we have any in-migration or not. Therefore, we are going to need more jobs just to provide for that change in the demographic make up of the population. In addition, they thought there would be some in-migration just to take care of industry that is already here.

Mr. Biondi asked Mr. Thompson if the rate of growth which is suggested by the job numbers and the Cost of Public Services Committee, a 700,000 population projection- isn't that a base rate for economic growth, or a minimum rate which we must afford? Mr. Biondi said it is substantially less than we have had. It will provide only 50,000 more new jobs. Mr. Biondi felt that the Commission must identify that as a base or a minimum rate of growth which must be afforded, we have to change economic and tax policies in the State to see that we meet it, and then we must go on, on a year to year basis, looking at our assets and liabilities and what our costs are of growth beyond that to see how we will deal with it. However, this seems to be a framework of a minimum or base rate of economic growth which must be afforded.

Mr. Thompson said he agreed to that view in the sense that the 700,000 projection is pretty close to a no-growth pattern, as compared to where we have been in the last 20 years. There is just enough growth in it to provide the margin of jobs for the people

in the State. It will require some in-migration to support that just because you may not have all the technical background you may need in the existing population to take care of existing jobs.

Mr. Biondi said, looking at the total figure in Column 2 of Table VI, are not we saying that we have to afford this rate of growth and to go beyond this rate of growth and to stimulate more growth, we had better get concrete answers to these four questions and other questions which have been raised- in this Commission about the cost of growth.

Mr. Thompson said he did not think we have faced the fact of what growth has cost us in the past 20 years. He has the feeling that our highway system has deteriorated in the last 10 year or 15 years. He doesn't know what it would cost us to get back where we were 10 years ago or whether we need to go back to where we were 10 years ago. That question is not answered by the data given to the Commission today.

Mr. Biondi asked Mr. Thompson what rate of growth he thought we should achieve in Delaware in the next 10 years. Mr. Thompson said he is a low growth man- he would not recommend the kind of growth we had in Delaware in the last 20 years. However, he wanted the Commission to understand that these figures represent a change. He said he would not recommend a lower rate of growth than the suggested 700,000, however, he would not recommend a much higher rate of growth than that.

Mr. Krieger noted that, in addition to Mr. Keifer's report, he has another report which backs up and substantiates Mr. Keifer's figures and on those schedules you can see that they

have attempted to develop the numbers of what it would cost for the growth per capita. Mr. Biondi said this issue would be addressed later.

Mr. Cooperson expressed concern that there seems to be an assumption, which he does not fully agree with, that somehow in a State this small that the changes we can make in our fiscal and tax policy are such that we can fine-tune the growth to the degree that is being addressed by the Commission.

Mr. Biondi disagreed and said that the whole discussion indicates that nobody in the room thinks you can fine tune growth. What they think is that there is a minimum level of growth that is going to be required and in order to achieve that we have got to reverse alot of policies we have had in the past.

Mr. Cooperson said he does not question the desirability of having growth because growth is inevitable.

Mr. Chamberlin said that the concept being put forth by Mr. Thompson can be expressed more clearly if you separate the ideas of population and economic growth. He felt that if you look at the two separately and say, for instance, that we would consider a net rate of 4% of population growth and 3% of economic growth, the implication of that is that the gross growth rate of the State, if you defined it in terms of dollars, would be 9% per year and you could project that out. He felt that Mr. Thompson, in the Economic Development Committee report, was saying that we are going with basically a very low population growth rate but the demographic characteristics of our base population are such that they are going to put more people in the employment field and it will be necessary to expand the economic growth rate to accommodate those persons to

be employed. By looking at the two of those, he felt that Mr. Thompson is saying, in terms of policy, that while you may not become aggressive in terms of population growth, you are going to have to undertake some fairly positive and aggressive policies in terms of economic growth to provide the number of jobs that will be necessary.

Mr. Thompson said that if we can regress some of the things that have been depressing economic growth back to where we were on a more normal basis, we would get that kind of economic growth without bringing an awful lot of new industry into the State. The industry in the State already would provide much of that growth.

Mr. Krapf completely disagreed with Mr. Thompson's statement. Mr. Thompson said where new industry may be needed is that where there are unemployed and underemployed in Wilmington and Sussex County, we may have to bring some industry in to provide a balance economic growth. However, in the large numbers of the kind of growth that is, we will get in the next 10 years, it will come out of existing industry in the State.

Mr. Krapf said he still disagreed because, as an example, most companies are "increasing production yet they are cutting down on employees per man hour of production." Companies are employing less - not more.

Mr. Biondi then opened the discussion on Mr. Krieger's report. Mr. Krieger said that after the Cost of Public Services Committee meeting, and the meeting between Mr. Krieger, Mr. Latham, Mr. Keifer and some of the Delaware State Planning Office staff members it was agreed that Mr. Keifer's staff would work up the debt cost projected to 1985 and all the breakdowns as shown on

Table VI. Mr. Krieger and his staff took the increases in the budget from the Cost of Public Services report (the period 1968-1973), then related it to a real growth fact or took into account the inflation factors and found that the dollars increase at a rate of about 9% a year. In schedule II, they put in an estimated increase in population starting with 1974 up to 700,000 by 1985 and showed the percentage changes in population by year, which was mentioned previously, -are not large changes - less than 3½% per year.

Back in schedule I, they have the estimated population figures broken down on three premises - one of 8.76% increase, one at 5% and one at 15% which is possible but not probable.

In schedule II, they broke the cost increases down to show what the real cost would be for the increased population numbers. Those numbers show that there would be a normal increase in the budget figures each year. Then they tried to breakdown how much debt increase was caused by the increase in population.

Mr. Krieger noted that this number, as compared to Mr. Keifer's number, shows the total current budget figures in 1985 to be $1,635,000 - not including debt service. He said Mr. Keifer's debt service number is pretty accurate because he was working with known numbers and that came to $244,000,000. This means that Mr. Krieger's projections show that the total outlay would be $1,879,000.000 Mr. Keifer's figure was an 8% rate and Mr. Krieger's was at a 9% rate. Mr. Krieger felt that the two figures are fairly close.

Mr. Krieger went on to say that the Economic Development Committee question on page 9, item 3, asked them to relate the cost of the growth and what Mr. Krieger attempted to do on schedule II is to show what the cost would be, personally, for that growth. The answers that they came up with shows, with a 8.77% increase in the future, that it would only cost us a little over $1,000 per person for every person who comes into the State.

Mr. Krieger also mentioned that all of the Cost of Public Service numbers were related to population and not to participating companies, so that when you talk about cost figures, even though we have several large companies in Delaware that pay large taxes, everything is related back to individuals.

Mr. Krieger felt that to answer the questions asked by the Economic Development Committee - what does it cost to bring people into the State? The Commission's determination would have to be can they afford it or do they want to spend the numbers that they project to be somewhere between approximately $1,000 in 1974 -1975 and $2,200 in 1985. Does the State want to adopt a policy of spending approximately $1,000 per person with in the next 4 or 5 years to bring people into the State. Mr. Krapf asked how many dollars does the average person pay in taxes? Mr. Krieger said right now they are paying close to $1,000 a person, overall. He said we have a balanced budget in the State, so whatever we have is paid for. So in the next 5 years, it will cost around $1,100 per person for new people to come into the State (in inflated dollars).

Another number that is a key number, as far as the questions asked in the Economic Development Report is that we know that, not including debt retirement (and debt retirement is costing us about $28 a person today per year) that we are spending about $852 a year, per person on all levels, to operate the State. By 1985 with the 700,000 population it only increases to about $2,300 per person and about $350 counting Mr. Keifer's assumptions of $40,000,000 capital budget each year for the next 10 years. That is only about $2,600 a person per year.

Mr. Webb noted that the per capita income increases by compounds of 11% to 12% a year between now and 1985. Taking 1,600,000 that comes out to about 2,400 per person as compared to $586 now. This would take a per capita income of about $25,000 per person to keep the percentages exactly where they are now- which is 11% of per capita income to support State and local governments.

Everyone agreed that the results of Mr. Krieger's report are consistent with the results of the study done by the Delaware State Planning Office. Mr. Biondi asked if Mr. Keifer had any disagreement with what Mr. Krieger did. Mr. Keifer said he did not understand how he got the incremental population change- where did they come from? Mr. Krieger said they were just put in to get the 700,000 figure on a consistent level hasis - figuring that the largest impact of the Committee's report would hit about 1976-1977.

Mr. Biondi said that both reports indicate we have seen the expenditure side of this and it would seem that a revenue side, based upon the same assumptions of the Delaware State Planning Office report is necessary so we can see the relevance of this and the signi-

ficance from the point of view of portability.

Dr. Latham agreed that this was possible. However, he felt it would be more realistic to project revenues at a lower growth rate than the expenditure side, simply because we will continue to see the cost of government excelerating more rapidly than the governments revenue sources possibly can. That is what we have observed for the past 5 years.

Mr. Chamberlin said that another caution for making projections that are based on population by drawing a comparison he said, you are looking at basically 130,000 population increase over the period being discussed and at the same time looking at a net increase in housing (for example) of 60,000 dwelling units, which is disproportionate to the population increase. The reason for this is that you have demographic changes occuring and the household formation is the determination of housing - not gross population. Since housing is often related to some of the cost of public services there could be an even higher increase in this area.

Mr. Biondi said we need someone with expertise to look at the income side of this picture.

Mr. Webb said the point that he was trying to make previously is that two groups have agreed that the cost of government in 1985 would be around $1,600,000,000. He said if you accept that and you have a population of 700,000 in 1985, the per capita cost is $2,350 per person (the cost of government). If you are going to support that with the same percentage of per capita income, which you did in 1973 ($586 which was 11% of per capita income), you need a per capita income of $25,000. Anything less than that means a tax increase.

Mr. Biondi asked Dr. Latham to work with the Delaware State Planning Office, utilizing common assumptions that were used in the expenditure report and do a revenue report that parallels that. That report will be discussed at the next meeting.

Mr. Bauer, Director of the New Castle County Planning Department, presented to the Commission the following position paper by the Administrator of New Castle County:

> The Delaware Tomorrow Commission has requested that New Castle County submit a statement on the development of a growth policy for Delaware and specifically, the establishment of a growth rate. The statement herein presents several considerations New Castle County wishes to make to the Delaware Tomorrow Commission for its deliberations.
>
> Growth policy necessarily involves questions of multiple values within the community. The establishment of a growth policy must be based upon some overall philosophy regarding growth. It is our judgement that a growth policy should attempt to meet economic, social, as well as political values for the total community. The first appropriate public response to this issue must be the development of a clear understanding of growth. It must be understood that growth is not an isolated, one shot event but is a continuous process to which public policy must respond. In order to do so, governments through public policy must anticipate to the extent possible elements of growth. They must attempt to understand

how much growth is likely and be in a position to respond in regard to how much growth, when, where and how. Only by building a mechanism which does so can the public sector avoid putting itself in a catch-up position. Included in this analysis must be concern for the fiscal impact that differing growth will have. This should include policies for equitably distributing the incremental costs of growth. Developing an understanding of the trends in growth and establishing an overall philosophy toward growth is, to New Castle County, the most important first public response.

In our judgement, a growth rate for Delaware should not be established. Attempts to project overall costs in the public sector are also questionable. Rather, what we see as needed is public policy which understands that growth is a continuous or on-going phenomenon and must be dealt with on a short-term flexible basis.

The question of a growth policy is believed by New Castle County to be two separate but interdependent situations. The first is the question of economic growth for Delaware; the second is the question of population growth for Delaware. Public policy regarding growth in our judgment should consider these as separable issues requring differing approaches.

In regard to economic growth, this means establishing policies which influence economic development. Such

policies should seek to maintain the existing economic base of the community and to identify specific weaknesses in the economic base. Such weaknesses may be an overdependency on a particular industry or a particular unemployment characteristic. In conjuction with this, there must be continual monitoring of the availability of jobs and specific policies targeted to meet specific unemployment needs.

In regard to population growth policy, the public sector is in the best position when it establishes policies that can accommodate the population growth which will respond to the economic conditions. New Castle County feels the establishment of an arbitrary employment or population rate of growth either by specific number or percentage as a policy will not be effective and it may, indeed, be counter-productive. What is needed is a set of policies, many of which have already been discussed by the Commission, which will allow the jurisdictions throughout Delaware to respond better to changing conditions.

Growth policy is effectively carried out by specific, practical or feasible policies which can be implemented. The setting of goal-like numbers or percentages does not supplant these policies. New Castle County supports the development of policies which anticipate growth and are on a short-term, responsive, flexible, continuous basis.

Mr. Biondi said that most of what the Commission has done is to look at Land Use and Community Development and set forth some policies with respect to problems involved in land use, has taken a tough view of the cost of public services and has done so with a questioning view, recognizing the difficulty of projecting those overall costs. In the area of Economic Development, the Commission has identified those areas where there are problems and recommended policy changes with respect to them. He said he saw no disagreement between New Castle County's position paper and what the Commission has done in those areas.

With respect to the advocacy of a growth rate by the Commission, the Commission has not at this point (and Mr. Biondi does not expect the Commission to) taken a position that they should set as a goal an increase in the population of a given number by a specific date or a rate of growth in employment. However, he felt the consensus of the Commission is that, over the next 10 years, we will need a growth rate which approximates 309,000 jobs- which calls for a population of around 700,000. The problem areas identified by the Commission in their Economic policies are intended to remove obstacles to obtain that rate of growth. He felt that beyond that rate of growth, the Commission's position is that 309,000 jobs plus 700,000 people are a target which must be re-evaluated each year on the basis of all the factors that they have discussed with respect to the Commission's policies. It does nothing more than, if you are looking at a 10 year plan, provide a guideline for the first year of the plan only. He said that if the Commission approaches the problem

on this basis, he does not see a tremendous difference between what the Commission is saying and New Castle County's position paper.

Mr. Bauer said that, in his 17 years working for 3 different county governments, people tend to get hung up on the numbers game. It has been his experience that whenever they attempt to project into the future in terms of numbers or in terms of growth rate, they always end up being wrong. If it would be a policy of the Commission that they will re-evaluate on an annual basis, he could support that. However, he cautioned against getting to a point where everyone says that by 1985 we will have 700,000 people- not one more or one less.

Mr. Krapf said that you need some sort of planning process. Mr. Biondi said that Mr. Bauer was trying to say that, in discussing growth in general,there is no central authority which can arbitrarily make decisions throughout the business community and the population dictating what is going to occur. The Commission is saying that we have identified the problem; with the base rate of growth we need; we have identified problems in reaching that; we have suggested some recommendations for dealing with those problems. Beyond that, we have to look at the problem each year and determine what the benefits are and what the costs are going to be.

Mr. Krapf said he thought everyone in the room agreeds with that.

Mr. Weiner said that he thought New Castle County paper was an excellent statement. He felt that it should be added in its essential form because we have not used the concepts and look-

ed at it in the broad framework that this statement poses, although that kind of thinking is implicit in some of the things the Commission has discussed. He said the fact remains that there is a real danger of playing the numbers game. As a preamble to that numbers game, we should recognize a number of things pointed out in the position paper, because it makes the assumption that we need to respond. If the population of the State of Delaware responds with a birthrate which is higher than what is projected in the 700,000. Figure - what are we going to do? He said he would like to see New Castle County's position paper incorporated into the Commission Report as the kind of approach to the whole question of growth.

He further stated that if the Commission decides to talk about 700,000 population as we currently see it and if we talk about an increase in the number of jobs as we currently see it, then we have done two things:

1) we have said we are making a assumption for this year as to what that growth looks like 10 years from now, however,
2) we are doing against the background and the concept of that kind of statement.

Mr. Thompson took strong exception to Mr. Weiner's statement. He said that the judgement of the Economic Development Committee was that the State could influence the rate of growth by what we do. We are not at the mercy of unseen forces- although there are some forces over which we have no control. The State, by reasons of policies that could be adopted, could do a good deal to have a rate of growth that is closer to 800,000

in 10 years than 700,000. He said that we cannot ignore the issue of whether we should try to do things to get 800,000 or whether we should be satisfied with 700,000. We have an option on that.

Mr. Weiner said that never before has there been any mention of controlling growth and he strongly objected to this idea.

Mr. Thompson clarified that the Economic Development Committee felt that the State, by its actions, could influence growth- although it could not control it completely. He said that the Commission started out a year ago on this position with the idea that they ought to stimulate new industries coming into the State in order to provide jobs for our people. The Economic Development Committee then figured out the minimum number of jobs they had to stimulate in order to stay even. The Commission has to decide if that is a sufficient rate of growth to set as a target and to influence public policy or should public policy try to stimulate a much higher rate of growth?

Mr. Biondi said that his understanding was that the Commission was going to have to change their public policies in the economic area, for example, to merely provide the basic minimum number of jobs. When you start going beyond that, however, you can proceed on the assumption that you will have to pay for what we need. We have a couple of studies done which indicate what we need as in the realm of what we can buy. What the Commission's said is that we can not project 10 years down the road in the long run; that the numbers are not available; that you have to

start out with some sort of a base, reevaluate it annually.

Mr. Thompson felt that today the Commission ought to set some sort of goal - which can be adjusted yearly.

Mr. Biondi said he was willing to set a goal as 700,000 as base (minimum) rate of growth. He doesn't think we ought to survive with less.

Mr. Biondi said no one including the Economic Development Committee set any goals in terms of jobs or population - what has been a set projection.

Mr. Biondi said that the Commission has said that they have some responsibility to talk about how we will pay the cost for growth and based upon the numbers the Commission has been able to develop, that is the only posture you could proceed on, based upon the fact that that is the minimum need we ought to satisfy.

Secretary Daniello said he would like to see a policy set which would accomplish some standard for Delaware that would accommodate the projected population and job increase that is in the Economic Development Committee report.

Mr. Weiner said the issue is a question of control. The responsibility of government, as he understands it in our political economy, is essentially to do those services, that the private sector cannot do. The responsibility of government is to respond to the needs of the people and the communities- not to make the determination that we shall go to a certain figure (700,000 or otherwise) and no more. He feels that in order for government to be responsive, it has to recognize the limitations of our natural resources, our physical environment, our social and economic environment as it comes along.

He felt that we could start with some specific figures that will give some indication if the fact that growth is here, that a no-growth policy is impossible in a dynamic society such as ours; and that it be re-examined. However, he does not feel that governments responsibility is to say "this is how far you are going to grow - no more."

Mr. Biondi said that there was no argument with those ideas.

Mr. Cooperson said that we have all agreed that there are certain inequities in our present legislative and planning structure in Delaware which ought to be removed, which will provide for what Mr. Bauer called "maintaining the economic base." Mr. Cooperson said that as he understands what Mr. Thompson was saying, is that you can go beyond that with policies which the government will take to actively encourage growth. For example, you could have a roll-back of taxes on new industry coming into the State for 10 years, as the City of Wilmington has been doing with new buildings. This is a positive policy, which could, theoretically, increase the rate of growth in the State of Delaware.

Mr. Weiner repeated that he thought New Castle County's paper was an excellent statement. He feels that we ought to adopt some definitive numbers, simply so that there are targets however, it needs to be done without any notion of control but with the notion of dealing with the problems that confront our communications and our State.

Mr. Bauer said that he did not feel that the position paper of New Castle County is inconsistent with what has been said in previous discussion. He said that he is not a good enough

planner to predict what the conditions in New Castle County are going to be 15 years down the road. Obviously, we use numbers for transportation planning, for sewer planning, for water supply, etc. However, if we are saying that the Delaware Tomorrow Commission said in 1975 that the target population is 700,000 people in 1985-and when we reach 700,000 people in 1984 that is it.

Mr. Biondi said no one on the Commission has any disagreements with that philosophy. He, further, stated that he was thinking about the Commission taking out of the Economic Development Committee report the job provisions and population figures there and using those as a base rate (minimum) of economic growth and taking it subject to the qualification that it is a growth goal which has to be evaluated annually and not one that you can stick with over a long period of time. He said that, to his knowledge, no one has talked about growth (in Delaware) in that kind of context. Nobody has asked the kind of questions that have been asked about the cost of growth. The Commission has had a difficult time in finding answers. However, for the first time in considering growth questions, someone has looked at it in advance and raised relevant questions about the cost of it.

He further felt that it would be irresponsible for the Commission to suggest a rate of growth beyond what he considers to be a minimum that we are going to have to learn to afford until we learn to develop the cost/benefit answers as we go along. That is why we have to look at it on an annual basis. He feels that the job and population projections of 700,000 is the best judgement that can be made on the basis of the information we have

in July of 1975, giving full consideration that a new look will be taken on a continuous basis.

Secretary Daniello said that he felt that if the word "projections" were used instead of "goals", this would solve a lot of concerns.

Mr. Krieger made the motion that New Castle County's position paper be accepted by the Commission and reviewed and considered in the final deliberations. Mr. Biondi said that these are the final deliberations. He said that Mr. Bauer is talking about problems in the same context that the Commission is and he feels that the philosophy stated with respect to growth policy in New Castle County's position paper should be incorporated as part of the Commissions philosophy in looking at the growth question with a caveat that this is only a preliminary statement of a target to work with at the present time. He feels that the target should be the needs that were spelled out in the Economic Development Committee report.

It was moved and seconded that Mr. Biondi's suggestion be adopted. All present were in favor. Mr. Biondi said that we would call this a "conditional vote". He said that we have to look at the revenue side carefully and we may want to reconsider that position when we look at the revenue side.

Mr. Weiner made a motion to amend III. Conclusion, to use the word "projections" instead of the word "goals". This motion was seconded and approved by all present.

Dr. Latham said that the revenue side could be addressed by himself and the Planning Office staff by this time next week.

Mr. Weiner said that the four questions posed by the Economic Development Committee are relevant questions, however, he felt there is a fifth question that is not posed, yet is implicit and it deals with the revenue side. If we are going to have growth and the cost of that growth rises as a percentage of the budgeted income, what is the alternative? He said that the "gut" questions is: if we are going to have growth, who pays for it? He said there needs to be the question of who is responsible for population growth and where does the responsibility lie-at the public or private level, for the assumption of those revenues and for how they are distributed.

Mr. Biondi said that the revenue side will be discussed at the next meeting. which he suggested be held on Wednesday, July 30, 1975.

Mr. Oldach suggested that, rather than changing the word "goals" to "projections" that it be changed to read: "In order to establish reasonable plans for future population type of growth". He reason for amending Section III. Conclusion was that it is a little more than just a projection, it is a planning activity. Mr. Oldach's suggestion was moved and seconded and agreed to by all present.

Mr. Biondi announced that the next meeting of the Commission will be held on Wednesday, July 30, 1975, at the Wilton Community Center at 4:00 p.m.

Mr. Biondi noted that the Commission had previously published a "Preliminary Draft Report", prepared by Dr. Latham, and distributed to the Commission. This report was never

discussed, due to the fact that the report was written on the assumption that the recommendations of the Committees would be accepted by the Commission as written. However, substantial changes have been made to the Committee reports. On the question of what form a preliminary reprot should take, Mr. Biondi felt that the Commission ought to produce a preliminary narrative to the report, which discusses the background of the Commission (the establishment of the Committees, membership, and the work accomplished, etc.) and that a preliminary report should be published, including exactly what was voted on and approved as reflected in the minutes. When that preliminary report is done (hopefully by the end of August) it should be distributed to the Governor, members of the General Assembly, the press and the general public, with a statement that we intend to take the report to public hearings in September. Based upon the results of the public hearings (possibly one in each county) a final report will be compiled and submitted to the Governor.

Mr. Biondi further stated that the recommendations being made by the Commission need to be carried out at various levels of local government. He felt that the Commission ought to consider whether we ought to recommend a future role for the Commission after the final report has been submitted to the Governor (in the form of the Commission itself, a Committee of persons on the Commission, a continuing body of the Technical Advisory Committee, etc.) so that there is someone around in the future to look at the projections and see how far we have gone to solve some of the problems illustrated by the Commission.

Mr. Krieger moved that the meeting be adjourned at approximately 9:00 p.m. This motion was seconded and agreed to by all present.

Respectfully submitted,

Dee Burkley

Dee Burkley
Recording Secretary

DAB/hmck

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MEETING OF THE DELAWARE TOMORROW COMMISSION

July 30, 1975

A meeting of the Delaware Tomorrow Commission was held in Wilton Community Center on July 30, 1975.

In attendance at the meeting were the following:

Francis Biondi, Chairman of the Commission
Sherman Webb, Office of the Governor
Dave Keifer, State Planner
Carl Oldach, Retired
Dorothy Greer, Delawareans for Orderly Development
Jay H. Cooperson, Sierra Club, Delaware Group
Ernie Thorn, Common Cause
Arthur Krieger, Attorney
Bill Bradford, Wilmington Trust
Eric Brucker, University of Delaware
Leon N. Weiner, Leon Weiner and Associates, Inc.
Robert J. Berndt, Senator, Delaware General Assembly
N. C. Vasuki, Dept. of Natural Resources and Environmental Control
J. C. Bryson, Secretary, Dept. of Natural Resources and Environmental Control
Cliff Hall, Secretary, Dept. of Highways and Transportation
Marcie Bierlein, League of Women Voters, Delaware
Ross E. Anderson, President, Delaware Chamber of Commerce
Spencer Thompson, ICI, America
Peg McClane, League of Women Voters
Marion I. Seibel, Representative, Delaware General Assembly
Bernard Dworsky, New Castle County 208 Program
Merna Hurd, New Castle County 208 Agency
Steve Chamberlin, Leon Weiner and Associates
Marvin S. Gilman, Leon Weiner and Associates
Henry Folsom, President New Castle County Council
Carl Russell, New Castle County Office of the Executive
Ed O'Donnell, New Castle County Department of Planning
Joseph Conaway, Sussex County Administrator
Dan Kuennen, University of Delaware
Lance Werner, University of Delaware
Fred Krapf, Frederic Krapf and Son

Chairman Biondi called the meeting to order.

At the end of the last meeting the Commission started discussing the cost of growth. Some assumptions were used to follow along the lines of what was suggested by the Eco Development Committee Report, that is, the State should look to 1985 at a growth rate that would give us a total population of 700,000; about 309,000 jobs; and this could be a target for goals, with the understanding that these figures constitute a starting point which would have to be updated each year. Then the Commission considered the cost of growth. In order to do this, the Commission members examined two reports: "Operating and Capital Cost Projections Delaware State and Local Governments 1973-1985" prepared by the Delaware State Planning Office which projected the cost of government to be $1,645,800 by 1985; and the second report, prepared by Mr. Krieger, using different concepts than those used to prepare the report of the State Planning Office, especially regarding the population projections. The only final conclusion reached was that Mr. Krieger's report came to almost the same cost figure for 1985.

After considering the projected cost of government, the Commission asked the State Planning Office and the Cost of Public Services Committee to foresee the revenues to carry out the services. A third report has been prepared, "A Comparison of Projected 1985 Governmental Revenues and Expenditures in Delaware", by the State Planning Office which replaces the two previous reports.

Mr. Webb proceeded to explain that this report was prepared by a team headed by Dr. Bill Latham and a separate revenue estimate team headed by Mr. Kalhil of the Division of Revenue. They both used slightly different parameters to arrive at their estimates, but their deviation was 1.3%, so the report reflects Dr. Latham's estimates. The report is broken down into State General Fund Revenue, followed by revenues to other units of governments as well as federal funds. Within State General Fund revenue, it is broken into four different categories: Franchise tax, Personal Income tax, a group of revenues based on a number of units sold, and General Fund revenues (real estate tax, corporate tax, etc.).

The Franchise Tax would increase at a level equal to the expected level of inflation between now and 1985--5.15%. Mr. Kalhil felt that the increase would be below the rate of inflation so that on a constant dollar basis, there is no change, but building in the inflation, we would arrive at a figure of $87,000,000 by 1985. This assumes that there are no changes in the tax laws during 1975-1985. Using Mr. Kalhil's estimation, the estimated 1985 Franchise Tax collection would be $65 million (in 1985 dollars).

The Personal Income Tax will increase as the number of people move into higher tax brackets. It is assumed

that the inflation average between now and 1985 is 5.15% which will affect the per capita income tax level. It is proposed a real economic growth in the period to average 3% per capita, per year. This means an average increase in personal income tax of approximately 8.15%. In 1980 dollars, a figure of $379 million is arrived at. Mr. Kalhil assumed that the figure would reach in the neighborhood of $410 million. A combination of the inflation rate, new job formation, net in migration, and real growth will average 10% per year over the period covered, so a higher estimate is arrived at.

Mr. Thorn commented that if we are recommending that consideration be given to decreasing our highest bracket of income tax, should his Committee's recommendation be reflected in that. Mr. Webb replied that taxes were estimated on what they are.

Mr. Folsom noted a couple of errors in the expression of the footnote in the table on page 1, in the 1985 Collections column, it should read ($48,008,488) x (1.8269) (and not 1,8269) and in the *footnote, it should read $1.8269=(1.0515)^{12}$ and not 1,8269=(1.0515)12.

The Flat Dollar Amount of Tax Revenues (motor fuel, cigarettes, alcoholic beverage, motor vehicle fees-except the document fee, etc.). The number of units sold of these items will only increase as a function of the population and these taxes

will remain constant through 1985. It was assumed that, possibly the motor fuel revenue may be decreased (5 to 8% drop in real gallons between 1975 and 1985) while the others may increase--so it was estimated that there would be no change except that brought about by population growth. Through historical trends, since 1967, it was found that these assumptions were correct. No increases in the taxes were assumed. All other state general fund revenues including corporation income tax, pari-mutuel (sales and admissions), inheritance, insurance, business and occupational, real estate, public utilities, dividends and interests, gifts, etc., will increase by the inflation rate plus the impact of population growth over the next ten years. Some of these tax revenues are cyclical and subject to updraft and downdraft, but as a general rule, these revenues would have a tendency to increase with the real growth population change and the inflation rate. This trend has been experienced in the past, except for those taxes that have been imposed recently, of course.

The above mentioned revenues were left out in the report, this omission will be corrected.

Included in "All Local" are comprised of the revenues from the local school districts, plus the operating revenues of the general fund receipts of the three counties, the City of Wilmington, Newark and Dover. State and local

revenues were projected as remaining constant in 1973 dollars and in 1973 per capita terms. The 1985 level in 1985 dollars is produced by multiplying 700,000 people and inflating that rate at 5% per year. It is more difficult to estimate the local revenues because some of the municipalities buy and sell electricity--and the price rise function and the profit margin are not known. Also not known are the property value and the nature of the housing for a 700,000 population. Again, it was assumed that school taxes would not be raised. It was noted that about half of the local revenue figure comes from real estate tax. Another problem was that most of the counties have just recently completed a re-assessment, therefore, no re-assessment was considered between now and 1985.

Federal Funds. It was assumed that the percentage of existing revenues would remain constant. The increase of federal revenue sharing money between 1973 and 1975 is negligeable.

The dramatic point arrived at is that total revenues in 1973 were $530 million-per capita revenue was $924--with a population of 573,000; with an increase in population of 573,000, the total revenues more than double and the per capita revenues double. Between 1967 and 1975, the general fund revenues increased at about 1½% higher rate than the inflation rate for that period and fell short of expenditures by something in excess of $90 million. It is not a new phenomenon that revenues do not increase in and out of

themselves at a rate equal to the demand of the expenditures.

The methodology and assumptions portion of the report was explained by Dave Keifer. Referring back to the report produced by the State Planning Office and distributed at the last meeting, all operating costs were held constant in per capita terms because of the short time allotted to come up with the report. Taking a second look at expenditures, the Planning Office tried to give more realistic figures by taking historical trends and seeing how they move from FY '73 to FY '76 and make adjustments to obtain more up-to-date calculations. Also judgements were made as to how the expenditure rate might change between now and 1985, as a result of what might be considered inevitable commitments. The local expenditures were not considered. It was assumed that the 1973 expenditures would remain constant. The bonded debt was not looked at either, it was assumed that it would amount to $40 million per year in 1973 dollars.

The categories have been kept the same. There is an error in the first line of "Education", it should be 1985, not 1978. Mr. Biondi asked whether the drop in number of pupils in the public system would have any bearing on the per capita cost of education. There is a decline in the number of enrollment, Mr. Keifer said, but because of the total population figure of 700,000, by 1985 the State's enrollment will be about up to 1973 level.

In regards to Highways (operation), the Planning Office took the population figure for 1976 of 590,000 as the base, and this was applied to the budget. It assumes $20 million in constant dollars for construction. For transportation, the figures from 1976 to 1985 were increased at the rate of 10% per year. It was suggested to add "and Transportation" in the sub-title.

There is a split in Health and Hospitals to reflect a commitment to staff programs that will be coming on line- which is basically the reason for the increase. The State is committed to the geriatric programs, as an example.

Concerning the Sewerage and Sanitation was held constant per capita at 1976 level.

Parks and Recreation, the Planning Office increased 2% annually based on the theory that during the 1960's the State bought a lot of land for parks and fish and game activities. The capital investment has been increased to develop the land recently. During the next ten years some of the parks will be coming on line and expenditures will go to operating and maintaining those parks.

The Financial Administration figures (comprising the entire Department of Finance, the State Treasurer, the Budget Director, the Auditor of Accounts, and Central Data Processing) were held constant per capita. There was a discussion as to how income tax refunds should be considered: should they be considered as an expenditure or as a decrease in revenues. Since different rates of growth are used between revenues

and expenditures, Mr. Webb was asked whether this factor was considered. Mr. Webb replied that fiscal 1975 revenues were taken because this was a "clean" year--when everything was paid in the year that was due in the year and the 8% inflation rate was not used--a closer to actual percentage was used.

Pensions were projected to increase 5% annually. This includes a three item area. First the 1976 constant dollars were taken because of the tier system and to arriving at the Pension Plan itself. Blue Cross and FICA reflect what the Social Security Administration says and will dollars grow to cover the State share of Social Security payments for State employees as well as Blue Cross. It was felt 5% was a reasonable increase percentage.

Dr. Brucker commented that if Table 2 of this report is compared to Table 6 of the previous report, it is found that the only category that is going to increase by less than the constant real percentage is education. The original report showed a $26.7 million in constant dollars for highways, the State Planning Office report now shows a $48.3 million--this is a legitimate comparison showing a much faster increase per capita.

Moving to Table 3, on page 9, the 1973 deficit was $71.4 million. What makes up this deficit, Mr. Biondi asked? It is not the 1973 deficit, it is the 1985 deficit in 1973 dollars, Mr. Keifer replied.

Mr. Krieger asked where the figure of $330.2 million for local governments expenditures came from. Total governmental expenditures 1985 dollars is $1,856.8 million; and 1985 State expenditures is $1,105.2 million; therefore, local governmental expenditures should be $745 million. This figure, Mr. Webb said, is a combination of federal and local expenditures. Footnote "b", of Table 3, should explain this.

Do we arrive at the conclusion, Mr. Biondi asked, that we will have to increase taxes by the amount of the deficit in order to fund a population of 700,000 people?

All the calculations were made, Mr. Webb said, without increasing the amount of programs. It is a fact that new programs will be instituted during the period considered. If it is assumed that the general revenue is $100 million low, it is also likely that there will be $100 million worth of new programs. It is also reasonable to assume that (the way the legislature works)we are looking toward a $300 million deficit over the next 10 year period for State government.

If the deficit at the State level is $374 million and the deficit at the local level is $113 million, and the two are added together, a figure of $487 million is obtained. Looking to Table 2, the State expenditures are $1,105.2 million. This figure is carried over to Table 3, but looking at local and others the figure is $745.1 but only $330.2 was carried over. The reason given for that was because of the federal funds.

On Table 2, the State government columns did not include any federal funds at all (strictly General Funds). After further checking, Dr. Brucker found that the expenditures for local governments should be $430 million with a deficit of $213.7 million. Another crosscheck is to take combined Table 1 and Table 2 in the 1985 total governmental expenditures projected $1,856.8 billion, the total revenues in Table 1 were $1,262 billion and the difference is $594 million. It was determined that an error in calculation was made and that this would be corrected.

Does it mean, Mr. Biondi asked, that in the year 1985, taxes on the State and local levels will have to be raised to raise $600 million more than now. It was noted that this represented a 50% increase. The answer came positive.

Mr. Wiener said that he did not see the purpose of the whole exercise of finding out how much deficit the State and local governments will have to face by 1985. The only conclusion, as of this date, with the set of assumptions explained, the State will have to have a higher tax rate if we want to continue a rate of services. There is no real input as to the kind of curb required for capital expenditure, for debt service other than a projection assumed of a capital bond of X number of dollars in each of the next 12 years. All these assumptions are vulnerable. Mr. Wiener said he felt

that this document served no real purpose.

Mr. Webb said that this points out two of our problems: 1/3 of the State revenues projected between now and 1985 will increase at a rate far below the level of any inflation. If the Franchise Tax and the other taxes (cigarettes, alcohol, motor fuel, etc.) were responsive, there would not exist as large a problem. The main reason why taxes had to be increased between 1968 and 1975 was because the Franchise Tax was not responsive to inflation. Between 1967 and 1973, the growth of General Fund Revenue, without taxes, was only 1½% more than the rate of inflation on an annual basis.

Mr. Webb felt that given the unforeseen factors (such as took place as a result of the Arab oil embargo and the subsequent economic crisis) that inflation was understated (through 1985) and that the revenues and expenditures were overstated in the July 29, 1975 report.

Mr. Bradford said that he thinks this projection of $600 million deficit by 1985 is as good as the assumption. If a 5% deficit had shown, it would not have made much impact, but (out of the calculations came the fact that the deficit represented 50% of the revenues estimate) with such a figure, it is a guideline that indicates that something will have to be done either in curbing expenditure or by increasing the revenues. The order of figures is significant and of a serious magnitude.

Mr. Biondi commented that the magnitude of this deficit indicates that when the Commission discusses its report and the question of growth-rate comes up, the Commission should NOTE: indicate two things: all sectors of the economy in the State are going to have to look forward to paying increased taxes per capita--substantially so in the next ten years--and it has reached a point where we cannot afford some of the luxury, inefficiencies and waste in State government. It may indicate that government streamlining may have to be accomplished; and the way we render services will have to be examined. Ten years from now, we will not be able to operate under the same structure as we are operating now. In terms of the Delaware family unit, this also means that in the concept of the quality of life, the standards of living will deteriorate significantly--about 50%. It was noted that the cost of State government between 1969 and 1973 increased tremendously, but this was due to all the new programs that were instituted, such as the pollution protection, etc., while this 50% increase between 1973 and 1985 is entirely without any new programs. It was said that even the biggest industries are "tightening their belts", such as duPont for instance, and there is no reason why State government could not do the same. It was agreed that the area where this "tightening up" should be done is in the sector of public and higher education, which entails the largest part of the State budget (51%).

Unless someone undertakes the problem from this point forward to recommend broad scale government reorganization and governmental economy, the Governor who will be elected in 1984 will look like Mayor Beam.

Representative Siebel commented that there are too many layers of government for the 565,000 population. There are also things that could be done at the regional level.

Mr. Biondi said he does not look at these findings in a negative way. Considering the 1985 population projection figure of 700,000 and the projected 409,000 jobs, he thinks this is necessary and desirable. Looking at these figures as a base, and continuing to re-evaluate them--what these figures show is that we cannot go on in the next ten years thinking that everything will work itself out without any dramatic effect on the taxpayer. As the State goes, economies will have to be realized or the increases in taxes which will be necessary will kill off the minimum degree of growth.

NOTE:

Mr. Wiener raised this question: is the high cost of government projected by 1985 a direct result of the population increase or is it because the standards of the quality of life that we have set are too high and, therefore, we cannot pay for them. If we want these standards, we will have to pay for them.

Chairman Biondi asked what the Commission members felt about the problem. Mr. Folsom said that the Commission is not the body that will be able to do anything about this problem. It is basically a political problem. The politicians will

NOTE:

spend as much money to buy the services that the people are crying for and will collect as much tax as possible. The Commission will do well to point out the trend and the magnitude of the problem, it will be to no avail to cut back on education, on overhead, that we should combine the State and county police because these are political decisions brought by the pressure of the voters.

NOTE: Dr. Brucker commented that if the solutions to the problems are in the hands of the politicians, and that the politicians react to the public's demands then it is up to the Commission to present the facts to the public.

Steve Chamberlin commented that the magnitude of the cost increase is not a major factor that has a direct relationship to the population increase.

It was further noted that the cost increase was due to inflation, the types of services the people are receiving, the increase in the services by certain segments of education.

Dr. Brucker mentioned that it is not only an inflation factor, but the fact that the expenditures are going to inflate faster than the revenues. We are also discovering that the cost of service oriented operation will go up much quicker than the cost of manufacturing. This is a trend in the economy, the productivity increases are not there in the social services delivery.

Jay Cooperson commented that the quality of life we have comes out of our personal dollars. There are many things that the State Government spends on to improve the quality of life. There may be some serious questions asked as to what areas we should spend our tax dollars on. How much are we willing to pay for pollution control, water quality, etc. If the State government is going to provide for sewer plants, for instance, it will provide jobs, it will provide provide for a distinct modifier. Maybe there should be some distinction as to where the government should spend its money.

OTE: The Commission arrived at this general consensus:

I. The State faces a problem: it will take a substantial amount of dollars more to run State government and provide services to the people, by 1985.

II. The rate of cost increase (50% by 1985) cannot be attributed to the increase in population.

III. The rate of cost increase is due mostly because the revenue grows at a different rate than that of expenditure because of the nature of certain revenues.

IV. The expenditure increase is function of inflation. State government is in the service rendering business and increase in productivity, in the service area, means a decrease in the quality of the services provided.

V. In order to combat these problems, State government will have to give a serious look at more efficient ways of delivery system.

This information has to be disseminated to the public.

If the types of revenues are not going to be adequate to handle our expenditures, then the Commission should make the politicians aware of the fact that some alternate ways should be found to bring in revenues. Maybe the total funding base would have to be reconsidered--not only at the State level, but at the county and local level.

It was suggested that the report under discussion be reworked to correct the several mistakes and additions in the text and in Tables 2 and 3. This report will be considered a work (or discussion) paper.

There was some discussion as to the stipulations made in the two footnotes on page 9. It was decided that the caveat and reservations have to be mentioned in the report.

Mr. Biondi said that there are still three matters for consideration by the Commission.

1. Mr. Conaway's concerns regarding Sussex County development.

2. The definition of open space, as stipulated by Dan Kuennen's sub-committee.

3. The preparation of the Commission's preliminary report, the time schedule, and public hearings.

After a dinner recess, the Commission reconvened.

Mr. Biondi said that while serving in the Land Use Committee, Mr. Conaway felt there were some areas of concern

to Sussex that had not been touched by the Committee. Mr. Conaway prepared a document making certain recommendations:

NOTE:

a. The development of a cooperative effort between the Department of Community Affairs and Economic Development and the Sussex County Council to actively recruit industry to Sussex.

b. Expanding the economic base of Sussex through the attraction of a more diversified industrial base to the county. Efforts should be made to assure that the perspective industrial clients are shown the entire State.

c. Assuring the protection of the economic potential and the viability of the Nanticoke River by whatever legal or political step necessary.

d. Expanding the list of potential industrial sites in the county. Such a list should be developed in cooperation with the county's present plan to pinpoint such locations around the county.

e. Developing a realistic attitude towards the development of the county.

Mr. Conaway commented that since these recommendations were written, new development took place: a cooperative working effort has been made between the Dept. of Com. Aff. and Eco. Dev. and the county. The county feels that many times an industry would have settled in Delaware had it been exposed to what southern Delaware has to offer. There was an attitude that Sussex County is essentially a tourist or play-ground county, but there are also areas in the county that can be

used for industrial development. The Nanticoke River is a natural river in Sussex County and should be protected; but, the Commission should emphasize the use of the river as a natural way of transport to bring in the oil and to take the grain out.

Mr. Biondi assured Mr. Conaway that the Commission report will reflect the concerns of Sussex County as to the fact that Sussex County should not be considered as a summer "playground" but give thoughts about the 85,000 people who live in Sussex County year-round and need permanent jobs.

It has been recommended by the Commission that after the report is published, some kind of a continuing body should be in existence made up of the people who have been involved in the Commission's and Committee's work to provide a continuing look at the findings and recommendations.

Mr. Thompson said that his Committee agreed to the need of an on-going group. In order to be effective, this group has to have <u>easy</u> access to the Governor, to the Secretaries of the Departments. Also, some talents have been discovered through the Delaware Tomorrow project that should be tapped, possibly retired persons who have time on their hands. This kind of support is critically needed in the State.

Senator Berndt said he would like to see the Commission include in the body of the report the problems facing the State. A recommendation should be made also, in the report, that we seek means to implement measures to avoid such a heavy deficit. There are ways of consolidating bureaucratic institutions--for example, many feel that the University of Delaware and Delaware State College should be consolidated and there are many more ways to save and be more efficient by consolidation. Another example, Senator Berndt gave is the laboratory services provided by the State. The Medical Examiner has its own Forensic Laboratory and yet the DNREC has the same need that is provided at the Forensic Laboratory.

Another view which was brought up is the fact that many times the legislators are concerned about particular pieces of legislation on a day-to-day basis while there is a need for a group such as the Delaware Tomorrow Commission to look at long-range problems.

Jay Cooperson mentioned that whatever the Commission suggests and recommends be clearly understood and the only way to do this is through a group whose purpose will be to make all these findings clear to the public. Out of the Commission has come a consensus; a better understanding, for instance, has been achieved between people with different interests regarding the Coastal Zone Act. If we are able to sustain the same kind of spirit that has animated the Commission, we can probably do something that will satisfy most people in Delaware. There is a pressing need to continue the life of

the Delaware Tomorrow Commission beyond the publication of the report.

Mrs. Greer asked if there was any relationship between the Delaware Tomorrow Commission (and/or its successor) and the final land use plan that was recommended.

Mr. Keifer said he hoped so. The Commission has given the task to come up with a statewide land use plan. The present Commission has the general notion on what needs to be done and it is absolutely necessary that the same people and talents be involved in the development of the land use plan. There has to be a continuity in the development of the ideas.

Mr. Biondi noted that the Commission has discussed some very major problems that have been facing the State. These problems, previously, have been discussed in very loud voices. This Commission has achieved an across the table dialogue with positive recommendations and contributions.

It is necessary to continually review and update the findings of this Commission and by this very need, there has to be an on-going group to oversee this.

It was mentioned that the Commission has found its existence through a Governor's Executive Order with a lifetime duration if so desired--but, it may be helpful that the Commission be reaffirmed by joint resolution.

Mr. Thorn also mentioned the fact that the Commission had suggested to bring the recommendations of the Commission to the legislators through possibly a group appointed by the Governor.

Mr. Biondi said that he looks to the present Commission to get this done. Mr. Biondi suggested that (although this may cause some people to be unhappy about his decision) he would see involving the people who have participated actively in the discussions of the Commission and in the "homework" of the Committee's (recommendations and preparation of the reports) as well as those people who have been involved in a staff function. These people would make up this group.

Considering the actual format of the report, it should contain:

I. An Introduction indicating why and when the Commission came into existence.

II. A general overall summary containing the different elements of the report.

III. The report itself should contain all the categories: Land Use and Community Development, Economic Development and Cost of Public Services; the recommendations of the Committees, as modified by the resolutions and motions of the Commission reflecting the language the Commission agreed upon. (A preliminary report was prepared and distributed to the Commission. This report was prepared in a narrative form--Mr. Biondi said that this concept is not acceptable. The report should reflect <u>exactly</u> what the Commission agreed upon).

IV. An Appendix. This appendix should contain the studies done for the Commission and referred to in the work of the Commission; the reports of the three Committees, as received by the Commission before the Commission modified them;

the papers such as the ones presented at these meetings with all the reservations that are contained in the minutes and the qualifications and the complete elaboration of their meaning; the minutes of the meetings as prepared.

Possibly, the Appendix could be separate and distributed on request.

NOTE: The consensus of the Commission was that this was an acceptable format for the report.

)TION: Through a motion duly made and seconded, the assignment for the preparation of the report was given to the State Planning Office. A draft report will be made available to the members of the Commission by September 5.

NOTE: The definition of "open space", as prepared by Dan Kuennen was accepted and will be incorporated in the body of the draft report. If there are any comments, they can be made at the September 5 presentation.

A motion was made and seconded and unanimously adopted that "special thanks be extended to Mr. Leon Wiener for his hospitality for the use of Wilton Center and to Jane Bohn for the preparation of the food. A letter will be written by Dave Keifer to each one".

There being no further business, Mr. Biondi adjourned the meeting.

Respectfully submitted,

Francine Booth

Francine Booth
Recording Secretary

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DELAWARE TOMORROW COMMISSION

MINUTES OF NOVEMBER 25, 1975

A meeting of the Delaware Tomorrow Commission was held at 7:00 p.m., November 25, 1975, at the Wilton Community Center. The following Commission members were present:

O. Francis Biondi, Chairman
David R. Keifer, State Planner
Ross E. Anderson, Delaware State Chamber of Commerce
Peter A. Larson, Greater Wilmington Development Council
Frederick G. Krapf, Jr., Fred Krapf and Sons, Inc.
J. Thomas Schranck, Secretary, Department of Labor
John D. Daniello, Secretary, Depart.of Com. Affairs & Econ. Devpt.
Dorothy Greer, Delaware for Orderly Development
Jay H. Cooperson, Sierra Club
John Walton, Delaware Farm Bureau
Joann D. Slights, Watch Our Waterways
Ernest W. Thorn, Common Cause
Clifford E. Hall, Secretary, Department of Highways & Transp.
John C. Bryson, Secretary, Dept. of Nat. Resources & Env. Control

Also Present:

E. Sherman Webb, Governor's Office
William D. Markell, University of Delaware
William Bradford, Wilmington Trust Company
Arthur H. Krieger, Krieger, Dwares, and Stein
Spencer Thompson, ICI America
Stephen W. Chamberlin, Leon N. Weiner, Associates
Carl Russell, County Executive's Office
Merna Hurd, New Castle County 208 Office
Bernard Dworsky, New Castle County 208 Office
Dan Kuennen, University of Delaware

The meeting was called to order at 7:10 p.m. by Chairman Biondi. Item #1 on the Agenda was a review of the Draft Report of the Commission. Chairman Biondi noted that all comments made by Commission and Committee members were noted and checked against minutes of the meetings and Committee reports. Most of the changes were incorporated into the report, and Mr. Biondi felt that the report was revised sufficiently to be addressed at

public hearings. Everyone present agreed with the Chairman. However, Mr. Bryson did note that he had found some minor errors in the Report that were not completely factual.

Mr. Biondi noted that he had copies of the speech he delivered to the Delaware State Chamber of Commerce distributed to the members of the Commission for the purpose of showing that he stayed within the lines of the report.

The second agenda item was Plans for Dissemination. The first 53 pages of the report is actually the body of the report. It was reprinted for distribution to the public and a limited number of copies of the appendix are also available upon request. There has been a fair amount of interest from the press. It was agreed to send the 53 page report to all Committee members of the Commission.

Mr. Kuennen suggested holding a press briefing with down-State periodicals in order to inform them of the report, its contents, and the Commission's attempts to reach the public. He also suggested a variety of other techniques to reach the public, such as: slide shows, TV and Radio talk shows, presentations at the various colleges in the State, etc.

Mr. Anderson suggested that the emphasis be placed on requests for the Delaware Tomorrow Report as opposed to distributing copies to uninterested parties.

A variety of mailing lists were discussed, and it was agreed that the Planning Office would compile a list, together with the various mailing lists of other organizations to mail a letter

out indicating the availability of the report, the nature of it, and where copies may be obtained. It was also agreed that a press release be mailed out to the media announcing the public hearings and where copies of the report may be obtained.

It was agreed that copies of the report should be sent to:

1. All Delaware Tomorrow Committee Members
2. The General Assembly
3. All Public Libraries
4. The Delaware Delegation
5. All Mayors or local officials

The Planning Office will be responsible for distribution of these materials. Letters notifying the public of the availability of the report will be sent to the names on the Fortune Mailing List, as well as the Media through a press release.

On the subject of public hearings, Mr. Biondi stressed that he felt it was importatnt that Commission members attend all the hearings. It was agreed that the Commission members have an obligation to promote the ideas agreed upon in the Report. The merits or outcome of the public hearings were debated in great detail.

It was agreed to hold one public hearing in each County. If there is a necessity for more hearings in a particular County, they could be scheduled at a later date. The dates of the hearings will be as follows:

Tuesday, January 6, 1976, Kent County
Wednesday, January 7, 1976, New Castle County
Thursday, January 8, 1976, Sussex County

The locations will be announced by the State Planning Office at a later date.

Mr. Biondi pointed out that, in addition to the Public Hearings, there are many clubs, organizations, civic groups, etc., at whose meetings the Commission members might speak and "spread the word" of the Draft Report. Commission members are encouraged to get active.

Mr. Anderson suggested that the first public hearing be scheduled with the legislature and then hold the three County hearings. It was agreed to meet with the General Assembly the week of January 20, 1976.

The format for the hearings was debated at length. It was agreed not to impose a time limit on speakers within reason. It was moved and seconded that the Chairman decide how the procedural format of the hearings will take place.

On another issue, Mr. Biondi announced that a report is available through the New Castle County 208 office, titled: An Industrial Policy Analysis Paper, prepared by Hamer, Siler, George, Associates. Copies are available at this meeting and the Chairman felt that many of the findings in that report are similar to the Commission's Report.

The Chairman said that several issues need to be looked into regarding the Commission's Report and the recommendations in that report:

1. We have to identify the level of Government at which the various recommendations should be dealt with, and,
2. We have to figure out the kind of Governmental action required (Executive Order, Administrative Action, Legislation, Planning, etc.)in other words, what now?

The Chairman further questioned whether the Commission, as a group, ought to look into these issues, or if they should be turned back to the three Committees.

Mr. Keifer suggested that the Technical Advisory Committee be given a "first shot" at the recommendations and prepare a report to be sent to the Commission and other Committee members for their reaction.

Mrs. Slights felt that the Commission would be out of order to begin drafting legislation prior to the public hearings.

Mr. Biondi said that there no basic objections to asking all Committees (including the TAC) to identify the levels and nature of governmental action necessary to implement the report. The Committees, through their Chairmen, are therefore requested to do so.

Mrs. Slights, quoting from the Hamer, Siler, George Report discussed above, noted an inaccuracy on the first page: "A.1. Delaware Tomorrow Commission has recommended the development of a Statewide Land Use Plan to remove the inequities of the Coastal Zone Act". She pointed out that nowhere in the Delaware Tomorrow Commission Report is that stated. Mr. Biondi pointed out that this report is also a draft and any problems Commission members have with this report should be brought to the attention of the New Castle County 208 Office.

Mrs. Slights made a motion that Statement A.1. of the Hamer, Siler, George Report is an inaccuracy. Mr. Walton seconded that motion. Representatives of the 208 office present made note of the error.

Mr. Biondi requested that Commission members take the time to read the entire report, as it has merit. He further asked Mrs. Hurd (Director of the New Castle County 208 Office distributing this report) to bring to the consultant's attention that the Delaware Tomorrow Commission has recommended the development of a Comprehensive Statewide Land Use Plan, however, the removal of the inequities of the Coastal Zone Act is not a recommendation of the Delaware Tomorrow Commission. If that is a subjective evaluation of Hamer, Siler, George, Associates, they should state it as such. The principle purpose, for which this report was distributed, was to provide another view of the same problems that the Delaware Tomorrow Commission was looking at.

There being no further business of the Commission, Mr. Russell moved that the meeting be adjourned. This motion was seconded and approved by all present.

Respectfully submitted,

Dee Burkley

Dee Burkley
Recording Secretary

DELAWARE TOMORROW COMMISSION

MINUTES OF JANUARY 28, 1976

A meeting of the Delaware Tomorrow Commission was held at 7:30 p.m., January 28, 1976, in the Center Conference Room of the Highway Administration Building. The following Commission members were present:

O. Francis Biondi - Chairman
David R. Keifer - State Planner
Joann D. Slights - Watch Our Waterways
John F. Walton - Delaware Farm Bureau
Dorothy Greer - Delaware for Orderly Development
Ernest W. Thorn - Common Cause
Theodore W. Ryan - Building Trades Council
Robert Berndt - State Senator
Ross E. Anderson, Jr. - Delaware State Chamber of Commerce
Clifford E. Hall - Department of Highways and Transportation
Peter A. Larson - Greater Wilmington Development Council, Inc.
Marcie Bierlein - League of Women Voters
Jay N. Cooperson - Sierra Club
Leon N. Weiner - Leon N. Weiner and Associates, Inc.
Marion I. Seibel - State Representative
J. Thomas Schranck - Department of Labor
John C. Bryson - Department of Natural Resources
Frederick G. Krapf, Jr. - F.G. Krapf and Son, Inc.
Carl S. Oldach - Retired
Edward O'Donnell - Proxy for Mel Slawick, New Castle County

Also Present:

E. Sherman Webb - Office of the Governor
Arthur H. Krieger - Krieger, Dwares, and Stein
William Bradford - Wilmington Trust Company
Jorene Coffay - Mayor's Office, City of Wilmington

Chairman Biondi called the meeting to order at 7:45 p.m. He noted several changes to be made in the transcripts of the three public hearings. These changes are as follows:

<u>January 6, 1976, Kent County Hearing</u>:

Page 8, Paragraph 4, (MR. BIONDI: I don't know who it is.) The word "who" should be changed to "where". (. . .if that's

what the portend of. . .), the word "portend" should be changed to "portent".

Page 11, line 12 (. . . the services or are we overgoverned in this State.), the phrase should be amended to read ". . . the services. Are we overgoverned in this State?" In line 13, (. . . of government as we currently exist?), the word "we" should be stricken from that phrase. Line 16 (. . . the first question which I was being asked. . .), the word "I" should be changed to "he". Line 22 (. . . to get and try to name a number.), the word "get" should be changed to "go". Lines 24 and 25 (. . .they are at the present time. That absents new. . .), should be amended so as to read ". . . they are at the present time-absent new. . .".

Page 12, line 1 (. . . of revenue as a measure to go to.), should be amended to read "of revenue as a way to go".

January 7, 1976, New Castle County Hearing: No Changes.

January 8, 1976, Sussex County Hearing:

Page 4, line 11 (. . . conclusion that if conservation. . .), should be amended to read ". . . conclusion that if conservative". Line 14, (. . . new levels of taxation, where levels of. . .), the word "where" should be stricken.

Page 14, Line 7 under MR. BIONDI:, the word "New Castle County" should be changed to "Sussex County".

Page 15, the second statement by MR. BIONDI (. . . has been opposed by the Civil League. . .), the word "Civil" should be changed to "Civic".

Page 17, Mr. Biondi's second statement, line 4 (. . . I'll have more farmland.), the word "farmland" should be changed to

"parkland". The last sentence on page 17 (. . . just don't happen in the real world -- or should they?) should be amended to read "just don't happen in the real world--nor should they."

Page 21, under MR. BIONDI:, line 5 and 6 (. . . I think some of those were concerned about the Coastal Zone have argued in the past, and it wasn't the Coastal Zone Act, . . .) should be amended to read ". . . I think some of those who were concerned about the Coastal Zone have argued in the past that it wasn't the Coastal Zone Act. . .".

That concluded Mr. Biondi's corrections to the transcripts of the public hearings, however, Mrs. Slights felt that there may be some inaccuracies to Mr. Welch's statements at the Sussex County hearing. Mr. Biondi said that, due to the fact that people spoke from their seats instead of at the microphone, we had great difficulty understanding much of that hearing. If she would like to submit any corrections, we would be glad to make the necessary changes.

Mr. Biondi noted that everyone had received the minutes of the public hearings. He felt that the next step would be to consider the report in light of the comments made at the hearings. One point made by several speakers, which is not addressed in the Commission Report, is the recommendation that the Commission continue in existence to evaluate and monitor the policies they have suggested. He also pointed out that the Sussex County Council recommended that the Commission "get the hell out of business". The Chairman felt that we ought to

consider the question of the continuing role of the Commission as we look at how we see the Commission's role with respect to implementation and the Land Use Plan. He asked that everyone keep this issue in mind. The Commission then went on to address the issues raised on the Commission Report.

COMMUNITY DEVELOPMENT PATTERNS

On Page 17, Mr. Lipstein, of the New Castle County Civic League, supported the recommendation on Urban Development. The League of Women Voters raised some issues on Page 17. They said that the Commission's emphasis is on incentives, presumably public finance, with no mention of deterrents, and yet the section on the Cost of Public Services presents a bleak picture of revenues versus current expenditure. They asked that the Commission include a discussion of deterrents for low density development. Ms. Bierlein further stated that the League of Women Voters wanted to know if the Commission had considered any disincentives. Mr. Weiner said that the statement, as it is presently written, emphasizes incentives. He felt that, in a free society, you cannot talk about deterrents or punitive action. He felt that the statement, as written, is a constructive one and should be used as a guide.

Mr. Biondi asked if the Commission should modify its recommendations with respect to Community Patterns Policies to include specific deterrent/penalty type recommendations in the report. Ms. Bierlein said that the League was not necessarily saying that they should, they were asking if it had been considered. Mr. Larson, Chairman of the Land Use and Community

Development Committee, said that he knows of no instance in any other State where legal deterrents have been adopted to enforce development policies of this type. Mr. Cooperson suggested striking the words "punitive action" from the Community Patterns Policies section. Mr. Larson said that he would prefer to see the policies implemented through the traditional land use controls (zoning and subdivision regulations) than try to impose another layer of regulations.

MOTION: Mr. Krapf moved that the Community Patterns Policies be left as written. This motion was seconded and agreed to by all present.

The League of Women Voters raised another question on the section titled Community Patterns Policies. They asked several questions regarding the term "available capacity"; specifically, "what type of program does the Commission suggest to encourage movement into existing housing?" Mr. Larson pointed out that on Page 20 of the Commission's Report, the section titled "Tax Measure Recommendations" include:"1. Changes in property tax mechanisms to encourage renovation and rehabilitation of older properties." He said that would cover housing as well as all non-residential properties. The League also asked "if a relocation of the public school population were to occur, such that empty classrooms existed in one area, does the Commission mean that the State should withhold capital funding for new classrooms elsewhere? Mr. Krapf felt that issue was properly addressed in the Report and should not be changed. Mr. Weiner agreed that the statement should not be changed. He felt that the Commission

should try to provide incentives. The minute you try any punitive action of any kind, we will impose a state that we will regret, in terms of freedom of movement.

MOTION: Mr. Larson moved that the Commission confirm their draft recommendations with respect to the Community Patterns Policy section in its entirety. This motion was seconded by Mr. Krapf and agreed to by all present.

TRANSPORTATION FINDINGS AND POLICIES

The Commission went on to discuss the comments on the Transportation Findings Policies (page 18 and 19). At the New Castle County Public Hearing, Mr. Drexler recommended that the Commission should consider increasing the licensing fees on automobiles and increasing the tax on gasoline to encourage the development and use of public transportation. Mr. Weiner said that, once again, the Commission is heading in the direction of punitive action. What we need is the incentives of the development of a transportation policy that will provide the kind of mass transportation, so that it becomes efficient economically to abandon the use of cars and to encourage carpools, etc. He further stated that the Commission's policy should remain as written. There were no motions that the Commission recommend that we increase license fees and gasoline taxes on automobiles to encourage the development and use of public transportation.

Mr. Lipstein, representing the New Castle County Civic League, recommended that "mass transportation" should be used where it is economically feasible, but the subsidy of mass trans-

portation should be restricted to those routes which can operate on income provided by fares. Mr. Krapf moved that that recommendation be adopted. This motion was seconded by Mr. Kreiger, however, after further reading and discussion, it was agreed that this recommendation not be included in the policies of the Commission. Secretary Hall said that it was a good thought, however, realistically, if we are going to have mass transit, it will have to be subsidized.

MOTION:

The New Castle County Civic League further recommended that a Department of Transportation encompass land, sea, and air--much like the Port of New York Authority. Mr. Larson stated that that idea had been discussed by the Land Use and Community Development Committee.

Mr. Biondi noted that the League of Women voters did not object to this section on Transportation Policies, however, they did point out that they would like to see some specific recognition of the impact of new roads on development, along with a recommendation that such new roads be located in conjunction with the Commission's other priorities--that is, non-sprawl development, preserving farmland, etc. It was pointed out that No. 4 on page 19 addresses this suggestion.

Mr. Matlack spoke at the New Castle County Hearing and advocated using highway money to finance a metroliner to Rehoboth and to Rodney Square. He also suggested that the government require that a car on a major traffic artery during rush hour have at least three people in it. There were no motions, by the Commission, to implement any of these recommendations.

Mr. Biondi noted that Mr. Dill, at the Kent County Hearing, said that there seems to be a contradiction in the Report: one area says that there is too much highway development, and for example, if you take the 2% of the land surface of Delaware, which is already devoted to highways, and if you were to take the area north of the B&O railroad in New Castle County and find that fully 10% of that area is already devoted to highways, then he would agree that there is too much highway in the State. Mr. Dill also pointed out that the report indicates that we have fallen behind in highway construction. Mr. Cooperson agreed that this area needs clarification. He pointed out that page 32, paragraph three, sentence two may not be in direct conflict with the rest of the report, however, it may be misinterpreted. The League of Women Voters also questioned this paragraph. There was also a problem raised with the first Transportation Finding on page 18.

MOTION: A motion was made by Mr. Krapf to amend Number 1 under Transportation Findings to read:"High reliance solely on the personal automobile in urban area for transportation contributes to urban sprawl." This motion was seconded by Mr. Thorn and agreed to by all present.

MOTION: A further motion was made by Mr. Krapf to amend Paragraph 3 on page 32 so as to make the sentence "The economic vitality of Delaware has declined markedly" a paragraph on its own, and to start the next paragraph with "Delaware has fallen behind in its highway programs. Upgrading of the highway system has not kept pace with expanding population and transportation

demands. . .". This motion was seconded by Mr. Cooperson and approved by all present.

Mr. Daniel Ryan (at the New Castle County Hearing) stated that the "automobile should not be penalized before the ability to have mass transit is available." Mr. Biondi felt that that statement is not in conflict with the Commission's recommendations.

UTILITY FINDINGS AND POLICIES

The Commission went on to discuss comments on the Utility Policy section. The Delaware Society of Professional Engineers noted that they agreed with the Commission's Utility Finding #2, ("the routing, signing, and timing of new utility installations, especially interceptor sewers, can be a valuable tool for guiding land use"). However, they further pointed out that "Public Funding Recommendation", Item #2, of not funding utility capacities beyond immediate needs is in conflict. Secretary Bryson said that the Commission's statements are consistent with federal law. Mr. Biondi agreed that the DSPE had read something into the report which was not actually there.

Mr. George Harrision, from Rehoboth, generally agreed with this section. Mr. John Tarburton, representing the Delaware State Grange, made a statement at the New Castle County Hearing. Mr. Biondi asked Mr. Walton if he though Mr. Tarburton was asking the Commission to make any additions or changes to the report. Mr. Walton felt Mr. Tarburton's statement was in agreement with what the Commission has stated. He interpreted Mr. Tarburton's statement to mean that if each County were to

enforce some type of land use control, there would be no need for discussion of farmland preservation.

AGRICULTURE AND FARMLAND

At the Sussex County Hearing, Secretary Isaacs felt that the Commission should not only address food in the Agriculture Section, but also fiber and timber production. Mr. Biondi, therefore, suggested that #1 under Agriculture and Farmland Findings, be amended to read "Protection of Delaware's prime farmland will assure continuation of a viable agricultural industry, including food, fibre, and timber production, and making sure Delaware residents have locally grown food available and taking advantage of Delaware's climate and nearby markets in Eastern population centers." It was moved and seconded that Mr. Biondi's suggestion for amending the first finding under Agriculture and Farmland be adopted. This motion was carried.

MOTION:

Secretary Isaacs further pointed out that the Commission's recommendation for Agriculture and Farmland Policy is that we should preserve and protect prime farmland as defined by the U.S. Soil Conservation Service and includes land classified as I, II, and III. However, there is land, in Sussex County, which has been reclaimed which would not be prime farmland within the meaning of that definition, but should be prime farmland from the point of view of its preservation as farmland. Mr. Biondi though there was a question of definition or classification in that section. He asked Mr. Keifer what his office has done in this area. Mr. Keifer said that, as he understands

it, the problem is using Class I, II, and III. There is another definition being drawn up by the Agriculture School personnel that includes Class I, II, and III as well as reclaimed land. Mr. Biondi suggested amending this policy to read "Delaware should preserve and protect its prime farmland as defined by the Department of Agriculture of the State of Delaware". Mr. Weiner expressed disagreement with this suggestion due to the fact that he felt you were talking about an individual or a Department at a given moment. There was

OTION: no motion on this suggestion. Mr. Larson made a motion that the "Agriculture and Farmland Policy" be amended to read: "Delaware should preserve and protect its prime farmland including lands classified as I, II, and III and including productive reclaimed farmlands." This motion was seconded by Mr. O'Donnell and approved by all present.

On this same section, the League of Women Voters asked the Commission to distinquish between "preserving" and "protecting" more specifically. Ms. Bierlein felt that the term "preserve" conotates long term activities, whereas "protect" is more short term. Mr. Larson felt that the words "protect" and "preserve" have a deliberate redundancy and that the words are essentially synonymous.

The League of Women Voters questioned whether the Delaware Tomorrow Commission might have any impact on the problems with inheritance and estate taxes at the federal level, or did the Commission intend to modify only the State inheritance tax laws?

Mr. Biondi said that the fact is that the evaluation used for the farmland is the same evaluation that would be used for federal inheritance or estate tax laws. Mr. Weiner noted that there is current legislation in the Congress to deal with this at the federal level. The Commission's policy and concern is to make sure that if it is corrected at the federal level, that the State have an existing policy that would attract that kind of thing. He felt that the recommendation is well stated.

Several other questions were raised by the League of Women Voters on the Agriculture section, however, after lengthy discussion, it was agreed that the Commission had covered the issues as clearly as possible. Specifically, the League suggested that the formation of agricultural districts be included as one of the possible incentives to be investigated. Mr. Larson agreed that this might be a sound suggestion, however, he felt that this area would be covered in the Commission's call for a Statewide Land Use Plan. The incentives that the Commission has suggested are non-planning type suggestions. Mr. Weiner noted that he agreed with the statement on Implementation of Agriculture and Farmland Policy as written, and he though it ought to be recognized that this is a general statement of policy that we should preserve and protect and indicates some direction. He does not think that this policy statement is an absolute caveat that a given piece of land shall never be put to any other use (other than farming).

MOTION: A motion was made that the section on Agriculture and Farmland be left as amended. This motion was seconded and agreed to by all present.

CONSERVATION AND OPEN SPACE

At the Kent County Hearing, the Delaware Society of Professional Engineers said that they support the policies and implementation measures listed on page 24, however, they felt that public acquisition of open space should be limited to unique and important conservation areas and areas for planned park and recreation space. They assumed that implementation policy #2 on page 24 had that intent. Mr. Weiner

MOTION: moved that Implementation Policy #2 be left as written. That motion was seconded and approved by all present.

At the Sussex County Hearing, Mr. Showalter spoke about the use of acquifers, however, Mr. Biondi did not feel he was speaking to any specific issue in the report.

RESIDENTIAL LAND

Mr. Miller, representing the DSPE, felt that some limit on the number of public housing units to be developed in each population center must be established. Mr. Dill, at the Kent County Hearing, expressed concern with the lack of concern over the distribution of low income housing and its relationship to the busing issue. Mr. Stazesky, of CHAD, issued a general statement of support for this section, with emphasis on Policy #2. The League of Women Voters questioned what powers and duties would an expanded Division of Housing have? How

would it differ from the present Division of Housing. The New Castle County Civic League questioned the use of "adequately housed" in both the second and third policies unless the word "adequately" is defined as "meeting the minimum standards of a housing code", which Delaware should have.

COMMERCIAL LAND

At the Kent County Hearing, Mr. Miller (DSPE) agreed that commercial development should be zoned in clusters and coordinated with planned population centers, and that strip highway commercial development is undesirable. However, once areas are designated for commercial development, a developer should be able to proceed through the normal permit process without any additional need to justify a project. Mr. Biondi said that he saw no conflict with that statement and the report.

Mr. Lipstein, of the New Castle County Civic League, stated that "rather than curtail commercial strip development, we should require parallel local roads with limited access to our main highway network. Such a policy would meet the criteria for clustering highway oriented uses rather than stringing them along the highways". Mr. Weiner felt that this recommendation was a specific plan, which does not belong in a broad policy statement, however, his recommendation is not in conflict with the Commission's standing.

MAJOR INSTITUTIONAL LAND USE

Mr. Dehan, of the Wilmington Medical Center, issued a lengthy statement at the New Castle County Hearing, defending the Wilmington Medical Center, and outlining their planning

and coordinating process. Mr. Larson said that he had drafted the statement on Page 27, which had been discussed and modified slightly, and he saw no reason to change this section. Mr. Larson further said that the policy statement did not address the issue of whether the Medical Center should build at Stanton or not. He felt that Mr. Dehan merely suffered from a guilty conscience.

Mr. Hughes issued a statement at the New Castle Hearing supporting the Commission's recommendations on this section.

Mr. Miller, of the DSPE, supported the Commission's recommendations. Mr. Lipstein, New Castle County Civic League, said that they questioned the fact that it is not recognized that if a site fits all other criteria, but is contrary to land use planning, we must presume that the plan might be at fault and so should consider revision of the plan. Mr. Larson felt that if you go through all the steps that are outlined in Policy #5, you will develop a plan that is acceptable. Mr. Weiner felt that the last sentence in Policy #5 is poorly stated, and that Mr. Lipstein's comments are valid. That statement, in his opinion, puts the priority of a land use plan above the question of a consideration of a site. Mr. Keifer said he believed the object of that sentence was to make the point that the Division of Economic Development should not be out selling sites when those sites conflict with adopted land use plans. There should be a coordinated effort there, and if the Division of Economic Development will be trying to get industrial developers to sites, they ought to be working

within the context of adopted land use plans. Mr. Weiner felt that this should be specified. Secretary Bryson said that he did not think any plan was ever that final. Mr. Weiner suggested that the last sentence in Policy #5 should be amended to read: "The State shall not promote the inclusion of a site for industrial purposes without consulting with the appropriate agencies in the event it is contrary to the existing land use plan for that area". Mr. Larson felt that that sentence, as written originally, expressed Mr. Weiner's concern. Mr. Weiner moved that Policy #5 be amended to read: "The State shall not promote the inclusion of a site, for industrial purposes, when utilization for that purpose has not been reviewed with the appropriate agencies, if it is contrary to the land use planning in the area." This motion was seconded by Mr. Thorn, however, the motion was defeated.

MOTION:

ECONOMIC DEVELOPMENT

On page 32, the second paragraph from the bottom, Secretary Bryson moved that the phrase "and air pollution problems have become a major issue north of Wilmington" be stricken from the report. He said this is an incorrect statement, as there is no longer an air pollution problem in the State. Delaware has met its secondary standards, and we are in great shape. Secretary Bryson's motion was seconded by Mr. O'Donnell and approved by all present.

MOTION:

Mr. Cooperson raised a question on page 34, in the last paragraph. He read the sentence "The Delaware Tomorrow Commission should establish population and employment growth goals

considering such things as internal population growth, in-migration, type and amount of new businesses desired, and a forecast of the resulting changes in State income and expenses." He felt that that sentence was in conflict with the sentence on page 14, paragraph 3, second sentence, which states "The Commission feels the establishment of an arbitrary employment or population rate of growth policy, either by specific number or percentage will not be effective and it may, indeed, be counter-productive." Mr. Weiner moved that the sentence indicated on page 34 be stricken from the Report. Mr. Larson seconded this motion and it was carried.

MOTION:

In a letter to the Commission, Mr. Dave Williams noted that "stripping away all the typical report verbiage, Delaware's major problem is fiscal responsibility. . .". Mr. Biondi felt that Mr. Williams' concerns were addressed in the report. Mr. Williams further stated that he felt that "the Commission should come out and say that the Delaware State Chamber of Commerce has been ineffective as a private organization in bringing business to Delaware." There were no motions to change the Commission's Report to incorporate any of Mr. Williams' suggestions.

There were no basic disagreements with the Civic League and their statement on this section.

Sussex County Council submitted a letter to the Commission with their comments on the Draft Report. Their letter indicated that the emphasis of the Economic Development Section is mainly on the redevelopment of the City of Wilmington. Mr. Biondi

felt that this was "simply not true". The Sussex County Council further noted that "the Commission has placed itself squarely in a position of impeding the development of Sussex County." Mr. Biondi pointed out that the Economic Development Section did indicate that the two areas which had sustained economic losses were the City of Wilmington and Western Sussex County. The Commission did discuss specifics in improving the economic climate if the City of Wilmington; however, they did not discuss specifics for Sussex County. The Council letter listed four specific recommendations for inclusion in the Commission Report. They were each discussed as follows:

"(a) That the Recreation Industry be treated in the same manner as any industry in Delaware." Mr. Walton pointed out that in the middle of Page 36, this issue is addressed as follows: "These capabilities should include the 'Target Industries Program' for recruitment of industries best suited to Delaware, financial aid to expand tourism and recreation facilities, a program to attract foreign firms. . .".

"(b) That increased financial aid to expand tourism and recreation facilities be included in the State budget; the County should explore the possibility of joint funding such expansion. Fees charged at State Parks to Delawareans should be immediately discontinued." It was agreed that there was too much detail in this recommendation.

"(c) That the economic base of Sussex County be expanded through the attraction of a more diversified industrial base

to the County; efforts should be made to assure that all perspective industrial clients are shown the entire State." Mr. Krapf agreed with this recommendation, however, several members of the Commission felt that this issue had been addressed in several areas of the report (including page 36). In spite of these comments, everyone agreed that there was no policy reason for not including a section entitled "Sussex County Findings" following the "City of Wilmington Findings" on page 43, incorporating recommendation (c) of the Sussex County Council letter. It was agreed to change the word "perspective" in (c) to "prospective".

"(d) That the people of Delaware must be educated about the economic problems of Sussex County so that a more realistic attitude towards the planned and ultimate development of the County can be obtained; it is time that the people of Delaware realize that there is more to Sussex than our beaches." It was also agreed to include this recommendation into the "Sussex County Finding" up to the word "obtained".

MOTION: It was moved by Mr. Weiner, and seconded by Secretary Hall that the Commission include a section titled "Sussex County Findings" into the Commission report which will include recommendations (c), changing "perspective" to "prospective" and (d), down to the word "obtained". This motion was agreed to by all present.

Mr. Larson said that the Commission had recognized the southern counties in the Delmarva Advisory Council Findings on Page 39. Mrs. Slights asked if Kent County might not feel

slighted as averyone is mentioned except Kent County. Mr. Biondi said that he hoped not.

On page 32, the League of Women Voters questioned the statement "the total cost of new industrial construction in Delaware has become expensive". The League did not disagree with this statement, but pointed out that it is equally true of the other 49 states. They asked if the inclusion of this statement was meant to imply that industrial construction cost has risen more in Delaware than in other States? After a lengthy discussion, it was agreed to strike the second sentence on page 32, and amend the first sentence to read "Delaware can no longer expect to grow rapidly simply because of its formerly competitive edge in the cost of industrial construction." The

MOTION: above recommendation was moved by Mr. Weiner, seconded by Mr. Larson and approved by all present.

Mr. Frank Nelson representing the Land Value Tax Committee of Delaware, at the New Castle Hearing, stated that property tax reforms, along the lines that his group suggests, would be a helpful tool to achieving the land use goals which are contained in the Commission Report. Mr. Biondi felt that the Commission is not sufficiently versed to take up the problem of property tax valuation. Mr. Weiner said it was a question of changing our complete basis of taxation and that for the Commission to arbitrarily take a stand on this issue would be unfair. Mr. Cooperson asked if there was any way that the Commission could make a note, since the Commission has suggested several times in the Report that tax reform be considered, that real estate

tax policy reform also be considered. Mr. Larson felt it would be wrong, at this time, to mention a specific tax reform, such as site valuation. Mr. Weiner agreed that a resolution by the Commission, on this issue, is not necessary, however, these ideas ought to be passed on to the appropriate people in State government, planning departments, etc.

Mr. Bradford pointed out that several statements are made on page 43 of the Commission Report concerning one of the taxes, and he felt that the property tax may bring in the second highest of the taxes assessed in the State. He felt that perhaps, as Mr. Cooperson suggested, at least a statement that this should be studies also, should be included under the section on Tax Findings. Mr. Biondi said that suggestion would be considered when we reach that page.

PROPERTY TAXATION, LAND USE AND PUBLIC FACILITY FINDING

On page 39, Mr. Biondi pointed out the recommendation: "The State should study a revenue sharing formula for commercial-industrial revenue so that all jurisdictions of our small State will share in the revenue equitably." He noted that Mr. Conaway "raised hell with us about that." Mr. Russell, at one point in that hearing, tried to explain it. The Civic League of New Castle County did not want any part of it. Mr. Bradford thought that this recommendation could be included as part of one general section on taxation. Mr. Weiner felt that this recommendation says that "the State makes a sizable contribution to an Economic Development Department. That Economic Development Department brings major industries all into a given local tax

jurisdictional area, who benefit from that tax area, but they use the State general fund to benefit that single area." Mr. Weiner further explained that this recommendation says that we ought to take a look at the equities involved. Therefore, Mr. Weiner felt that the recommendation, as it now stands, should not be disturbed. This was generally agreed to.

DELMARVA ADVISORY COUNCIL AID FINDINGS

Mr. Slawick, at the New Castle County Hearing, said that if financial aid were given to the Delmarva Advisory Council, which covers only part of New Castle County, he felt that "some mechanism needs to be created to assist in stimulating the economy in the northern part of the State." Mr. Biondi felt that the overall recommendation, made by the Commission, dealt with the State in general.

MOTION: Mr. Walton made a motion that the entire paragraph under Delmarva Advisory Council Aid Findings be stricken from the Report. Ms. Coffey, representing Mayor Maloney, said she felt that the Delmarva Finding was in conflict with the recommendation on page 36, which called for a Statewide Economic Development Act. She, therefore, supported Mr. Walton's motion. This motion was seconded by Secretary Bryson and approved by all present.

PRIVATE FINANCIAL SUPPORT FINDINGS

Mr. Bradford felt that the recommendation in this section was meaningless, as he has stated on previous occasions. However, he also pointed out that the sentence preceeding this

recommendation is misleading. It, presumably, says that Delaware banks should have the same percentage of business loans as any other State for the average of all banks in the Country, which is suggesting to the banks how they should run their business. Mr. Bradford felt that this was not the prerogative of the Delaware Tomorrow Commission. He did not think anyone would quarrel with the statement "Delaware's Banks should be encouraged to give greater leanding support". However, he felt that to tell the banks that they have to give more loans to business is "crazy". Mr. Krapf noted that he had voted against this sentence previously, and he would note against it now. Mr. Bardford said he would present the position of Secretary Daniello, in his absence, concerning the purchase by Delaware banks of industrial bonds.

Mr. Weiner made a motion that the heading "Private Financial Support Findings" and the paragraph following the heading be stricken from the Report. However, the recommendation in this section will remain in the report, being placed with the recommendations under "State Financial Inducement Findings". This motion was seconded by Mr. Krapf and approved by all present.

STATE AND LOCAL PROGRAMS

Mr. Showalter, at the Sussex County Hearing, felt that the Commission should address itself to solar power and wind power. The Commission felt there was no contradiction with their recommendations in this section.

The Civic League of New Castle County felt that the Commission should reword the second recommendation in this section to read: "Delaware's utility companies must develop a plan for meeting long and short term energy needs for business and industry including the development of new energy sources and the conservation of present energy to the satisfaction of the Public Service Commission". Mr. Weiner felt that the wording the Commission has in this recommendation is inclusive. There were no motions to amend this section.

RAIL SERVICE FINDINGS

The Civic League of New Castle County said that "they strongly support the State doing all in its power to insure continuation of the Railroad Freight Service--and we continue to support the construction of the north-south toll road--as the only viable alternative means of delivering goods, people, and services to the lower parts of the State in the failure of the rail transportation system". Mr. Walton said that, because the bridge went out at one time, people think the whole rail system "went to pot". He felt it might be more feasible to build two rail crossings over the canal than it would be to build a toll road in the State. Secretary Hall noted that the toll road wouldn't cost anything, however, the rail crossings would cost "a bundle" and the Corps of Engineers would not do it. There were no recommendations to change this section, hwoever, Mr. Cooperson requested that the editor of this report make an effort to "clean up sloppy grammer".

CITY OF WILMINGTON FINDINGS

The Civic League of New Castle County felt that the "Wilmington Wage Tax" is one of the major reasons why middle and upper income people are moving out of the city and think that perhaps some transfer of services to the next higher level of government would enable use of a tax based on a broader geographic area (such as a county-wide supplement to the State income tax). The Commission saw no reason to amend this section.

TAX FINDINGS

Comments were made by Mr. Williams and Mr. Lipstein at the New Castle Hearing. Mr. Lipstein (New Castle County Civic League) advocated "piggy-backing of the State's income tax on the Federal". The League of Women Voters said that they want it to be clear to all who read the Commission Report that, if capital gains and personal income taxes are adversely affecting business location, it is because the business leaders are making such decisions on personal consideration.

Mr. Oldach said that the recommendation in this section simply says that we should make a study. He suggested that this recommendation be amended to read: "An objective study of Delaware's income and capital gains tax structure should be made promptly to bring the personal income tax rate, including capital gains, in line with more progressive states". Mr. Weiner modified Mr. Oldach's recommendation to read: "An objective study of Delaware's income and capital gains tax structure should be made promptly in order to alleviate the

serious disadvantage which Delaware now has in competing with other progressive States for new business". He said, "in other words", you don't want to just study it, you want to study it in order to propose a program of action". Several Commission members expressed concern with the use of the word "progressive". Mr. Biondi further amended this recommendation to read: "An objective study of Delaware's income and capital gains tax structure should be made promptly and the necessary changes initiated to place this State in a more competitive position with other States". Mr. Larson moved that Mr. Biondi's amendment to this recommendation be adopted. This motion was seconded by Mr. Krapf and carried.

MOTION:

Mr. Bradford questioned whether the "piggy-back" issue should be addressed specifically. It was agreed that the study should cover this issue automatically.

OFFSHORE OIL AND GAS DEVELOPMENT FINDINGS

There were no comments made on this section in conflict with what was written.

LAND USE PLANNING AND REGULATION

Mr. Biondi said that there were specific recommendations made on this section by the Delaware Society of Professional Engineers. He further stated that the comments made on this issue were generally supportive. There were two other positions expressed: 1. The recommendation that, in the Land Use Planning and Regulation Section, the Commission take a position that the Coastal Zone Act be included as part of the Land Use

Plan recommendations, that it remain intact in any Land Use Plan which is developed; 2. The recommendation that the Commission not advocate the retention, even as interim guidelines, of the Coastal Zone Act (as regulatory mechanisms during the interim period). The overwhelming position taken at the public hearings were in favor of the recommendation as written. Mr.

MOTION: Weiner moved that this section not be changed.

Mrs. Slights felt that the Chairman did not paint "quite a clear picture of this issue". Out of 31 speakers, 9 spoke to the issue of retaining the Coastal Zone Act in its entirety. There were three who indicated an opposing view. Mr. Biondi said that there was also a majority of the public who did not show up. He felt that there were three positions taken:

1. That the Commission recommend that the legislature and anyone else involved lock itself into the current provisions of the Coastal Zone Act, as it currently stands, as a necessary inclusion in any land use plan;
2. That the Commission should immediately repeal the Coastal Zone Act and not continue it in existence until a land use plan is put into effect; and,
3. The position of the Commission and that of the Land Use and Community Development Committee, which is spelled out in the Report.

Secretary Schranck seconded Mr. Weiner's motion that this section not be amended. On the question, Mrs. Slights felt that the Commission was not dealing with this question as

fairly as they had dealt with other comments made at the Public Hearings. Secretary Bryson felt that the purpose of the Statewide Land Use Plan was to avoid some of the inequities between the present Coastal Zone Act for the total State without destroying the concept of protecting the Coastal Zone. He said there was no point in incorporating the Coastal Zone Act "in toto" into a Land Use Plan. Mrs. Slights said the Commission has not addressed the issue of how we are going to deal with legislation, such as the Beach Erosion Act and the Wetlands Act, after we supercede them. Many speakers at the public hearings felt that the issues covered in the Coastal Zone Act should continue to be covered.

In support of his motion, Mr. Weiner pointed out that there were several people who, having read the Commission's recommendation, did not come up to testify for or against the Coastal Zone Act, but who have understood that the Commission's proposal was that: (1) the present regulations are to remain intact until a new Plan and new regulations are developed, and (2) at that time, the Comprehensive Statewide Land Use Plan would supercede the current Act, because it would be a much broader thing. The Commission's sentiment is that the Coastal Zone Act provisions would be given due consideration.

Mr. Larson felt that those who advocate the retention of the present provisions of the Coastal Zone Act ought to address that position to those drafting the Statewide Land Use Plan. The Commission is not going to draft the Statewide Land Use

Plan, the State Planner will be responsible for the drafting of this Plan. Mrs. Slights said that her understanding, from Mr. Keifer, of how he would determine how he would draft the Statewide Land Use Plan, was that "he would go under the direction of the Commission and that the Commission would settle the issue and not the State Planner". Representative Seibel said that the legislature will have the final say on what sort of Statewide Land Use Plan is implemented.

Mr. Cooperson felt that the Commission, on page 24, has said that the people of Delaware are mature and reasonable enough to adopt measures that will continue to protect the Coastal Zone so that we will still have orderly growth and development. Therefore, Mr. Cooperson recommended that Mr. Weiner's motion be passed. Mrs. Slights felt that the Commission was doing an injustice to those who testified on this issue. On previous testimony, if there was a great deal of testimony against a particular issue, the Commission had voted to amend the Report to comply with the wishes of the people. The majority of the Commission did not agree with this summary.

MOTION: Mr. Weiner's motion to leave this section as written was approved with Mrs. Slights and Mr. Walton voting no.

Mr. Conaway, in his letter to the Commission, expressed concern that the Statewide Land Use Plan, recommended by the Commission, not turn into merely a zoning map. Mr. Weiner said this was also one of his fears and asked for clarification on this issue. Mr. Larson said that the reference to the Land

Use Plan in the Industrial section of this report is to local land use plans. There were long discussions on this issue at previous Commission meetings as recorded in the minutes, at which time Mr. Weiner's concerns were addressed.

Mr. Cooperson pointed out that the third sentence in the second paragraph on page 45 is misleading and incorrect. He felt that the demand for land development is primarily generated by the private sector. Secretary Bryson suggested that that sentence be amended to read: "One of the questions being raised now is that since the State government provides financing for roads, schools, sewage disposal and other facilities, the demand for which is largely regulated by local government land development decision, should the State government take back some or all of the land use regulatory responsibility it has historically delegated." Mr. Cooperson made a motion that Secretary Bryson's suggestion to change the word "determined" to "regulated" be adopted. This motion was seconded by Mr. O'Donnell and approved by all present.

MOTION:

COST OF PUBLIC SERVICES

Comments were made on this section by the Civic League of New Castle County, Mr. Drexler, the County Executive of New Castle County, and Mr. Williams. In general, these comments were in agreement with the Commission's position. Several people recommended that the Commission go beyond what the Commission had recommended in terms of more specific recommendations in the Report. Mr. Biondi asked if anyone on the Commission felt that any changes should be made to this section. It was moved by

OTION: Mr. Krapf and seconded by Mr. Ryan that this section be accepted as written. This motion was agreed to by all present.

On the issue of whether or not the Commission should continue in its present form, Mr. Krapf stated that he did not feel that the Commission should be an ongoing thing. Mr. Biondi pointed out that the Governor requested, in his State of the State Message, that when he has legislation that he believes satisfies the Commission's recommendations, that the Commission hold public hearings on the legislation and react to the hearings, as well as to the legislation itself. Mr. Weiner supported Mr. Krapf's statement and also felt that his statement was not in conflict with what Mr. Biondi pointed out and what the Governor has in mind. Secretary Schranck felt that there was a danger of this report "dying" and he felt there ought to be some ongoing group to oversee the implementation of the policies suggested in this report.

On the subject of implementation recommendations, it was generally agreed that it was not necessary for any Committees to meet again. The implementation of these policies will be left to the Administration and the Legislature. It was agreed that the Commission will present the final report of the Commission to the Governor; will review and participate in the Statewide Land Use Process; and then the Commission will disband. The Governor will be putting together an Administration proposal with respect to the Commission's report, and submitting it for review to the people, the legislature, and the Commission. The Commission will be called to meet again to plan how to review

what has been proposed, with respect to the Statewide Land Use Plan, and details of the public hearings.

Mr. Krapf said that it had been a pleasure to serve on the Commission, and that there had been a great many compromises. He felt that this is what good government is about. Mr. Krapf further complimented Mr. Biondi for his leadership and hard work on this Commission. (Applause)

Mr. Biondi pointed out that he had not met with the General Assembly on the week of January 20, as previously agreed to.

The final report, in the form agreed to at this meeting, will be submitted to the Governor, the legislature, the public (upon request) and the media.

It was further agreed that a dinner would be arranged, with the General Assembly and the Governor (dutch treat), at which time Mr. Biondi would speak about the Report.

Mr. Biondi pointed out that it will be necessary for members of the Commission to take an active role in speaking to the public on the Commission's Report.

There being no further business, the meeting was adjourned at 11:00 p.m.

Respectfully submitted,

Dee Burkley

Dee Burkley
Recording Secretary

APPENDIX F

PUBLIC HEARING ON THE DRAFT REPORT OF THE DELAWARE TOMORROW COMMISSION

TUESDAY, JAN. 6, 1976

CENTRAL MIDDLE SCHOOL

DOVER, DELAWARE 19901

The proceedings of this hearing went as follows:

Good evening, I am Frank Biondi, Attorney at Law with offices in the City of Wilmington. I'm Chairman of the Delaware Tomorrow Commission.

I would like to identify the other gentlemen at the table with me here: Cliff Hearn, who's also a member of the Bar who serves as Secretary to the Commission; Dave Keifer, State Planner whose office has provided the services and coordination for the work of the Commission. Other members of the Commission and its Committees are seated here in the audience, and I'm very happy to have them here with me tonight. If I get into any trouble, I hope they'll stand up and be identified.

The Delaware Tomorrow Commission was created in June of 1974, began its work in September of 1974, and was charged by the Governor with certain specific responsibilities. They were to determine what the state government's historical experience has been in regard to growth, to determine alternative ways that state government can provide for effective growth, to evaluate the potential impact of various growth alternatives in the private and public sectors, and to recommend to the state government policies and strategies for effective and rational growth in the residential, commercial, and industrial areas. The Commission was broken up into three committees: a Land Use and Community Development Committee, an Economic Development Committee, and a Cost of Public Services Committee. The Committees were staffed not only by members

of the Commission but by other citizens with expertise in the various areas. The Committees met, studied problems, discussed them in depth and made recommendations to the Commission. The Commission then held long deliberations and decided on the preliminary report, which is before you at this time. We are going to hold this hearing tonight; there will be another hearing in New Castle tomorrow night and a further hearing in Georgetown the following night. Following the completion of these hearings, the Commission will take the minutes of the hearings and the material submitted, sit down and deliberate further with respect to the matters which are the subject of its report, then issue a final report to the Governor, the General Assembly, and to the people of the State. The Commission is not so arrogant as to assume that it has suggested all of the proper solutions to the problems it has discussed; in fact, the Commission is not so arrogant as to suggest that it has even identified all the right problems. We do believe we have identified some of the problems in the State which have to be addressed in a rational and planned manner. The purpose of these hearings is not to hear further from the Commission, but to elicit a public response to the Commission's recommendations. I will, therefore, ask those members of the public who want to speak to the Commission's report to come to the microphone, identify themselves, give their name, address, and organization of which they are a part/or representing, if such is the case. Who wants to be first? Bill Miller?

MR. MILLER: My name is William J. Miller. I am the President of the Delaware Society of Professional Engineers, and I speak to you tonight in that capacity. My residence is Dover, Delaware.

The Delaware Society of Professional Engineers Coastal Zone Committee has reviewed the Delaware Tomorrow Commission Report as part of our continued interest in Delaware's land use management program. The Board of Directors endorses the comments offered.

We commend the Commission for its efforts to establish a clear set of policies for development in Delaware.

Our comments are generally limited to the sections on Land Use and Community Development and Land Use Planning and Regulations which we feel have extreme importance. These comments represent a continuing development of themes presented in our March 1975 report to the Governor and General Assembly.

Land Use and Community Development

Community Development

We agree with the Commission that "sprawl" should be discouraged in all future development. The Commission should clarify its concept of the desired level of urban concentration. High density spread over too large an area is obviously undesirable. Population centers should be limited to a manageable and efficient size. By designating population limits for developed areas, good utility and transportation planning can be realized.

Diversity of housing types, not only high density, should be encouraged in the population centers. Type of housing and lot size should depend on the market place, limited by the overall planned development density and priorities for other uses.

Redevelopment of existing older cities has been tried with varying degrees of success. Successful redevelopment of the core city can be accomplished only if coordinated with the surrounding community. Additional

development on the fringes of Wilmington should be discouraged so this area can rebuild what already exists and not be burdened with extensive new facilities.

We agree that decent housing is a necessity. Extensive programs have been tried in the past several years often with limited success. The subject is much too complex to discuss in detail at this time. We would hope, though, that the programs developed would very carefully examine the previous successes and failures. Some limit on the number of public housing units to be developed in each population center must be established.

We agree that Commercial development should be zoned in clusters and coordinated with planned population centers, and that strip highway commercial development is undesirable. However, once areas are designated for commercial development, a developer should be able to proceed through the normal permit process without any additional need to justify a project. The economic risk is his and not subject to review by a government agency.

We agree that sites most suitable for industrial development should be designated. Utility and transportation systems should then be planned to accommodate industrial siting. We call your attention to the fact that studies have been made (Fantis Co.) to determine the most suitable types of industry for Delaware. These studies must be carefully considered in developing industrial land use policies. We would like to emphasize your recommendation that rehabilitation of existing industrial buildings and sites seems a sensible approach, unless, however, the site is no longer compatible with today's development plans.

We support the recommendation to establish tax incentives to encourage

renovation and rehabilitation of older properties.

We concur with the Commission's Utilities Finding, item #2, that "the routing, signing and timing of new utility installations, especially interceptor sewers, can be a valuable tool for guiding land use" and believe they should be. We point out that the Public Funding Recommendation, item #2, of not funding utility capacities beyond immediate needs is in conflict; it will have a negative effect on the planning process.

We concur that improved mass transportation is directly tied to planned population centers and planned commercial and industrial sites. Mass transportation routes must be convenient for potential users and attract and maintain these users to be economically feasible.

With planned development, utilities and transportation can be designed for the maximum anticipated use. The self-fulfilling situation then works to our advantage - development is encouraged where planned.

The transportation policies which are developed should encompass all vehicular activity. The reference to "cars" and "automobiles" could easily be expanded to satisfy this condition; in addition, it is assumed that the transportation policies included all forms of transportation even if they are not expressly contained in the report. Air, water, and any other transportation probability qualify for consideration.

Agriculture and Open Space

Maintenance of prime agricultural farm land is very important to assure food supply for present and anticipated population levels. The recommendation to modify estate and inheritance tax laws to assure orderly transfer of agricultural land is imperative if the planned development and agricultural land policies are to be achieved.

We support the Conservation and Open Space Policies and implementation measurers listed on P. 24. However, we believe public acquisition of open space should be limited to unique and important conservation areas and areas for planned park and recreation space. We assume implementation policy #2 on P. 24 has this intent.

Participation in planning for the effects of off-shore drilling for oil and a possible deepwater terminal should and is being considered in Delaware's Coastal Zone Management Program. The Lewes-Rehoboth Area has been given first priority in development of the land use management program.

Land Use Planning and Regulation

DSPE is very pleased that the Commission has supported our March 1975 Coastal Zone Study Report, and does, therefore, agree wholeheartedly.

This program is now well underway under the direction of the State Planning Office, and we strongly encourage the complete support of all levels of government and all Delawareans.

Follow-up

The Commission's report outlines many recommendations and policies to help maximize the quality of life in Delaware. A mechanism must be established to implement these programs. DSPE would like to offer some suggestions to follow-up on the effort to date:

RECOMMENDATION: The Governor should continue the Delaware Tomorrow Commission and its sub-committees, charging the Commission to review and recommend on specific programs to carry out the recommendations and policies in the report.

RECOMMENDATION: The Governor should assign development of specific programs to the appropriate departments in the State Government.

RECOMMENDATION: The Governor should assign overall coordination to the office which can best handle the job for him; the Commission to serve as the "watchdog" and provide the strong advisory position recommended above.

RECOMMENDATION: The Land Use and Community Development Committee should maintain close communication with the State Planning Office (a Commission member) and the Coastal Zone Management Committee. The development of the management program is well underway and can serve as the nucleus on which to build the other program.

A closing comment:

Policies recommended by the Commission must be carefully coordinated with other programs of government to determine the priorities for spending. Many of these recommended policies should receive very high priority for implementation; none should be considered as a simple add-on to the plethora of existing program.

MR. MILLER: Thank you very much Mr. Chairman, and I have copies of this report if you would like to have them.

MR. BIONDI: Thank you Mr. Miller. Would you please give copies to Miss Burkley of the Planning Office, who is seated there in the front, and who will maintain the record of the hearings for us.

Who else would like to speak at this time? Is there anyone else? Seems like everyone came to listen. Is there anybody in the audience who would like to make a comment whatsoever on the Commission's report, the manner in which it is proceeding or any recommendation whatsoever, or to ask any questions? You don't have to make a statement. If you want to ask any questions that's fine too.

MR. FETTERMAN:

Kurt Fetterman
Dover, Delaware

Is the end result to encourage industry into the State of Delaware? In other words, in order for Delaware to overcome the anti-industry image it has to be very pro industry or encouraging to industry. Will this Commission or report or whatever encourage industry into the area?

MR. BIONDI: I think that's difficult to answer. What the Commission is talking about is eliminating those factors, from a negative point of view, which have been important deterrents to the location of industry in the State which should be eliminated, but consistent with a rational plan for growth and consistent with maintenance of our environmental needs and also you heard Mr. Miller speak of one of the Commission's recommendations; namely, the preservation of prime farm land. Our Commission's Report is a balanced report which looks forward to a balanced growth in the State in the future.

MR. FETTERMAN:

Is there still enthusiasm about industry coming into the State?

MR. BIONDI: I don't know where it is-I think the Commission has been selective in its growth recommendations, if that's what the portent of your question is. If there are no other comments, yes sir.

NO NAME:

Where can we get a copy of these reports?

MR. BIONDI: Okay, the reports may be obtained from the Office of the Delaware State Planner. I would indicate to you that the preliminary report is a 53-page document which is labeled: "Draft Report of the Delaware Tomorrow Commission." If any of you have not received the report yet, or

have received it, but are not prepared to comment on it, you may address comments concerning the report to the Delaware State Planning Office. They will be distributed to members of the Commission. It is our plan to distribute comments made at these meetings to the members of the Commission together with written statements made to the members of the Commission, and hold further deliberation. Now, as I said, the draft report is a 53-page report. There is an appendix to the report which is not paged through, but as you see is four inches, actually it's not that difficult to read. The appendix to the report contains the executive orders creating the Commission, studies made on behalf of the Commission, the full report of the Economic Development Committee and also contains minutes of the Commission meetings. We were very careful to transcribe the minutes of the meetings and to make a full record of the views and opinions of the members of the Commission and that is available also from the Office of the Delaware State Planner to anyone who desires to receive it.

MR. FETTERMAN:

Maybe I misunderstand. I thought this was supposed to be related to the Coastal Zone Act.

MR. BIONDI: I'm afraid you do misunderstand. The Coastal Zone Act, and the implications of the Coastal Zone Act, is only one small part of the problem of commercial-industrial-residential growth in the State. The Commission has examined the patterns which have existed in the State over the last 20 years in the area of land usage/community development. In my own view, the recommendations of the Commission in that area are of longer range and deeper significance in the long run development of the State than is the one issue concerning the coastal zone. The Commission also looked at the overall problem of economic development, and the Commission has focused heavily on the problem of the cost of public servies in the State and the implication,

both from the point of view of economic development and future growth and the quality of life of our individual citizens of the continued growth and the cost of services both at the state, county, local and school district levels in the State. We are not focusing on any one issue. That issue may be the sexiest in the report but, in my own judgment, it is not the most significant in the report. Now these are available, and I might also say they are available without charge in case anybody is worried about that. Is there anybody else in the audience who desires to ask any questions or speak to the report?

MR. COOK:

H. Wallace Cook
Newark, Delaware

One thing that surprised me was the statement in your draft report, on page 31, that in 1945 Delaware had no indebtedness and now we have over $500 million. I fail to see any recommendation for solving that problem. Are you going to make any recommendation?

MR. BIONDI:

I think that the Finance and I must, in answering these questions, speak for the Commission as the Commission views the problem rather than as I would view the problem personally. The Commission has looked for the first time at the cost of public services sector that I can find of record in the State at the overall cost in the State government to the people of the State. They have looked at the budgets of the three counties of the State, they have looked at the budgets of the major cities in the State, and the 26 school districts and have also looked at the contributions made to the public institutions in the State of higher learning such as the University. The Commission has looked at all the expenditures by these various units and the Commission has looked at all the sources of revenue of these various units.

The conclusion the Commission has reached as the result of this analysis of the cost of public services in the State is that the cost of public services, both from the point of view of operating expenses and from the point of view of debt service and overall capital expenditures, have reached the point where they seriously threaten the economic well-being of the State and the quality of life of the citizens of our State. Now we have looked at it from the point of view where it is necessary not only to talk about reducing expenditures and controlling capital expenditures and operating expenditures at these levels, but it is also necessary to primarily take a look at the existing governmental structure in the State - both State Government, counties, school districts, etc., and to call into question the very governmental structure which provides the services. Are we over-governed in this State. For a State of 560,000 people do we need all the various levels of government as currently exist? In discussing this report before another group I was asked a specific question by a member of the General Assembly, and I told that member he may have missed the entire point of the report because the first question which he was being asked was the validity of his own existence - of his own office. I think that's the core of the Commission's recommendation. We have not used specific numbers in the report because it is extremely difficult to project governmental revenues and expenditures over a long period of time and probably we could not get agreement on the Commission with respect to any single revenue source if we were to go and try to name a number. We know, however, that ten years down the road, the cost of public services in the State, at all levels, when added together are going to be substantially greater than they are at the present time-- absent new sources of revenue, and the Commission doesn't recommend new sources

of revenue as a way to go. What we recommend is that we take a look at the entire governmental service structure in the State and decide whether or not we really need it as it exists at the present time. But absent that and absent the fulfillment of other policy recommendations that the Commission has recommended in the land use and community development area and the economic development area, the public deficit by the year 1985 will make the current problems in the State look very miniscule. It is inherent in the Commission's recommendation that a more stringent approach with respect to capital expenditures not only for State government but for counties, cities, and school districts, all levels of government, be adopted. Are there any other questions? Any other comments?

MR. DILL:

Norman Dill
523 N. Bradford St.
Dover, Delaware

I did not have time to make a prepared statement. I would like to say that you would have to be against apple pie and motherhood to be against many of the policy recommendations which are made; however, there are some areas which I am concerned with and one is that the Commission does not address itself to the limits to growth in Delaware nor how we will know we have reached those limits, and it does not give us the alternative scenarios as to what our future might hold for us. For example, what are the implications and benefits of a no-growth policy This is not addressed at all in the report. There are also some disconcerting inconsistencies and nebulous areas in the report. For example, some seeming contradictions: in one place we are told that there is too much highway development and, for example, if you take the 2% of the land surface of Delaware, which is already devoted to highways, and if you were to

take the area north of the B&O Railroad in New Castle County and find that fully 10% of that area is already devoted to highways, then I would say we have too much highway in the State. Then we are told in this report also that we have fallen behind in highway construction. We are told that we must preserve our county planning facilities and personnel, but then we are told that the State must assume the responsibility for certain "hot spots" such as these strip developments which have developed in certain areas of the State. We are told also that some decisions transcend personal and local concern and I would agree. On the other hand, we are told that the individual citizen - we must preserve the right of the individual citizen to have some input into those concerned. I'm wondering whether that can be spelled out more in detail. Certainly people's feelings for their land and their control over their property are of concern as well as the greater concerns of the society. I am concerned with a lack of concern in the report over the number one political social issue and one which may affect our next election most greatly and that is the distribution of low income housing and its relationship to the busing issue and nowhere is this concern addressed in the report either. I think that some concern must be given to the policy for distributing low income housing so that we do not fight this white-black scenario that we have before us present in the busing issue. I was encouraged to see the recommendation that we would abandon shoring up (no pun intended there) the private developments along our coast. I think you should go a step further and recognize that natural disasters are, in fact, natural events. I am concerned about the apparent abandonment as I read it of the coastal zone provisions of the Coastal Zone Act, and I would suggest that rather than to say that the new

land-use policy would supersede the current Coastal Zone Act, I would rather see that the provisions of the Coastal Zone Act should be wholly incorporated into a comprehensive State-wide land use planning act. I do agree that Delaware is too small to have any significant policy differences in land use from one end of the State to the other, from county to county, and I think it's time we recognized that we are all Delawareans and that we are all in the same boat, and if the Lewes end of the boat sinks, that it's going to affect those in Wilmington and Kent County as well. Thank you.

MR. BIONDI:

Is there anyone else who desires to be heard? Or to ask any questions? Yes Sir.

MR. HUGHES:

Joseph Hughes
Farmer
Felton, Delaware

I would like to make a few comments concerning the Commission's report. First of all, I would like to congratulate the Commission on the foresight and the work that they've put into this report. It encompasses many things that I have agreed with for a long time and know many other people have worked very hard for and are much in agreement with in relation to the land-use provisions of the report. I serve on the Governor's Agricultural Advisory Board. I have served my local school district for five years and during that time the school district grew almost 50% because of change of land use. Most of this was in the area of strip development and it had a devastating effect on our community, on the tax base, and on the quality of life in the community itself. These are things this report directly addresses itself to, and I think that it's time, as the last gentleman said, that we consider ourselves one State and adopt

the State land-use policy, and stop these things that are causing problems down in the rural parts of the counties. Strip development is probably the biggest issue that's not covered by legislation, at least in Kent County because you cannot provide for a community if a farm is sold off on a secondary road way out in the county and the complete frontage is sold, that becomes a community in itself, a community without stores, without schools, without sewers, without provisions that any kind of community desires - it must have to survive - and this is happening all over lower Kent County. I think that it's time that this is stopped and I look forward to the utilization of this report by our state planning authorities, and hope that proper legislation will be taken to implement this plan. One other comment that I might have in relation to land use is the fact that people still must have some say in policy of land use and I don't think you can take this completely out of the hands of the people and certainly some exceptions must be made and certainly you cannot preclude the right of a man whose bought and worked hard for a farm to give a part of that farm to a son or a daughter or someone within his family. I think that certain provisions must be made this way, but if right now just in Kent County alone, and this is the only county that I can really relate to on this problem, if we pull our laws into line with the counties around us in Maryland and Delaware we wouldn't have half the problems we faced in the last five years with random and scattered development. On top of that, if just the septic tank regulations were enforced, which is a function of the State Water and Air Resources Commission, if these people were to have enforcement details that would follow up on their regulations that they make, and believe me are not enforced, then a lot of the random and

assorted development that we are getting would not have happened in the first place. So I'm saying that, with few exceptions, all these projections, all these ideals that are put forth in land use in your report could be brought into play very easily just with enforcing laws that we have and adding a few more regulations that are needed. I personally believe that I'd like to see a step toward less government than more and I think that you're talking along this line and I commend you for it. Thank you.

MR. BIONDI:

Thank you Mr. Hughes. Is there anyone else who desires to be heard?

MRS. BOGUS:

Billie Bogus
Wyoming, Delaware

I guess I'm going to probably raise a complaint. I came to the meeting tonight anticipating an explanation of the report or having a copy of the report read so that I could ask questions about a specific area. There are quite a few of us here we have not gotten copies. We're really sitting in a vacuum. I sort of understood this was an opportunity for the people to speak. If we haven't gotten the information how can we speak to it?

MR. BIONDI:

We attempted to secure a wide distribution of the Commission's report and to advise people through all of the elements of the media of the hearings and of the availability of the report at the Delaware State Planning Office. If you have not had access to a copy of the report, we will make a copy of it available to you if you want. If there is anyone here this evening who desires a copy of the report, who has not received it, following the conclusion of the meeting, give your name and address to Miss Burkley of the State Planning Office

and we will see that you get a copy and the Commission will not close its record in these matters until people like you have had an opportunity to comment to the Commission concerning the report.

MRS. BOGUS:

Will there be further public hearings after members of the public have made their comments?

MR. BIONDI:

We hadn't planned further public hearings after the one tomorrow night and the one the following night; however, if they are necessary we will call for more. They could be scheduled but we will accept any comments you may add in writing to the State Department of Planning, and we will then distribute them to all members of the Commission.

MRS. BOGUS:

Yes, I heard earlier. May I ask what form of distribution was taken with these reports? I personally saw no mention of the reports being available to the public. Now if they were distributed, to whom were they distributed?

MR. BIONDI:

Copies of the reports were distributed to many organizations in the State: civic organizations, public affairs organizations, many of these organizations received letters indicating the nature of the report, the time of the hearings, the place of the hearings, and they were told they could secure copies of the report. To the citizenry in general, the people who aren't members of organizations, it was done in the usual fashion through media, and news stories, things of that kind.

MRS. BOGUS:

The taxpayer, the individual, was somewhat overlooked.

MR. BIONDI:

Well, I think it's difficult unless you have a mailing to everyone in the State to get this kind of information out.

MRS. BOGUS:

Yes, I realize this but may I suggest that at future hearings reports be available ahead of time at the night of the meeting so that those of us who are interested can at least scan it and have some notion as to what we would like to question.

MR. BIONDI:

Yes ma'm.

Is there anyone who desires to speak or to be heard concerning the report or make any comments either at the report or at the procedure? Yes sir.

MR. SHIELDS:

Jerry Shields
Dover, Delaware

I got here a little late so I didn't get the benefits of the comments made previously; however, I do want to comment, based on talking to hundreds - perhaps thousands of people up and down the State, that the Delaware Tomorrow Commission Report include "in toto" and intact, the written version of the 1971 Coastal Zone Act. The Coastal Zone Act was a good idea in 1971 and it is a good idea now. Our coasts are being threatened now by the incursion of oil and gas related industries. I don't think there's any doubt that plans are being made to gradually build up the southern coast of Delaware as an industrial-commercial complex. This won't happen next year but it is in the planning stage, and I think the people of Delaware have the right to prevent this, if they can,

to have a say so in what exactly happens on their coast. We presently have the law on the books. This law, a State law, is our protection. If this law is done away with and provisions are made which weaken the protection of the coast and set up zones for heavy industry along it, we will eventually have incursions all up and down the present area that is designated for fishing and tourism. The Coastal Zone Act gives us protection - protection guaranteed by the Tenth Amendment of the Constitution from passage of laws by the Federal Government telling us what can happen up and down our coast. I would recommend very strongly and I think there are many, many people in the State who do agree with me that the Coastal Zone Act be retained in its present form and incorporated into the Delaware Tomorrow Commission Report. Thank you.

MR. BIONDI:

Thank you Mr. Shields. Is there anyone else who desires to be heard? Ladies and gentlemen thank you for your attendance here this evening and to those of you who have not had access to copies of the Report, I would appreciate it if you would come forward and give us your name and address so that we may make those copies available to you. Thank you.

Attendance - approximately 95.

PUBLIC HEARING ON THE DRAFT REPORT OF THE DELAWARE TOMORROW COMMISSION

WEDNESDAY, JAN. 7, 1976

WILLIAM PENN HIGH SCHOOL

NEW CASTLE, DELAWARE

MR. BIONDI:

Ladies and gentlemen if we may call this meeting to order at this time. I am O. Francis Biondi, Chairman of the Delaware Tomorrow Commission. Seated to my left are Cliff Hearn, Secretary to the Commission and Dave Keifer who is the Delaware State Planner and whose office has the coordinating role in this effort. This is the second hearing held by the Delaware Tomorrow Commission. The first hearing was held last night in Dover. The Commission was created in June of 1974 by Governor Tribbitt and began its work in September of 1974. The objectives of the Commission were to examine problems and policies in this State with respect to growth, to recommend policies to the State Government which would accommodate growth, and take into account all the relevant considerations. The Commission has functioned not simply as a Commission, but also through three committees. The 31 members of the Commission have functioned through a Land Use and Community Development Committee, an Economic Development Committee, and a Cost of Public Services Committee. Each of these Committees was staffed both by members of the Commission and by members of the general public who were not members of the Commission. Each of these Committees had nine to thirteen people who were not members of the Commission itself, but who were members of the general public who had expertise in the area that the Committee was charged with studying. Staff to the Committees was provided through a federal grant by various personnel from various departments from the University of Delaware. The Committees met, debated, presented

a report to the Commission. Each Committee presented a separate report to the Commission. The Commission then met and debated, debated, debated, and debated the Committee reports. The document that is before you is a preliminary report of the Commission in terms of 53 pages, fairly tightly written. Each comma has been purchased at a very high price, I would say. At this time it is not my purpose to review the Commission Report. If there is anyone in the audience who has not received a copy of the Commission Report who wants one, there are several more left here on the front table. Our purpose here tonight is to see what the public reaction is to the report and to secure additional input. Following the hearing, it is our intention to prepare a transcript of the hearing, as last night's hearing and tomorrow night's hearing will be, and to distribute to members of the Commission. The Commission will then meet again and deliberate as to the input it has received through these hearings. We will then issue a final report to the Governor and the General Assembly as far as the recommendations of the Commission are concerned. I want to say at this time (as I have said on other occasions) that the Commission is not so arrogant as to believe it has suggested all the right answers. We may not even have the right questions. The questions we have raised we think are relevant, substantive and deserve serious attention. I am going to open the floor up for public discussion, and in no particular order, anyone who wishes to speak will be recognized. We're not going to pose any official limitations on the length of anyone's discussion. We hope everyone will be reasonable and when you come forward, please give your name, address, if you represent an organization or are associated with an organization, give the name of the organization, and if you have any written materials you would like placed in the record, leave them here with us at the head table. Who

would like to open the discussion?

MR. DEHAN:

Oliver E. Dehan, Director of Planning
Wilmington Medical Center
1 Warren Lane
Wilmington, Delaware 19808

I do have a statement which I want to read from the Wilmington Medical Center concerning its reaction to a portion of the report of the Delaware Tomorrow Commission.

In its draft report the Delaware Tomorrow Commission discusses, among many things, "Major Institutional Land Use Findings." It states that major institutions often "operate outside the framework of municipal, county and state planning and decision-making to the detriment or disruption of the community." It further points out that the decision for the site location for the proposed suburban unit of the Wilmington Medical Center is an example of "the lack of communication and coordination between major institutions and the communities they serve."

We would like to point out, for the record, that the Wilmington Medical Center has worked, and continues to work closely, with the New Castle County Planning Department over the past several years during which time it has been considering the location of some type of medical facility on a 200-acre site it owns in Stanton. It worked with the County in 1970 when zoning was sought and obtained for location of a hospital on that site. A 1972 study co-sponsored by the New Castle County Planning Department, the Greater Wilmington Development Council and the Wilmington Medical Center indicated that sewer capacity, water supplies, and electrical services would be available at the Stanton site sufficient to support a 1200-bed hospital, Delaware Technical College, and other developments in that area. It has worked, and is working closely with the local and State Health Planning Councils during preliminary development of its plan to construct on that site a major hospital center.

Later this month the Medical Center will formally submit its proposal to the Health Planning Council and the State Interim Comprehensive Health Planning Council, which will hold two public hearings before making a final decision to accept or reject that proposal.

At the same time, the County will hold hearings on the project under the DPUD (Diversified Planned Unit Development) procedures. The Wilmington Medical Center is now working outside the framework of planning and decision making.

The Delaware Tomorrow Commission report expresses concern about the burden that the development of the Stanton site might impose on the County and the State. However, the selection of the site in 1969 was largely influenced by existing road and utility patterns plus those that were already planned. Our consultants have told us that the cost to the public, to the taxpayer, will be minimal.

In addition, if one looks carefully at the record, Wilmington Medical Center, in great part through its endowment income, makes a significant annual financial contribution in caring for patients in Wilmington, New Castle County, and the State for whom no one else pays. The Center thus supports the indigent citizens of the State of Delaware in an amount approximately $4 million dollars, financed largely through endowment and higher charges to paying patients and other third party agencies.

None of the facilities of the Wilmington Medical Center fully comply with federal and State standards for health care. Failure to bring itself into compliance means that the Center risks the possibility of losing accreditation by the Joint Commission on Accreditation of hospitals, and

coincidentally with that loss, the loss of certification by the Social Security Administration as a Medicare hospital and the loss of approval of the several education programs that currently provide most of the physicians and health care professionals for the State of Delaware.

The plan which the Wilmington Medical Center proposes is being processed through the planning and decision-making bodies at several levels. It will minimally impact on State government or the taxpayer for support, and is the most cost-effective of all plans considered.

In addition, this Plan will assure New Castle County, the State of Delaware and surrounding areas of the facilities necessary to provide quality hospital care well into the 1980's and beyond.

MR. BIONDI:

Thank you. Next?

MR. LIPSTEIN:

Gene Lipstein
704 West Matson Run Parkway
Wilmington, Delaware

I'm speaking on behalf of the Civic League for New Castle County who has been studying planning and the Commission reports quite a long time.

The Civic League has always recognized the difficulties of long-range planning, particularly when implementation of decisions are made by others than those who do the planning. We, therefore, feel that the policy goals for the Delaware Tomorrow Commission to achieve at all levels of Government should be:

a. Flexibility of government actions to provide necessary services when needed.

b. Cooperation between and among various levels of government.

c. Attraction of semi-skilled and highly skilled employment opportunities into our State.

d. Retraining existing unemployed people and underemployed people for higher level jobs.

We feel that the appointment of the Delaware Tomorrow Commission was a major "first" step forward; that growth policy is not a "one-time" thing that can be disposed of by a Commission report -- therefore we would like to see continued existence of this Commission or some intergovernmental agency like this.

The Civic League agrees with the Commission that the urban growth of the 1950-1965 period brought enormous problems. Reaction and over-reaction created serious economic problems which citizens of Delaware must now face.

We agree, in general, with most of the Commission's policy recommendations, but we would like to comment on some and make recommendations for revision of others. We will take them in the same order as they are presented in the report.

LAND USE AND COMMUNITY DEVELOPMENT

Civic League has long encouraged, and continues to support, the "cluster concept" of development for most economical use of land, utility networks, etc., as well as a sense of "community" -- lost in the unstructured growth of the 50's.

Transportation Policies

Civic League agrees that transportation policies should be concerned with the people and goods, not just the movement of cars. To this end we believe that "mass transportation" should be used where it is economically

feasible but the subsidy of mass transportation should only be for capital improvements, and mass transportation service should be restricted to those routes which can operate on income provided by fares.

We were indeed surprised at the lack of a recommendation for the Department of Transportation to encompass land, sea, and air -- much like the Port of New York Authority. We think that such a quasi-public organization might even be self-sustaining!

Utility Policy

We do not agree that new capital investment in utility systems (and connection of the existing systems) should not be made, but we do believe they should be cost-justified in terms of immediate service, (e.g., Sewers, etc., should be built for need within the five-year capital budget, rather than a 20-year projection.)

Agriculture and Farmland

We support the protection of "prime farmland" but we question the definition and inclusion of lands classified as 1, 2, and 3. Rather we think we should base our protection on what we wish to achieve. Is it to provide food? If so, our crop product is insignificant nationally; we need only to be concerned with that farmland which provides the crops for local needs. Are we trying to keep open space? Is it for buffer zones? Is it for conservation measures, or for protection of the aquifers? Each of these has a specific need but is not necessarily tied to the productivity of the land or the type of soil.

Conservation and Open Space Policies

Civic League has supported the Coastal Zone Act as a necessary interim and emergency measure. We continue to support it, modified to allow industries

to move ahead with due regard to environmental protection. We think that Delaware must balance the use of its resources for both its industrial and its recreational needs.

Residential Land Policies

Insofar as the Commission-stated policies go, Civic League does agree that housing is a necessity. We question the use of "adequately housed" in both the second and third policies unless the word "adequately" is defined as "meeting the minimum standards of a housing code," which Delaware should have!

Commercial Land Policy

Rather than curtail commercial strip development, we should require parallel local roads with limited access to our main highway network. Such a policy would meet the criteria for clustering highway oriented uses rather than stringing them along the highways.

Industry and Industrial Land Use Policies

We find in general, the stated policies as desirable. We do question, however, the fact that it is not recognized that if a site fits all other criteria but is contrary to land use planning, we must presume that the plan might be at fault and so should consider revision of the plan.

ECONOMIC DEVELOPMENT

Recent headlines have made us aware that the State can no longer continue to defer expenses by capitalizing operating costs. The City of New York learned this with sorrow, and Delaware must realize it before it is too late.

We have some serious questions about revenue sharing of property tax revenues. We are disenchanted with the Federal revenue sharing procedures

and believe that the authority which spends the money should raise it. There is a loss of accountability when the spending agency is not required to answer to the public for the funds raised.

State and Local Programs

We question that the State Government must develop a plan for meeting energy needs. We would like to see that recommendation revised to read "Delaware's utility companies must develop a plan for meeting long and short term energy needs for business and industry including the development of new energy sources and the conservation of present energy to the satisfaction of the Public Service Commission."

Rail Service Findings

Acting on behalf of all the citizens in the State we strongly support the State doing all in its power to insure continuation of the Railroad Freight Service -- and we continue to support the construction of the north-south toll road -- as the only viable alternative means of delivering goods, people, and services to the lower parts of the State in the failure of the rail transportation system.

City of Wilmington Findings

We strongly support the implementation of the recommendations of the Port of Wilmington committee. We think we have already suffered too long a delay. We feel that the Wilmington wage tax is one of the major reasons why middle and upper income people are moving out of the city and think that perhaps some transfer of services to the next higher level of government would enable use of a tax based on a broader geographical area (such as a county-wide supplement to the State income tax).

Tax Findings

There is no doubt that the people who make the decisions of where to locate a plant are prone to look askance at Delaware's upper personal income tax rate, and its 100% capital gains tax. Civic League believes that true "piggybacking" of the State's income tax on the Federal (with collection for the State by IRS) would be beneficial and that any loss to the State by taxing capital gains at half rate would be more than offset by the economy of using the Government's collection service and the advantages to be gained by the more favorable business climate.

Offshore Oil and Gas Development Findings

The State must participate in planning for offshore drilling so that we can prepare and cope with any onshore impact.

The question of offshore (deepwater) oil-unloading facilities is a separate one. Since the Delaware River bi-state compact precludes Delaware from building and operating such a facility on its own, perhaps the best approach would be for the State to own a pipeline and let the loading facilities be privately owned under permit so that the State could exercise suitable controls.

LAND USE PLANNING AND REGULATION

The State Government (as the highest level of government) must coordinate land use plans of the lower levels of government particularly as such plans impact upon the fiscal needs of the State. It is necessary for advance planning to be made not only for utilities, highways, and other intrastructures, but also for the wherewithall to finance them.

COST OF PUBLIC SERVICES

There is no doubt that the demand for services at all levels of government have outrun the ability to pay for them, and raising taxes to balance income to the cost of meeting these demands would prove to be an onerous taxation burden upon the populace. It will become necessary, therefore, for priorities to be established, and those services which are not cost effective and for which there are no finances available must either be deferred or canceled. The objectives must be to deliver the essential services in an efficient and cost effective manner.

We suggest that the recommendation for elected officials at all levels of government to initiate a coordinated, cooperative, comprehensive review, etc., be supplemented with the requirement that the Governor (as the highest elected official of the State) be responsible to initiate such a study; to implement the recommendations; and to call on lower levels to do likewise.

Throughout the report there are evidences of a desire to use tax incentives to attempt to move the private sector in the desired direction. Civic League, in principle, opposes tax benefits on the premise that any benefits received by one taxpayer is at the expense of all of the others. We also feel that direct subsidy is more advantageous than tax preference because it "highlights" the true cost.

However, in the very special case of real property taxation, a "tax-break" in early years might conceivably result in the addition of assessable property to the rolls in later years. Local governments (those which rely most on property taxes) might do well to take a hard look at "site valuation" taxes -- wherein the land is assessed at its best use -- (and the improvements

not included in the assessment) as a means of stimulating improvement. Improvement which require governmental services (fire protection, special equipment, etc.) could be charged a "fee" for services in lieu of the property tax.

We reiterate that the appointment of the Delaware Tomorrow Commission and its initial report are but a start to the ongoing problem of coping with the changing conditions in our State, Country, and the world. The problems cannot be solved by a Commission report but are constant and recurring and must be "coped with" on a continuing basis. We, therefore, suggest the Commission recommend that a small group be constituted as an ongoing advisory council which should update findings and recommendations on at least an annual basis.

Although the Commission specifically did not look at government structure, we recommend that the ongoing council be directed to study changes in structure and recommend those changes which might be cost-effective! Thank you very much.

MR. BIONDI:

Yes, thank you.

MR. NELSON:

Frank Nelson
20 Kilo Road
Newark, Delaware

I'm co-Chairman of a local citizens group that's known as the Land Value Tax Committee of Delaware, and we are very much interested in property tax reform and think it's a desirable goal and I can't tell you, Mr. Lipstein, how pleased I am to find a Civic League making a recommendation for property tax reform. We happen to think that property tax reform could be a most

useful, if not an absolutely essential, tool in helping to achieve the land use goals contained in the Delaware Tomorrow Commission Report.

Something seems drastically wrong with our existing property tax system that seems to actually promote the very ills the Commission hopes to cure. Abandoned, boarded up, and decaying city dwellings, penalities for fixing up and enlarging one's home, the exodus from the middle class cities and the expensive waste limit of suburban sprawl. The Commission's report certainly indicates their awareness of the problem as their recommendations included special tax relief, tax incentives to help reverse this harmful trend. Our Committee firmly believes that a more permanent and effective form of tax incentive would be the property tax reform that would provide permanent tax incentive and that would provide reduced taxes on improvements while increasing taxes that are derived from the location values of the land from which the improvement is built. With that disreform, the conditions of our cities may continue to deteriorate no matter what is resolved and no matter what amounts of money are expended and public efforts to rehabilitate them. On property tax, consider for example how reduced taxes on such desired improvements as homes, apartments, job-producing business, commercial and industrial structures would provide strong incentive for greater numbers of new, high-quality buildings, and equally important, the rehabilitation of older, deteriorated structures. Reducing this tax bounty on improvements would help save our existing housing stock from sliding into disrepair. On the other hand, higher taxes on urban land itself would help insure the locations needed by the community would likely be put to their highest and best use. This would greatly aid real urban land conservation. Much emphasis is given on protecting the outer open spaces. Just

consider that really our city and town land resources that are severely limited are much too important and valuable to be wasted for board-up structures, blighted buildings, vacant unused sites, and for the ever-proliferation of surfaced parking lots.

These higher taxes on urban land values, whether achieved through more realistic assessments of market values, or by higher tax rates on the land than on improvements, would also help insure that growth and development would occur primarily where supportive services already exist. For it is these very services that make such locations desirable and most valuable. The land tax would also help discourage any speculative withholding of land from the market.

This better utilization of community and perimeter location could then enhance the prospects for preserving outlying green fringe and farmland areas, by lessening leap-frog development that causes suburban sprawl.

On another note, there is a good possibility that the construction costs of the much desired mass transportation systems of the future might be financed in their entirety by the taxing of the increased land values thus created adjacent to these facilities. This may sound like perpetual motion, but studies show this to be feasible; for example, the San Francisco bay area which is presently studying a proposal to finance the Bay Area Rapid Transit System by just such a method. Studies have also shown that the facilities that have been created around New York City; bridges, highways, tunnels, are going to lead to higher land values around them that greatly exceed the cost of those facilities. How to accomplish such tax incentives? Other cities and States that move in this direction: Pittsburgh, Scranton, Harrisburg, Arlington County in Virginia for example, have taken very progressive moves in the direction we have been speaking of. Just last November the Indiana State Legislative Council heard testimony outlining a study of

suggested ways by which Indiana cities might introduce such land tax incentives, and the study was adopted unanimously. We suggest that Delaware's Legislative Council look into a similar study; one that could play a vital role in helping to achieve Delaware's goals for tomorrow.

Our Committee certainly would be most happy to participate in such an effort. Thank you, Sir.

MR. BIONDI:

Thank you Mr. Nelson. Who would like to speak next?

MR. STAZESKY:

Richard Stazesky
2200 Market Street
Wilmington, Delaware

I'm speaking for the Citizens Housing Alliance of Delaware (CHAD).

CHAD would like to commend the members of Governor Tribbitt's Delaware Tomorrow Commission for preparing a challenging report on growth policy options for the State of Delaware.

Since CHAD is a citizens housing advocacy group, we would particularly like to address our comments to the Land Use and Community Development and Land Use Planning and Regulation sections of the Report.

We would like to endorse the four Residential Land Policies as stated on page 25 of the Report. To see these policies implemented, it will be necessary to give particular and prompt attention to the third policy: "Delaware should change its housing and land development control regulations so as to modify those laws that inhibit rather than encourage the provisions of adequate housing, and to provide for consistency among regulatory agencies at the several government levels."

As stated in this report, the economic and energy realities of our time

mandate that detached housing on large lots can no longer be the accepted standard for housing most of our population. Some of our restrictive zoning practices will have to be modified to accommodate the housing needs of our State population.

Consistency of regulations dealing with land development control of the several government levels would greatly enhance the possibilities of efficient and orderly development. Current regulatory practices impede, slow down, and increase cost of housing.

We strongly support the recommendation of the Commission that an expanded State Housing Agency should be supported, given power and encouraged to use state financing to supplement federal programs and support local housing efforts. States which currently have well-staffed State Housing Finance agencies have been successful in helping to meet the housing needs of their constituents and to take advantage of federal housing dollars as they become available. With the current emphasis on the new federalism, it is essential that Delaware's State Housing agency increase the sophistication of its operation to enable it to give leadership in the housing field.

We endorse the development of a State-wide land use plan. We urge that such a plan, developed in cooperation with local jurisdictions, include specific provisions for securing land that would be used for housing of low and moderate income families. Great care should be taken in allotting such land on a fair share basis to avoid the creation of new ghettos and help relieve Wilmington of carrying the overwhelming burden of continuing to house most of the State's indigent population.

Though we are cognizant and eager to preserve our environmental resources,

a State Land Use Plan must balance the social and economic needs of our people. Preservation of the environment and satisfying economic and social needs should not be mutually exclusive objectives.

Since CHAD has assumed as one of its major responsibilities the monitoring of the Federal Housing and Community Development Act of 1974, we have some comments and recommendations which we feel are relevant to the Commission's Report.

This complicated legislation calls for a high level of multi-jurisdictional and multi-agency cooperation in order to succeed in its stated goals of "development of viable communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income." These conditions of cooperation, from our observation, are not adequate at this time. The State will be receiving increasing amounts of CD moneys in coming years. New Castle County alone will receive $1,576,000 in fiscal 1976, while Wilmington will receive $4.1 million. Non-metropolitan areas received $483,000 in 1975 and this amount will, in all likelihood, increase in the coming year. We are convinced that to secure the necessary inter-jurisdictional and inter-agency cooperation to make the program effective, those charged with administration of CD funds in the State will have to have a clear mandate from regional executives, the Governor, and elected governmental bodies that the program be administered cooperatively if our total community is to be served.

This matter demands vision and leadership from our elected officials at all levels of state government. We urge that they direct immediate attention to this problem.

Mr. Francis Biondi, Chairperson of this Commission, indicated at a recent forum discussion of this Report that much of Delaware's government structure

has been a historical accident. Population growth and increased demand for quality services, including housing for all Delawareans, indicate that it is time that delivery of services be re-examined and reorganized and priorities be set to meet current and future needs. If this is not done, indications are that the State will be in deep financial trouble.

In line with this reasoning, we suggest that the Commission members look carefully at the cost and efficiency of the operation of several separate Housing Authorities and Planning Departments in an area the size of New Castle County. Findings of such an investigation might suggest the advisability of some consolidation of efforts in this area.

We urge that the major recommendations of the Delaware Tomorrow Commission relating to Land Use and Community Development and Land Use Planning and Regulation be promptly adopted by the Governor and the General Assembly; that Commission members be given the mandate to begin immediately to work on implementing the policy recommendations contained in the Report. The problems needing attention and solutions posed by this Report are complicated, but Delaware is fortunately small enough that positive support and leadership from our elected officials and concerned citizens can make Delaware Tomorrow happen. Thank you.

MR. BIONDI:

Thank you Dick.

MS. RITA SMITH

Rita Smith
League of Women Voters of Delaware

I'd like to give a summary of the statement prepared. The League of Women Voters of Delaware would like to commend the Delaware Tomorrow Commission

for all the hard work and long hours invested in their report. We are in agreement with many of the policies included. Our specific comments follow:

Community Development Pattern

The League is particularly enthusiastic about the statements urging development in already existing centralized areas with an eye toward:

1. Ending urban sprawl.
2. Facilitating use of mass transit, and
3. Revitalizing urban communities.

With this support in mind, we are seeking some clarification.

Regarding "available capacity" mentioned on page 18; what type of program does the Commission suggest to encourage movement into existing housing? What incentives or disincentives is the Commission suggesting to counteract relocation from existing housing to areas of new housing?

If a relocation of the public school population were to occur such that empty classrooms existed in one area, does the Commission mean that the State should withhold capital funding for new classrooms elsewhere?

Virtually all of the recommendations involving housing and anti-sprawl focus on incentives and other policies which would involve expenditures of public funds. We found no recommended economic pressures or penalities to actively discourage -- or make significantly more expensive -- development in low-density situations. Given most people's apparent preference for suburban style living, it is unrealistic to expect them to choose housing other than that if there is not a significant economic difference. Our understanding is that installation of private septic systems is not more

expensive than paying (through the price of the house) for an already installed sewer system. Although the latter costs the rest of the community nothing, the former frequently results in later "catch-up" public investment.

A similar "catch-up" situation can occur when extensive development occurs along existing roads in land zoned general purpose and agricultural. Half-acre or one-acre lots can be developed on such land with no rezoning necessary. Eventually, the existing road needs to be upgraded to handle the increased traffic, at cost to all taxpayers. Higher density development, at least in New Castle County, is required to provide all its own interior roads, the cost being added on to the cost of the housing. These factors seems to provide a cost incentive for sprawl, rather than the reverse.

The Commission's emphasis is on incentives (presumably publicly financed), with no mention of deterrents, and yet the section on cost of public services paints a bleak picture of revenues vs. CURRENT program expenditures -- exclusive of any added incentive programs. We would like the Commission to clarify what seems to be an inconsistency in recommending clustering incentives and keeping costs under control, perhaps by including a discussion of deterrents to low-density development.

Transportation

We concur with the findings and policies, and particularly support the emphasis on mass transportation and utilization of existing roads. In addition, we would like to see some specific recognition of the impact of new roads on development, along with a recommendation that such new roads be located in conjunction with the Commission's other priorities -- that is, non-sprawl development, preserving farmland, etc.

Agriculture and Farmland

At the beginning of this section, the Commission appears to want to protect prime farmland and discusses reasons for and benefits from such a policy. Subsequently, in the middle of page 22, it states that Delaware should "preserve" as well as "protect" prime farmland. The report then refers to several methods of "protecting" such lands. We would like to see the terms "preserve" and "protect" defined more specifically. It is our understanding that farmland assessment is a policy which makes it economically feasible for the landowner to continue farming but which does not constrain him from applying for a rezoning if he so chooses. In fact, his land may already be zoned for development but kept in farming and assessed as farmland. Does this constitute "preserving or "protecting"? When the Commission recommends preserving or protecting, does it have any number of years in mind for such preservation or protection?

It is our understanding that the bulk of the problem with inheritance and estate taxes is at the federal level. Can the Commission have any impact on those taxes? Or was it the Commission's intent to modify only the State inheritance tax laws?

The categories referred to as Classes I, II and III should be re-examined to determine if it is reasonable or financially feasible to preserve or protect all such lands, since they constitute a formidable percent of all land in the State of Delaware, and seem to be especially concentrated in Kent County. We have no statistics on the number of acres in the categories of Class I, II and III as defined by the U. S. Soil Conservation District. However, 1974 statistics published by the Department of Commerce, Bureau of Census, indicate that 47% (601,000 acres out of a total of 1,268,415 acres

in the State) is in farm use, including woodlands and pastures.

We would like to suggest that the formation of agricultural districts be included as one of the possible incentives to be investigated.

If any preservation policies are to be adopted, we would like to see a paragraph or two similar to the first two paragraphs of 3 under CONSERVATION AND OPEN SPACE included in the comments on agricultural land. It should be spelled out that "agricultural land should not automatically be regarded as land awaiting, or available for future development, but rather as land already dedicated to specific use." Likewise, agricultural land should be defined as a "clearly specified area designated for preservation in its own right." This is NOT the way land defined as agricultural land for farmland assessment is now viewed.

Residential Land

We share the Commission's concern for the Delaware citizens who, because of their physical, social and economic conditions, are not adequately housed. We agree that the State should assume a greater leadership role in dealing with this problem. We would like some clarification on which laws the Commission would like to see modified and what provisions for consistency they envision (policy 3). What powers and duties would an expanded Division of Housing have? How would it differ from the present Division of Housing?

Economic Development

We question some of the statements made in the introduction to this section of the report.

"The total cost of new industrial construction in Delaware has become expensive." (Page 32). True, but it is equally true of the other 49 States.

Does the inclusion of this statement mean to imply that industrial construction cost has risen more in Delaware than in other States?

"Delaware has fallen behind in its highway program" (page 32). In capital appropriations since 1967 (which is the source of the high indebtedness mentioned on page 31), the highway and transportation portion accounts for $199 Million of the total $542 Million indebtedness -- about 37%. The economic development report seems to be saying on the one hand that we haven't spent enough on highways and on the other hand that we've borrowed too much money in the past. Could the Commission clarify what portions of the remaining 63% of the already existing debt were unnecessary? The cost of public services study, which is included in the appendix, estimates an increase in transportation spending of 10% per year over and above inflation. This presumably incorporates the Commission's recommendations about clustering and anti-sprawl. Is that figure reasonable?

Page 33, line 6 should read "prospective", not "perspective".

We felt some confusion about a reference on page 34 which says: "The Delaware Tomorrow Commission should establish population and employment growth goals ...". Does this mean that the Commission will go further than this report in establishing specific growth goals?

Might this section of the report be more meaningful if Delaware's situation were compared with neighboring states?

City of Wilmington Findings

The Leagues of Women Voters of Greater Wilmington and Newark support the recommendations dealing with the City of Wilmington, particularly the idea of spreading the tax load beyond the city limits and the recognition

that the city is an integral part of northern Delaware, and one cannot prosper without the other. However, implementation of such a policy should be done carefully, so as not to encourage sprawl in areas other than northern Delaware.

Tax Findings

This section deals with capital gains and personal income tax structure as though they were taxes affecting business, rather than, as was stated on page 33, as taxes affecting those individuals who are in a position to decide where business will be located. We are not questioning that business location in Delaware may indeed be adversely affected by these taxes, but want it to be clear to all who read the report that, if such taxes are adversely affecting business location, it is because the business leaders are making such decisions on personal considerations.

Land Use Planning and Regulation

It is not clear to us what the Commission's recommendation would mean if a local jurisdiction had land use goals which were not in agreement with State land use goals. It might be well if this potential situation were addressed in the report.

MR. BIONDI:

Thank you Rita. I might mention that Rita is one of the representatives of the Women's League of Voters who spent many evenings with the Commission and at no time had laryngitis.

MR. DREXLER:

David Drexler, Attorney
Wilmington, Delaware

I appear here as a private citizen who has, from time to time, taken some

interest in the matters that the Commission has studied. I also appear here as one who is not a native of Delaware, but who is truly appreciative of the opportunity that Delaware has afforded myself and my family to lead a reasonably productive and reasonably pleasant life here and it's something I would like to see that opportunity afforded to my children and the children of others. Mr. Chairman, I have read the tentative report and I think, by and large, it's a fine and thoughtful report providing many guidelines. I would personally like to commend and thank the many private citizens who devoted so much time to this and for that reason I would strongly urge that their efforts not go unrecognized and, in a sense, that this report of the Delaware Tomorrow Commission end up as another Hagemeyer, Carvel, Tunnell or any number of other reports that have been done in some of these areas from time to time: done, filed, and forgotten. I would strongly recommend that the Commission study some method whereby its findings can be continually brought up to date and brought to the attention of the public and to the elective and appointed officials so that the action can be taken and we merely don't have another report that everybody says is wonderful but nothing is ever done about it. There are two areas where I believe that the recommendations that the Commission have tentatively reached do not measure up to what the Commission's perception of the problems in the area which I'll discuss. As I said, I believe the recommendations can be strengthened. The first area is in the area of tax revenues. I am very disappointed to see that all that the Commission can recommend is that more study be done. I think that the Commission has handed out in its tentative findings, what the realities of the situation are and that these realities are to be placed squarely before

the people and their elected officials. This is an election year and if the past is any indication, all candidates of all parties, for all offices, will outdo each other in promising no more or different taxes and then after one or another is elected to office, find themselves either breaking that promise or their hands are so tied that they are unable to deal realistically with the problem. I think we should, therefore, set the problems squarely before the public with specific recommendations so that the people who are running for office will be forced to deal with those problems and the way that they are. The Commission's Report suggests that the income tax structure of the State is counter productive and must be changed. I think I agree with that finding and I think there should be a recommendation that it must be changed. I've done some calculations and I leave it to an accountant to check them out, but my estimate is one $85,000 executive in Delaware pays as much income tax in the State of Delaware as 31 $10,000 incomes or more than 20 $12,000 incomes. Now I don't know whether that is fair or not. I'll leave that to someone with a more acute sense of fairness to judge, but I suggest very strongly that it's non-competitive when it's recognized that the $85,000 person who has it in his power to make the decision whether or not he brings those himself and those $10,000 or $12,000 a year jobs to Delaware or whether he takes them somewhere else. I suggest that the Commission find that we must revise the income tax structure of the State or the state will stagnate. I think also that the Commission should make specific recommendations as to sources of revenue in the future. Sales tax has been found to be an acceptable way of raising revenues in virtually every other tax and jurisdiction in the free world, and I see no reason why that cannot be seriously considered for Delaware. The

Commission Report suggests strongly a need for public transportation. It seems to me that what goes hand and hand with that is a recommendation that the tax structure with respect to the use of private automobiles, both license fees and gasoline, be adjusted to encourage the development and use of public transportation. In this area, I suggest very strongly that the Commission "bite the bullet" and "lay it on the line" so that there can be no more equivocation with respect to these areas. The second area I feel the Commission has weakened is its recommendation in the area of government expenditures and government structure. Here too, the substance of the recommendation is "more study." I think there is enough in the findings that the Commission can make some more specific recommendations. The fact is that (if I may phrase it differently) the report sums it up "that in present modern terms of size and population, Delaware is just a couple of Counties trying to be a State." I think this is the cause of many of our problems and I think also it points to the area in which some solutions could be found and, therefore, some recommendations should be made. By way of illustration, one hypothesis is the abolishment of Delaware and the appenditure of the State to either Pennsylvania, New Jersey, or Maryland. One can easily add up the number of jobs in the Executive Legislative and Administrative levels that would be abolished in Dover. The question that intrigues one is if you ask how many jobs would have to be added in Harrisburg, Trenton, or Annapolis to maintain the same services at the same levels as the people of Delaware are not receiving - correction, now receiving.

MR. BIONDI:

Maybe, you had it right the first time.

MR. DREXLER:

I don't know the answer to that question but I suspect very strongly that if one did that study, they would come up and find that far fewer jobs would do it; mainly, not because of under employment of people but by being a State, we have a Governor who governs 500,000 people. Governor Carey in New York governs 12 or 20 million; Governor Brown in California governs the same number, yet essentially doing the same job. Now, as I said at the outset, I'm grateful with the life we lead here in Delaware and I don't seriously suggest that everything be resolved, but I think a study like that points the path to ways that the use of Government could be more efficient. First of all, I think functions should be combined and duplication of limit. One thing that comes clearly to mind is New Castle County and Wilmington. The fact is that throughout the country there are mayors or county executives who are efficiently delivering necessary services to far greater areas than combined Wilmington-New Castle County and to far greater populations that combined Wilmington-New Castle County, yet we have two structures. Structures which are geared to fairly low pay grades down the line and, therefore, do not attract to that service people of the highest quality. If those services were combined, we could probably raise the pay level of the combined mayor/county executive and his entire single staff and come up with considerable savings nonetheless. Other areas of saving that appear and ought to be recommended by you are camera lesislature, and we have a group of essentially the same areas represented twice down there. The police have been a source of recent dispute, and there should be a way of combining the police into one or two efficient units and that should be recommended. It seems to me that, in light of what I first said about the combining of services of other states, a recommendation

be made that there be a study of the possibility of entering into inter-state compacts to combine our services, the services which we render in Delaware on an efficient basis with the same organizations in our sister states -- in the areas of prisons, mental health, public health, highways, etc. Recently, the University of Delaware was faced with the suggestion that they develop a medical school. They rather intelligently declined to do so; instead, they entered into a program whereby they arranged for some Delawareans to attend the Jefferson Medical School in Philadelphia under the auspices of the University of Delaware. It seems to me that this type of approach would be fruitful in all of the areas -- in many areas of public service and a recommendation should be made that a study of that approach be undertaken promptly. Again, Mr. Chairman, I commend the Commission for this work and I hope that it won't go to waste. I would hope also that they would consider making these more specific recommendations.

MR. BIONDI:

Thank you, David, and I know your views have been long held and very seriously held. I've heard them over a beer and a cocktail for many years, and I'm happy to see them on public record.

MR. MATLACK:

Albert Matlack
RD 1, Box 137
Hockessin, Delaware 19707

The Report is a valuable document on the whole. It contains many commendable goals such as:

1. Preservation of the best farmland.
2. Rehabilitation of rail service.

3. Redesigning for pedestrians.
4. Discouraging urban sprawl.
5. Channeling growth into urban areas where services already exist.
6. Sharing of commercial and industrial revenue.

However, the section on growth and economic development is frightening.

Before going into this in some detail, let's look at Delaware today and tomorrow through the eyes of an environmentalist. What we see is virtual loss of the cypress swamps of southern Delaware; steady loss of wetlands in Sussex bays; a declining fishery in the estuary; more and more frequent violation of air quality standards for photochemical oxidants in central Wilmington; and a steady replacement of the native plants and animals of the Piedmont by houses. All of this is happening as part of growth and development.

Man is part of an ecosystem on which he depends for survival. His primary needs are for food and water. From this it follows that (1) the best farmland in the State, that near Middletown, should be kept in agriculture; (2) the highest possible amount of wetlands should be kept to provide for a viable commercial fishery; (3) development should not interfere with recharge of aquifers; (4) water pollution should be reduced to the point where the streams can assimilate the organic loads placed in them. The preservation of natural areas also comes in this top priority. Such areas are potential sources of new foods and drugs and serve as homes for natural pollinators and predators of destructive insects. They provide a base line for management of disturbed areas.

Minerals are where you find them and come next in priority. Some industry would be next lowers, i.e., the part dealing directly with natural resources. Below all of these would come the rest of industry, recreation and housing.

Let's set some goals for tomorrow:

1. To save enough of each habitate in each stage of succession so that there will be some always.

2. To keep population in balance with the natural resource base.

3. To understand the forces of nature and to work with them, not against them.

4. To achieve a statewide, and even regional, land use plan that is ecologically sound.

5. To encourage good health among Delawareans by providing ways for them to get enough to eat, places to live and ways to keep physically fit. This means jobs for all who need them.

And now for economic development. What we really want are jobs for those already in Delaware, jobs of diverse types so that a set-back in one industry, such as the assembly of cars, will not be felt so much. If all the inducements mentioned in the report are used, there may be a flood of people coming into Delaware, with aggravation of the present environmental problems. How can a State which already has the highest, or close to the highest, bonded indebtedness per capita issue bonds for land and buildings for new industry? Debt service is already 10% of the State budget.

It has often been assumed that an expanding population is necessary for a healthy economy. Has this ever been proven? Maybe we just need expanding technology, skills, interests, and services, with zero population growth.

It was recently estimated that 24,500 low to moderate income women in Delaware need family planning services that are unavailable to them. A State appropriation of $500,000 to provide these services would be a very sound investment.

The report suggests no criteria for new businesses. Should a water intensive industry be encouraged to locate in water-short Newark? One wanted to, a brewery. The highly automated land-intensive type is clearly undesirable. A business that comes and brings most of its workers with it will provide few jobs. The business that provides the most jobs per square foot may be good, assuming that it requires a balance between unskilled, semi-skilled and highly trained workers. Industries that are known to be heavy polluters must be scrutinized with great care.

The construction industry has been anxious for more things to built to provide jobs. Why not rehabilitate existing structures? There are 1,200 vacant homes in Wilmington. Fixing them up would be cheaper than building new ones. Why not bike-ways, walkways, rail lines, waste-recycling plants, waste treatment facilities, district heating facilities? How about putting most of the $90 million for highways into a balanced system of public transportation? Federal law permits this. A Metroliner could get people to Rehoboth with far less energy consumption that private cars. The rail lines are already there, but they're about to be abandoned, possibly even with loss of the rights-of-way. The Report mentions a South Wilmington Connector to bring more cars to the center of Wilmington., where there is already a problem with too much auto exhaust. Why not use the existing rail lines instead, perhaps with a spur to Rodney Square? This will be a lot cheaper than four more lanes on I-95 to get commuters from Newark to Wilmington. Is

our government bold enough to require that a car on a major traffic arterty during rush hour have at least 3 people in it?

At its peak the menhaden fishery in Lewes employed 600 people. The fishery collapsed due to:

1. Efficient means of catching the fish.
2. Catching them before they were old enough to reproduce.
3. Contaminating their nursery grounds in the upper Delaware estuary with Philadelphia and Camden sewage.

Building suitable treatment facilities and adopting sensible rules for sustained yield harvesting could bring back, perhaps, 150-200 jobs, as well as many others concerned with other fish and shellfish.

If, as the report indicates, the Wilmington wage tax is a deterrent to business and Wilmington is no longer a viable economic unit, then perhaps the time has come to abolish the city and use county government.

Statewide and regional land use planning is very desirable. Wilmington water comes from Pennsylvania. The high biological oxygen demand in the Delaware River comes from Pennsylvania and New Jersey. Delaware's wetlands could be lost if pollution from the New Jersey side were high. When the Coastal Zone Act is absorbed into a larger plan its provisions must not be weakened. It is clear that a higher level of government should set the guidelines and minimum standards, leaving local governments to fill in the details. The clean air standards were handled this way. This will not put local officials out of work or mean that their every move must be approved in Dover.

The costs of services should decline as the recommendations of the Report

are implemented. A balanced system of various modes of transportation should be much cheaper in dollars, energy, and land than our present auto-oriented one. Mistakes of the past such as the Llangollen Landfill should become less frequent in the future. If population is more stable and does not relocate excessively, the cost of school construction should go down. Imagined needs and real needs are sometimes confused. Although, by law, high school students living within 2 miles are required to walk they are bussed from 1/2 mile in my district. A few sidewalks, bikepaths, and traffic lights could correct this. The problem is that local school districts pay for the sidewalks while the State pays for the buses. My local district recently included on a referendum that failed, regrading of the football field, curbs for the driveway, and a fence around the property, but funds to reactivate the computer center were not mentioned.

There is a big gap between a statement of policy and its implementation and enforcement. An ecologically sound plan for saving part of the Piedmont was ruined by a very vocal group who happened to live near a proposed village center. You should have heard the arguments for continued sprawl, or as they called it, scattered development. The plan was adopted after deletion of a village center with some good policy statements on it, but with no ordinances for its implementation. So sprawl continues. Just wait for the screams when Delmarva Power & Light wants to locate a power plant next to customers' homes to allow waste heat to be used for district heating. Or until an industry wants to locate near the homes of its workers to cut the time and energy lost in commuting. We hope that the legislators who worked with the Delaware Tomorrow Commission to draw up the Report will work for suitable legislation to implement its good features. Thank you.

MR. TARBURTON:

John Tarburton
Farmer
Dover, Delaware

I am appearing as legislative agent for the Delaware State Grange. The Delaware State Grange wishes to congratulate and commend the members of the Commission. We favor the land-use section with the following points: If the utility policy which addresses sewer system over-development were fulfilled, there would only be minimal need for tax incentives to keep open space. There would not be a need to purchase development rights if the development pressure were not there in the first place. Sewer, water lines, and highways next to farms necessarily raise the value of farms to be compatible with any other development property. Thank you, Sir.

MR. BIONDI:

Thank you, Mr. Tarburton.

MR. SLAWIK:

Melvin A. Slawik
County Executive
New Castle County, Delaware

Mr. Chairman, Members of the Commission, Ladies and Gentlemen:

Prior to embarking on a few brief remarks regarding the Commission's recommendations, I would like to personally thank the Chairman for his diligent and tenacious work with the diverse interests of the members of the Commission. Also, New Castle County Government thanks those members of the Commission who have deovted much of their own personal time to this extremely important review of Delaware's situation and its future. The members of both the Commission and the various committees have represented a cross-section of Delaware's people not only geographically but more importantly in the interests which they hold and represent. I am especially

glad to see the participation of so many New Castle County residents not only from the government sector but also from private industry and many special interest groups.

In reviewing the recommendations of the Commission, it becomes quite obvious that it represents a consensus of the many diverse interests within Delaware society. The most beneficial aspect of the recommendations; however, is that many of the agreements reached by the members concern points of controversy that have in the past been either diluted or avoided. Any recommendations on a state-wide land use plan and structural reorganization of levels of government are the kinds of recommendations that certainly do not win the favor of the political and often the economic communities. I can see that a might tough task was met head-on.

Mr. Chairman, as you are aware by our participation and correspondence with you, the New Castle County administration is in basic agreement with the recommendations of the Commission. We have thrown strong support toward certain items and will continue to support them in the future. Also, we have had minor difficulties with certain areas but not to the extent that would require revision to the recommendations.

Of special note to us in the review of the Commission's recommendations are some half dozen particular areas which I would now like to address:

A. For reasons of more rational development and economies of public funds, the recommendation regarding "sprawl" and the direction of development into urban, concentration areas is supported by us. As state and local governments continue to build up massive public debt, this type of development is not only desirable, but necessary.

B. New Castle County also would like to see further activity in the adoption of a comprehensive mass transit system in the urbanized areas.

C. Your recommendations regarding public utilities have, of course,

come from past history in many of the suburbs of New Castle County. In the past three years, the County government, both Executive and Council, have built and planned for waste water disposal systems that are not only adequate, but, we believe to the best possible extent, least detrimental to the environment. Both large and local sewer projects were re-studied and re-prioritized in such a manner as to avoid excessive installation of sewage lines. As you know, excessive installation has often been a chief cause of sprawl and its consequent adverse economic pressures.

D. We support your recommendations regarding the needs for housing. Especially for persons of low and moderate income, housing in Delaware is now in most cases out of reach. This situation needs rapid correction.

E. Your recommendations regarding industrial land use policy and economic development activities are for the most part supported by New Castle County. Generally, the real problem rests with inactivity in the area of economic development. We feel that more diversification is required in the industrial sector within the State and that in order to accomplish this an efficient and active campaign of both industrial solicitation and economic stimulation is required. The County government is eager to embark into these activities.

Your specific recommendation regarding the Delmarva Advisory Council is fine in respect to Kent and Sussex County; however, since the Advisory Council covers only part or New Castle County, we feel that some mechanism needs to be created to assist in stimulating the economy in the northern part of the State.

We support your recommendation regarding oil and gas exploration and

development. Economic activity especially as it surrounds the port area of Greater Wilmington, both water and air, should receive benefits from the off-shore drilling activity. Delaware should begin actively pursuing such benefits.

F. As you are well aware, representatives from my staff and from County Council have actively participated in the Commission's discussions regarding a state-wide land use plan. We support such a plan as recommended by the Commission.

The County government has committed many manhours and hundreds of thousands of county tax dollars to the development of district plans and we are presently updating our comprehensive plan. Such action on the part of local government is, of course, not limited to New Castle County. Along with the traditional legal controls over land use, such as zoning, these planning activities generally should remain the prerogative of local governments. The State rightly should concern itself, however, with those State-wide land use decisions and certain critical areas that affect the social, economic and environmental aspects of all Delawareans.

G. The most critical aspect of the Commission's recommendations is highlighted in its final section on the "Cost of Public Services." The economic forecasts of this section are ominous to the taxpayers of Delaware. This is especially true in light of the recent fiscal activities of New York City, the bond rating problems of the State of Delaware, and the misunderstanding regarding Wilmington's fiscal condition. New Castle County is very aware of the impacts of less than full planning in the area of fiscal policy. We recognize that the time to act through self-restraint is required before fiscal problems arise.

Your recommendation in this area, however broad it is, implies some very basic reviews of the entire governmental situation within the State and its political subdivisions. Whether a service is delivered and by what level of government a service is delivered; whether revenues are required and by which level of government the revenue should be collected; what functions government should perform; and whether certain levels of government should even exist -- these are pieces of your recommendation.

These are the major concerns that should be addressed by all elected officials now and tomorrow in the State of Delaware. New Castle County Government has already begun to look at some of these questions. We are studying our role in relation to the State Government in the providing of social services and we are continually working with the State, the local agencies to determine service needs, funding of services, by which government, etc. However, such activities as these are piece-meal in relation to what is needed. An in-depth comprehensive review of the entire governmental structure and service delivery systems must begin soon if we are to avoid the predictions that the Commission has reached. We do believe that there is a very important role for local government to play in this State.

In conclusion, two things are important. First, as best we can, we in Delaware need to control our own destiny. We should begin now to do these things necessary to avoid the situations that have arisen in New York City on the one hand or in the State of California on the other hand. In the one case, the Federal Government has basically taken over; in the other case, the State is looking to throw the Federal Government out completely. I don't believe that either extreme is acceptable, but whatever direction is taken, it should be done with as much possible input from the citizens as is

possible. We should be in a position to set our own directions relying on regional and national resources where only absolutely necessary and making the best possible use of inter-governmental revenue as is possible. Secondly, a mechanism needs to be created to ensure that the Commission's recommendations are not placed on a shelf and forgotten.

Action should be taken quickly to institute the recommendations administratively or legislatively, whatever is necessary. Somehow the impetus of the Commission must continue and the functions of the Commission should be a continuous process to keep the citizens and decision-makers of the State abreast of our growth and development posture.

Thank you.

MR. BIONDI:

Thank you, Mel. On behalf of the Commission, I want to thank you for the services of many of your people in New Castle County who attended all of the meetings, the Committee meetings and the Commission meetings, who played a great part in the Commission's Report: Carl Russell, Dick Bauer, Myrna Hurd, and many of your people who worked on this matter with us. We certainly had cooperation from New Castle County.

Is there anyone else who desires to speak?

MR. RYAN:

Daniel A. Ryan
219 Mercury Road
Newark, Delaware

I'd like to make a statement that my first impression of this Report was a somewhat negative one because the beginning words were such that I got the impression that the Report pre-supposed growth in Delaware. This, always to me, carries the implication that all land will be immediately

developed to the highest population density or to the extreme industrial capacity with all the meaning space paved. I am happy to say that my first impression is wrong, in reading it, and the Report shows much that it is progressive in nature. Everybody has their own axe to grind or banner to wave, and mine is in the area of land use and I'd like to make just a few comments. My favorite topic is contained in a statement on page 23 of the Report in which it is stated that open space is a "clearly specified land use." I think that this one topic - this one statement illustrates a broadening of the consideration of land use which is very hopeful for the future of Delaware, not just an open space, but as was indicated by one other gentleman - a previous speaker - farmland and right on down the list. Many times people talk in terms of changes in tax policies in which land use is taxed at the highest rate, perhaps with the added incentive that improvements then are not further taxed thereby discouraging indiscriminant land use. This is fine, except that very seldom do they modify that statement by admitting that there is something other than a land use that is not so intensive in its tax return. Many things are more subtle than just very high tax income. The most efficient use of housing is, for example, a high-rise tenement, many high-rise tenements packed closely together. This is efficient in terms of land use if you just consider population packing, but it has obvious disadvantages. The concepts must be broadened in the application. The concept, as it was stated in the Report, of sewers being a self-fulfilling prophecy, as the sewers extended so shall the population be extended. I think this also applies to the mass transit system -- as mass transit is extended, so shall the population be extended. Mass transit <u>is</u> required and there are many problems involved in

it, but there are many advantages to it. I think one thing that should not be forgotten, however, is that in case of a suggestion whereby the auto taxes on gasoline or the auto taxes itself be used to subsidize mass transit, there must not be a reverse application of this. The automobile should not be penalized before the ability to have mass transit is available. Many areas of New Castle County and, of course, Delaware in general are not served by mass transit at this time. If you disabuse the ability to use personal transportation, you may deny access to many people to their areas of employment. In closing, I would hope that the implementation of the positive futures of this Report will not require aggressive action by citizen groups as have many things in the past. I would rather hope that a cooperative venture by all will be the future. Thank you.

MR. BIONDI:

Thank you very much Mr. Ryan. Is there anybody else who desires to be heard this evening? I would like to put into the record a note by Mr. Oldach, who is a member of the Commission, dated January 7, 1976 and a letter from Tom Hughes, a local attorney, who could not be here tonight and who asked that his views be put into the record of the Commission. I received two letters from a local attorney, David Nichol Williams. The first letter was dated January 2, 1976 which contains two pages with ten points commenting on various sections of the Report and then I received a follow-up letter dated January 6, 1976 from Mr. Williams which I would like to read into the Record:

"Dear Frank: After considering in more depth the problems and projections of the Draft Report, it appears the only conclusion is for Delaware to consider an amalgamation of government at all levels into one central government with the hope that it would accomplish one streamlined administration for just over one-half million people

instead of a pyramid of administrations standing on each other's shoulders at different levels of government to serve such a small number of people.

In the year of our Bicentennial, a recommendation and the implementation of less government instead of more government would be consistent with the revolutionary spirit that made our country great.

As a final observation, I hope all the hard work of your Commission and the Report you wrote is put to use and not just wasted as a political exercise."

MR. BIONDI:

It certainly would be revolutionary! It seems to be on the mind of more than one council here tonight. As we come to the end of this public hearing, I'm reminded about the story of Al Smith who went to address a rally one night and got up and promised he wouldn't talk very long. He said: "Don't worry about it folks, I'm not going to be too long," and a fellow in the audience said: "Tell us all you know, Al, and it won't take very long at all." Al looked out and said: "If I tell them all we both know, it won't take any longer." I think maybe we "Al Smithed" this thing right to the end and told each other all we know and I want to thank you for participating in this public hearing. Thank you very much.

Attendance - approximately 85.

1100 Berkeley Rd.
Wilmington Del. 19807

January 7, 1976

O. Francis Biondi, Chairman
Delaware Tommorrow Commission
Thomas collins Building
Dover, Del. 19901

Draft Report of the Delaware Tommorrow Commission

(Staff working paper - September 1975)

Dear Mr. Biondi :

In my opinion the subject report is very good and fairly presents the Commissions deliberations. There are two minor word changes which in my opinion would greatly enhance the reports impact on the business community in regard to Delaware's anti-business image.

First, the recommendation on page 43 simply proposes a study of the tax structure. Many people's reaction will be - "we've had lots of studies to no avail". Therefore I would add the words - "and the necessary changes made to bring these taxes in line with those of more progressive states".

Second, the recommendation on page 46 states that the time has come to replace the initial coastal zone act with a comprehensive act and then immediatly cools you off with the statement that the present regulations should be used in-tact until the new regulations are complete and enacted. This is not a very reassuring statement to those industry representatives who know the act is an arbitrary exclusion of certain classes of industry without any relationship to the real problem, which is air and water pollution. Someone managed to get into the commissions records the statement that the problem was one of a disagreement between industry and government officials. This could not be further from the truth. The only problem as far as Delaware's image is concerned is that it have reasonable laws and administration there of. Therefore it would make a much better impression on knowlegable readers if this recommendation were modified to recognize the act's inequities. With this in mind I would suggest adding the following, following the word "to" in the first line- " remove as quickly as possible the inequities of the Coastal Zone Act by replacing this initial legislation-" and eliminate the words -"replace initial

Coastal Zone Act-"

While these points are generally recognized in the body of our report few people will ever read anything but the condensed summary of our findings and conclusions which I assume will be made available to the press when the final report is issued. Therefore I think it important to word our Recommendations carefully so as to give the correct impression to the reader.

Sincerely yours,

Carl S. Oldach

Carl S. Oldach

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January 5, 1976

Delaware Tomorrow Commission
c/o O. Francis Biondi, Esq., Chairman
P. O. Box 1950
Wilmington, Delaware 19899

Dear Members of the Commission:

I have read your draft report of September, 1975, with interest and hope that I will be able to add some thoughts to what is an important and well conceived document. My comments are both general in nature and specific. They are as follows:

One: The report in general is well done except that it is inconsistent in its approach to different subjects. For instance, certain parts of the report are rather precise in their conclusions; ie, specific recommendations are made with regard to the extension of sewer systems, with regard to agricultural farmland policy, and with regard to present negative effect on new business of the state income tax and capital gains tax. On the other hand, other areas of the report are vague to the point of being useless; ie, the comments on costs of public services. This part of the report is, in my opinion, useless for it simply states the problem which we are already aware of without any effort to suggest resolutions such as not allowing police to retire after twenty years but assigning them to other governmental duties after active police duty which would save the state millions of dollars.

Two: The exemption of institutional land users, specifically those that claim governmental immunity, is a substantial problem which the Committee report addresses itself to on Page 27. Very specifically, as the City Solicitor of Newark, I find the City of Newark often totally frustrated in its land use plans because of the exemption of the University of Delaware from zoning. The University of Delaware owns 48% of land in the City of Newark, yet it can legally ignore the valid land use goals of Newark. Other governmental agencies similarly ignore the needs and desires of the local community and I laud the intention of the report to make governmental agencies and charitable foundations subject to land use control.

I also note that at least one major landholder in Northern New Castle County which operates under the guise of a charitable purpose under a will has for the past 25 years done nothing but add to urban sprawl and aid the more affluent segments of our society. Certainly its land use goals have been more alligned with developers than the good of the community. It seems to me that the State Attorney General's office could look into the basic intent and purpose of this and other organizations and, if necessary, force them to comply with the needs of the public at large.

Three: The report's comments on the State income tax and capital gains taxation are consistent with my personal observations as a private practitioner of law. My partner and I have advised many clients to leave Delaware rather than pay current income taxes and capital gains taxes. It is clear to me that the present capital gains tax and state income tax is self-defeating; ie, they drive out of Delaware those most able to pay for governmental services. High income retirees in particular can and do leave the state. Of course, those with inherited wealth also may leave and, in fact, many have already done so.

However, the report is upsetting in that it does not address the problem of replacement of revenue. If, in fact, downward adjustments are to be made in the state income tax at the higher levels and in capital gains, then this loss must be offset by other sources of revenue. It is clear that no adjustments can be made in our state income tax unless an alternate broad base source of income is found. Obviously, the Committee which showed courage in many areas did not have the courage to even suggest that one other broad-base tax which could replace in part the negative effect of the income tax is a sales tax. I do not necessarily support a sales tax nor do I ask that the Committee support a sales tax. I do, however, believe the Committee should recognise the implications of changing the income tax.

Four: Delaware as a state has one of the lowest real estate taxes in the country. Low real estate taxes are generally considered good tax policy. However, part of the problem of local governments which rely on the real estate tax heavily is the appearance of tax increases almost annually, when, in fact, taxes may only be increased to keep up with inflationery trends. Even though there was a general reassessment in the New Castle County as recently as 1971, inflationery trends have already made the dollar figures on real estate values obsolete. If, in fact, the assessments were raised annually by an factor, the real estate tax base would be broadened and local governments might well be able to live within the rate structure as it

relates to actual value of real estate. The total effect of what I propose would allow local governments to maintain constant tax rates but offset inflationery trends with increased tax base. This change, I believe, would lead to better accountability of local government expenditure.

I hope that the Committee will focus in on areas which, although controversial, demand solutions. Therefore, my overall suggestion is that the Committee take positions on issues such as tax policy, even if consensus cannot be obtained. The report as it is now presented simply does not come to grip with many tough problems which cannot be indefinitely ignored.

Respectfully,

Thomas G. Hughes

TGH:znw

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JAN 5 1976

January 2, 1976

O. Francis Biondi, Esq.
Box 1950
Wilm., Del. 19899

Draft Report of
THE DELAWARE TOMORROW COMMISSION

Dear Frank,

Thank you for the opportunity to preview the above report. You have my permission to include this letter in the Public Hearing Record.

Overall the report is comprehensive in its observations; but too diffuse in pinpointing the problems and specific solutions.

The following are some of my observations after reading the report which are intended to be constructive rather than critical, or to report that with which I agree.

1. I did not think the Commission had any members who had experienced the practical difficulties of locating new business in Delaware with the possible exception of yourself. It seemed heavily weighted toward activist groups.

2. Based on my experience, no prospective business has made a decision against locating in Wilmington because of the wage tax.

3. Since progress is made by capable persons, emphasis should be put on hiring one or two really top-notch well-paid professionals to work on bringing business to Delaware and keeping it here instead of the general allusion to a staff. [Why not come right out and say the Delaware Chamber of Commerce has been ineffective as a private organization in bringing business to Delaware?]

4. No mention has been made that the percentage of gross tax revenues from corporations has decreased over the years in comparison to the constantly increasing percentage of gross tax revenues from individuals.

5. The tax inequities in Delaware stem from the lack of enforcement due to a poorly staffed and paid Division of Revenue. The whole job falls on the shoulders of four or five capable

people. I learned from the New Castle Recorder of Deeds that the Division of Revenue wanted to throw out the real estate transfer tax records.

6. Stripping away all the typical report verbiage, Delaware's major problem is fiscal responsibility (i.e., getting more or better services for the tax revenues spent). No company is going to take a chance on locating or staying here if our fiscal policy leaves no alternative but higher taxes because companies will have no way of anticipating if they will be the next victim.

7. Government waste should receive more attention. As an example, why should four to ten State Highway Employees show up when a taxpayer has a simple construction easement problem that could be handled by one Employee.

8. I do not agree that scrapping the Coastal Zone Act in favor of a Comprehensive State Land Use Plan is the answer to a better Delaware. The Coastal Zone Act has been effective in discouraging undesirable industry because a strong law was needed. Any substitute which allowed for more discretion would subject planners to undue influence.

9. The State should reserve more authority over the expenditure of industrial bond issue funds so that projects like Omega Chemical and General Metalcraft for instance do not get bogged down when the company becomes irresponsible during contract performance.

10. By pointing to the big gap between revenues and State budgetary needs in the future, you may unconsciously be laying the foundation for a State Sales Tax which was the conclusion unjustifiably drawn by the local press from our recent Revenue Study Report.

Cordially,

David Nicol Williams

DNW/jg

PUBLIC HEARING OF THE DRAFT REPORT OF THE DELAWARE TOMORROW COMMISSION

THURSDAY, JAN. 8, 1976

DELAWARE TECHNICAL AND COMMUNITY COLLEGE

GEORGETOWN, DELAWARE

MR. BIONDI:

My name is O. Francis Biondi. I'm an attorney. I'm Chairman of the Commission and to my left is Dave Keifer, The Delaware State Planner whose staff has coordinated the work of the Commission. To my right is Cliff Hearn who is Secretary of the Commission. I want a note for the record; apparently I did not do this last night, perhaps contributing some misinformation about three members of the Commission attending the meeting. There are members of the Commission other than the three people seated at the head table here tonight: John Walton, Miss Greer, JoAnne Slights, John Bryson, Art Kreiger, Cost of Public Services Committee, Carl Russell, and Joe Conaway -- so all the members of the Commission present are not necessarily seated at the head table. This is the third hearing; we have held one hearing in Dover, and one hearing in New Castle County last night. The Delaware Tomorrow Commission was created by an Order of the Governor in June of 1974 and began its work in September of 1974. There are 31 members appointed to the Commission itself. The Commission was charged with the responsibility of studying the problems of growth in this State and developing recommendations to the State Government with respect to growth and the public policies which should be adopted in this State with respect to growth. The Commission was divided into three Committees: A Land Use and Community Development Committee, the Economic Development Committee, and the Cost of Public Services Committee. The members

of the Commission were appointed to each of these three Committees and, in addition, members of the general public were appointed to each one of these three Committees and there were 9 to 13 people on each one of these Committees who are not members of the Commission itself, but who had an interest or expertise in the areas of study. In addition, there was a Technical Advisory Committee created consisting of the planning people from all the levels of local government in the State and the State Planning people. The Committees have worked and submitted a report to the Commission and the Commission has taken up each one of those reports, has deliberated with respect to them, and has adopted a preliminary report which has been distributed and is available. The purpose of these hearings is to secure public input, to secure the impression of the members of the public with respect to the problems which have been cited, and the recommendations which have been made to solve those problems. It has not been our format to review the report in detail at these hearings, our feeling being that we have said enough in 53 pages and a 4-inch appendix and perhaps the principal function of these hearings is for us to listen. What is said at these hearings and materials which are introduced at these hearings will be transcribed and given to each member of the Commission and the Committees of the Commission. The Commission will then meet before adopting its final report and consider the comments which have been made, the arguments which have been made, and the issues raised at these hearings. We have imposed no time limit at other meetings with respect to comments. We don't propose to impose any time limits here this evening, and we invite any member of the audience who desires to speak with respect to the report to step forward, give us your name, address, and if you represent any organization, give

us the name of the organization, and let us have your views with respect to the issues raised in the report. Who wants to start off? We'll start off on a different format. Does anyone want to ask any questions about the Commission, or what the Commission has done or its policies if you are not prepared to make any statement with respect to the Commission's Report?

MR. WELCH:

Is there any expectation that there will be a continuing review of land use planning over the next decade?

MR. BIONDI:

Let me answer that question in an unlawyer-like fashion, directly. I think the answer is yes, but let me qualify that in a lawyer-like fashion. The Commission has studied a broad spectrum of problems with respect to land use, community development, economic development and the cost of public services. It has made a number of recommendations. In the hearings which have been held to date, we have heard the views of numerous civic organizations, women's league of voters, and other organizations with respect to the report and the recommendations made. In the area of land usage and community development, there are 29 policies recommended with respect to land usage/community development such as the containment of suburban sprawl, the development of residential areas around core urban centers, the preservation of prime farmland, recommendations of this kind. In the Economic Development Committee, there are numerous recommendations made with respect to economic growth. There's a recommendation made with respect to a Statewide land use plan, and in the Cost of Public Services Section of the report -- the Cost of Public Services Section is really a warning rather than a recommendation. I think I can summarize the view of the

Commission in the Cost of Public Services Section of the report in this matter. First of all, what we have done for the first time is to look at the revenue sources of the levels of government in this State and the expenditures by the levels of government in this State, not simply from the point of view of the State's budget, the County's budget, the City's budget, but for the first time we've gone in and looked at all the money gathered in by the State, the three Counties, the major cities, the 26 school districts, including the federal funds which come into the State. We've looked at the expenditures by all these levels of government. Having looked at the revenues received over a period of 1968-1973, the expenditures made during the period from 1968-1973, the Commission has come to a conclusion that if conservative projections are made into the future, it is our conclusion that in the year 1985, the State is going to face substantial deficits, would have to impose new levels of taxation, levels of taxation in the State which the people simply can't bear. We have said, and perhaps in context of what we have said that is new, that we need not only look at revenue sources and expenditures, but we ought to look at the structure of government in the State. We ought to look at whether we have too much government in the State. We ought to look at whether or not the governments which are delivering the services in the State are the proper entities to be delivering those services. Are the governments which are currently delivering the services the governments which can best deliver the services from the point of view of quality, and from the point of view of cost efficiency. Now, the recommendations as outlined are very broad and cover a wide range. The hearings that have been held to date, and not only in the hearings, but in the work of the Commission so far and in the

hearings which have been held to date, there has been an expression of an opinion that the Commission shouldn't simply file a report and, like old soldiers, fade away, but that there should be some mechanism whereby there is a citizen who'll review in the future whether some of these recommendations are implemented and, secondly, there ought to be a continual, annual review of the policies which have been recommended. I think that the touchstone of the Commission's report with respect to growth indicates that policies shouldn't be set down in concrete, but they should be reviewed on an annual basis and how we accommodate ourselves to various developments should be reviewed on an annual basis. I would suggest the need for continuance of an organization, not this Commission, some other body, which: (1) monitors growth developments over the coming years, (2) reviews the implementation of the recommendations at various levels of government, and (3) does so from a broader point of view than the individual governmental units who are responsible for action. This Commission has a lot of citizen participation on it, and I think the view has been expressed that we need that going into the future. I don't think that these suggestions which have been made in the hearings are at variance at all with the feelings of the Commission, although some of the Commission members may feel that somebody else ought to attend the next year's meetings, but I think the Commission members probably generally agree that there is a need for a continuing mechanism and a constant evaluation of growth in the policies we've set down and their impact on the State. I've tried to review where we've been, where some of the pople have indicated in the hearings, where we ought to go at any rate. Yes, ma'm. Would you state your name for the record?

MRS. HOPKINS:

Lillian Hopkins
Laurel League of Women Voters
Laurel, Delaware

I understand that they made the statement in New Castle and Kent County that ...(inaudible). Are any of these questions, at any time, going to be answered? There are some direct questions in here.

MR. BIONDI:

Let's take a look. Point out to me which question. What page are you reading from in the League of Women Voters statement?

MRS. HOPKINS:

Page 4.

MR. BIONDI:

You quoted from the statement by the League of Women Voters regarding Delaware Tomorrow Commission report, page 4, and you've pointed out one of the questions the League has raised is an apparent conflict between certain sections of the Commission's report with respect to the construction of highway systems. It's not that I didn't hear you, but I understand you couldn't be picked up on the tape, and I was asked to repeat your question for the purpose of the tape. We are not going to answer those questions in this context; we are going to distribute, hopefully by next Tuesday, transcripts of these meetings and all the questions which have been asked and raised about the Commission's report by members of the public, either by letter to the Commission, comments of various Commission members, or in these hearings. We are going to distribute the transcripts to the members of the Commission and to the Committees which are involved, and we are going to ask the members of the Commission to study the transcripts, to study

those questions which have been raised about the Commission's report, the viewpoints which have been raised, the argumentation that has taken place, and then we are going to hold a meeting of the Commission, hopefully as early as January 20th, at which we will devote whatever time is necessary to research and consideration of any questions which have been raised about the report in hearings throughout the State. It may be necessary to refer some of them back to the Committees -- the Land Use Committee, the Economic and Development Committee, and the Cost of Public Services Committee, but we hope to have the Chairman and Vice-Chairman of those Committees and the key people of those Committees who have been working with the Commission attend the Commission meeting on the 20th. That may be a rather long work session. (John Walton indicates it better not be.) But, that's what we plan to do. We plan to take up all these questions and answer them before we publish our final report -- at least deal with the problems.

MRS. HOPKINS:

I note that in an article I read a statement given by Mr. Bond, the bond expert to Mrs. Jornlin, was published in the Morning News and the figures on our average indebtedness and our average tax rate per capita, particularly what he had to say and they were in direct conflict. I couldn't help but wonder which was right.

MR. BIONDI:

Needless to say, we've noted his article and his comments. I think that the report was published and the Cost of Public Services Section was done before he made his comment, but I think that he perhaps read the report before he made some of his comments. We were concerned, before he was, about the level of capital expenditures in this State and the ability of government,

at all levels, to carry not only the State capital expenditures, but the capital expenditures which are made by our school districts, cities, and counties. The point of view expressed in the report is that the total of operating the continuation into the future on a pattern we've had in the past of both increase in operating expenditures and capital expenditures would put us in a situation where the fiscal stability of the State is seriously going to be in question by 1985 without large, additional revenue measures, and those large, additional revenue measures would be counter productive to any kind of growth and really be negative in terms of quality of life in this State. We've noted his comments, and have pointed out this overall fiscal problem in the State. Is there anyone else who has a question or who desires to make any comments?

MR. SHOWALTER:

A.K. Showalter
Citizen
Georgetown, Delaware

I find the report to be excellent, very progressive outlook. I'm particularly pleased with the section on transportation systems since I've been involved with the evils of this having been to Los Angeles, in the smog area, and Washington, D. C., where it's taking 40 years to build a subway and great excess of the number of cars, and I like some of the relationships brought out between urban sprawl and the reduction of the number of cars and the new attitude toward mass transport, particularly the comment on clearing the streets of auto storage. I think this is a very unique way of telling it; whether the car is parked or moving, it's still storage on city streets. Having lived off Connecticut Avenue where there

was six solid lanes of storage from 5 o'clock in the morning until 11 o'clock at night, I can appreciate this. The courage with which you attacked the restraint of the expanse of utility systems to realistic values, I think this is something that should be amplified. The protection of the farmland, being the possessor of 8 acres, I'm sensitive to that. I have spent quite a bit of time in 23 years in the Weather Bureau and 12 of that was involved in water resources and quantity of rainfall forecasting and in the Los Angeles area we were involved with heavy rainfall forecasting, etc., so I'm quite sensitive to the problem of water. I adopted Delaware when I retired after considering several other States because (as I told my wife) you may get water up to your knees sometimes but our house is never going to wash down a ravine. Also, from the standpoint of rich agricultural land we have here, and the fact that there is so much water available in all directions, Sussex County is only 14 miles from water, east, west, and also there is a good supply of water underneath the ground all the time. On page 30, to be specific, there is a reference to favorable climate. This is talking about the climate of economic growth and whether or not the climate for business would be recognized as a good place to be. I think this is a mistake, because I think the word "climate" should <u>not</u> be usurped for economic exploitation. Actually, climate, weather, water are the most valuable economic resources of Delaware and they should be exploited on their own. As a negative emphasis, I have some questions on the emphasis on the increasing industrial development in Northern Delaware at the expense of the potential in Southern Delaware. If you concentrate industry, you'll concentrate population, and this gives an overburden of taxes --statewide tax exploitation to the heavy industrialized areas. Now, having done some

research for the Weather Bureau, and trying to satisfy customers, I had some long discussions with the Bureau of Census people who were not in the same department and I asked them for figures on industrial density. They said all you had to do was look at the population density -- the two were so highly correlated that they don't make separate tabulations of industrial density. So these are factors to consider. The increased emphasis on water resources of Delaware and I think the fact that we have water to the east, water to the west, and below the surface, and also ample rainfall for many agricultural purposes, there has to be more ingenious methods developed for the storage of water in the aquifers, the recycling of water which is mentioned as a good agricultural practice, by spreading water so that it won't get back into the aquifers, and there's some very good samples of the right handling of water planning disbursements in the report, but I think this could be developed a little bit more. Now, I don't know if anybody from Geological Survey is here. Dr. Jordan is on one of the Technical Committees, I noticed. (MR. BIONDI: He has attended the other two meetings.) Charging the water in the aquifers is something, maybe you've done something since I visited here several years ago before I moved to Delaware and found out what is going on. I think the analysis of the aquifer structures, what should be done about recharging, how we can combine the preservation of the swamp areas, and the wildlife areas, and the open spaces, things of this nature and studies of the soil structure, the vertical temperature profiles, the water movement in soil. Right today most of the water in my farm is standing up at the top because the surface is cold. If I could turn on the sun and get up to 80°F temperatures, that old water would disappear and go down into the ground.

Not enough work is being done on this, not enough support is being given in this phase in coordination with aquifer studies, recharging, etc. These are angles where we can develop the agricultural potential of water resources potential. Now another thing is the overall energy.

MR. BIONDI:

Pardon me for a minute. Let me ask a question here. It's been my impression that the discussion about the recharging of aquifers has been considered mostly in reference to a supply of water for residential uses to date. You're talking about the recharging of aquifers primarily from a point of view of an agricultural use at this time.

MR. SHOWALTER:

No, this is something we have to face simply if the population of Delaware increases; for example like Long Beach, California did. You'll really get salt water intrusion coming in from the ocean. Also, instead of having water run off into the ocean, if you can delay it long enough so it goes through the soil. Otherwise, we can't keep aquifer water supplies going. Eventually, we will have to depend on the above it, if you devise means to store the water in the ground. Now they do this in the San Fernando Valley in California. During the winter rains, they spread the water out and then they pump it back up in the summer to use it. They've done this on Long Island, and they've done this in many places. It's a long, complicated subject, but one that should be treated for the handling of water in the future. Another point, I think there's a good potential for an integrated study of all of the energy sources for Delaware. I'm speaking of wind power. The wind doesn't blow, but we need the water pressure for your crops, but you could use wind power at certain seasons of

the year to save on other energy. Solar power -- now this I think is being discussed or planned at the University of Delaware. I'm not satisfied with the hours of sunshine that were integrated into the potential for use of solar power. In this climate, we get 9 hours of sunshine in the winter months, possible sunshine, and 15 hours in mid-summer. There's nothing we can do about getting 15 hours of sunshine in the winter when we need it, but we can't do it by changing the daylight savings time. There's a possibility of combining the maximization of solar power and wind power and since we're only a short distance from the ocean, I don't think we should give up so easily to -- very sincere environmentalists who think that nuclear power and water desalting are curses. I think there's a great potential for these two, and the energy from salt water is also something in the future. So Delaware is close to many sources of energy that could be integrated into a total picture. I must be over my time.

MR. BIONDI:

Well, like I said, we weren't imposing any time limits and we won't do that.

MR. BRYSON:

We have done aquifer studies throughout the State, recharge studies, and I'll be happy to give you a copy of this if you'll drop by my office sometime.

MR. BIONDI:

That was John Bryson, Secretary of Natural Resources and Environmental Control speaking.

MR. SHOWALTER:

Well, I didn't say that they haven't been done. They'll been done

in other States particularly, but I think this is something that should be emphasized in Delaware Tomorrow, hopefully, there will be a second tomorrow.

MR. BRYSON:

What we're doing here is to point out the problem areas and then emphasize, in greater detail, the individual aims with which to carry it out. Work is going on and I think it highlights what they want done and we'll pick it up and go from there.

MR. HICKMAN:

Lem Hickman
Secretary
Dept. of Public Safety

The thing I'm concerned about in your 7 categories -- I don't see resort areas in there.

MR. BIONDI:

I think if you'll look in the area of the Economic Development report, I think the Economic Development Committee has pointed out the important place that tourism plays and one of the recommendations that the Economic Development Committee has made is that the State do more to point out its historical and cultural attractions and promote tourism. That's been covered in the Economic Development Committee report.

MR. BURTON:

Wayne Burton
Millsboro, Delaware

If I understood your explanation correctly, I believe that we just realized that the Northern part of the State where there is a predominantly larger amount of labor we'd say, could be in the future, industrial, and more or less reserving the lower county for tourism and agriculture. Am I

correct in that? Wasn't that a summation of it?

MR. BIONDI:

I don't have that impression. I think that impression may be gotten from the fact that it is there now and we're talking about using old industrial buildings already developed and developing around urban centers, things of that kind. I think one of the key economic problems that was pointed out by the Economic Development Committee (maybe Joe Conaway can help me with this), but the City of Wilmington and the western section of Sussex County were pointed out as areas which had suffered economic recession over the past 10 years -- so I don't think that there's a recognition of the problem there. I don't think there's an attempt to deprive other parts of the State of industrial development.

MR. BURTON:

I went along with that recommendation. I thought it was a good one. The thing that came into my mind, on page 46, what about the Coastal Zone Act as it now stands. It seems that there is a recommendation there to replace it? The first recommendation on that page -- I didn't quite understand it, replace it with what?

MR. BIONDI:

Replace it with a Statewide use plan which would be a plan which would coordinate, complement, local planning in the terms of county planning, and in some cases, city planning in areas which are of critical concern such as the Coastal Area and which would indicate the uses which could be made in various areas of the land in that area rather than having a blanket prohibition, as exists in the current Coastal Zone Act.

MR. BURTON:

The basic things of the Coastal Zone Act then probably would be changed?

MR. BIONDI:

I wouldn't -- I think to say that would foreclose what's going to take part in that planning process. What we've said is that the State needs a Statewide Land Use PLan. That these interests are not interests which are peculiar to the counties they affect the welfare of the people all over the State, and there should be a Statewide Land Use Plan which indicates the basic premises for which land can be used in areas of critical concern. How that Plan comes out will be a matter of the expression of the interest of our citizens as this develops, and approved.

MRS. HOPKINS:

Lillian Hopkins
Lewes, Delaware

On page 39, I was intrigued by this recommendation: "The State should study a revenue-sharing formula for commercial-industrial revenue so that all jurisdictions of our small State will share in the revenue equitably." Can you expand on that?

MR. BIONDI:

Well that's a recommendation which has been opposed by the Civic League of New Castle County, the New Castle County Government, and practically everybody else who has spoke to it, I believe. I think that the basic premise of the Committee which recommended that (was that in the Economic Development Committee recommendation?) was that the location of industry in any particular area and if you take the area of New Castle County, you'll locate a large industry in that area, you're going to have an impact not only on the school

district in which that industry is located and the town in which it is located, but you are going to have an impact on services on a much broader area. You're going to have an impact on State Government in terms of the services, the money it provides for education. You're going to have an impact on the State Government in terms of contributions to utilities for raods to service that industry. You're going to have an impact on State Government in terms of (we lawyers tend to think of all the negative things), but if you bring a certain number of workers in here, you're going to give me a certain number of "driving under the influence" cases and a certain number of family court support cases, etc., and you're going to have some institution, more judges, and public offices, things of that kind. There is a State impact, there is an impact on the County, there's an impact on the City, and the basic theme here was to have the tax fruits of the location of that industry in the State from a real estate tax point of view shared among all the units of government which are going to have to spend money because that industry is here. Well, if it's located in New Castle County, it's going to have an impact on the State Government, it would seem that the State should have some share in it, in terms of the State expenses which are going to have to be borne with respect to it. We look at the State from the point of view of the Government which is involved in the problem. It doesn't mean if the industry is located in New Castle County that taxes would be paid to the Council in Georgetown.

MRS. HOPKINS:

Yes, that's exactly what I mean. I think this is a very ambiguous statement. It doesn't say what it really means.

MR. BIONDI:

It may be deliberately ambiguous, but I think enough attention has been devoted to it that it's going to have to be sharpened up. It may not even survive. Joe Conaway is laughing.

MR. CONAWAY:

...share in the payment of those taxes too. Are we going to have to raise our taxes in Sussex to correspond to levels in New Castle. That point was made and that's where the problem comes from.

MR. HICKMAN:

The complexion of the State in Sussex is so much different that it would be hard to make a uniform law to hit the whole State. Our complexion here is that we have a mixture of agriculture, resort and light industry. But, in New Castle County it's all industry.

MR. BIONDI:

No, good heavens, are you kidding? I have more park land within 3 blocks of my residence in the City of Wilmington than I bet you do here in Georgetown. If you guys from downstate will vote for that Bringhurst Woods appropriation, or if you already did, I'll have more parkland, more woods to run through before I get down here. I appreciate your point, Mr. Secretary, that areas in the State, not only from the point of view of counties, but areas in the State in the same county, have different make-up, different resources, different attractions, and there is no attempt to impose uniform policies with respect to development on all areas of the State. We have different interests and the policies in our State Government reflect those interests and they will continue to. There is no master plan being suggested here because things just don't happen that way in the real world --nor should they.

MR. RUSSELL:

Carl Russell
New Castle County, Delaware

As I recall one of the primary points that brought this whole question about was the concern to school districts; particularly, there is a large amount of tax exempt property, particularly one south of Wilmington. There is a large sanitary area, highways, county and State public land that's all tax exempt.

MR. BIONDI:

They only want to tax the bridges, the River and Bay Authorities.

MR. RUSSELL:

Your tax base has been cut and, therefore, there should be some way to (guess the word would be) to reimburse them for some of the expenses they have because their numbers of children may be as large as our district. This is only one of the items that brought this subject to discussion.

MR. BIONDI:

Yes, it's a multi-faceted issue. Is there anyone else who would like to make a comment or talk about the report or any of the issues raised in the report?

MR. WELCH:

Thomas Welch
Dover, Delaware

Representing "Watch Our Waterways" a citizen's group of approximately 400 members. "Watch Our Waterways" would like to commend the Delaware Tomorrow Commission for the orderly approach toward growth and development rather than the piece-meal approach we've had in the past. I think you and

the State Government should be commended for taking that approach. With this plan, which is widely accepted and widely understood, it gives us a chance to correct its land modifications in the future that is part of the plan. That leads to the question I was asking in the beginning regarding the mechanism to have continuous citizens review and monitoring so that not only are we able to say something now about it, but if the plans are developed in the future, we will know what that mechanism is and we'll be able to speak to it. One of the specific things that I think "Watch Our Waterways" has been most concerned with is the language of the Coastal Zone Act. I think maybe to avoid one of the most controversial highlight areas that may represent to a lot of people a big compromise if you do go all the way and wash it out in the process of planning. If you have to go down the line without assurance, without knowing what chances are, you don't want to trust to chance what will happen, if you do make this kind of compromise. In a matter of urgency and extreme crises as we've been in regarding the fuel, Arab boycott, the petroleum prices, we, as the people, are tempted to make too many compromises to meet supposed crises. Today, for a variety of reasons, dominating the views of Delawareans, is the idea that a superport is neither inevitable nor necessary, even though your report does suggest that it be considered. How quickly our thinking becomes outmoded if we allow crises to dictate our policies; rather than rational, long-term planning. The Coastal Zone Act should be a continuing part of land use policies. Such is also the case, with less known environmental protection legislation, such as Wetlands Act and Beach Act. The report includes, as one of its underlined policies, page 24, that "Delaware should continue protection of the

coastal and estuarine areas throughout the State." There could be no better way to do exactly that than to maintain the Coastal Act in its full form as well as The Wetlands Act and Beach Act. It has been reported in the January 7th Delaware State News that the Chairman said that keeping the language of the Coastal Zone Act had not been looked into. I would suggest that all persons interested in continuing protection of the Coastal Zone and estuarine areas, as called for in the Commission's report, support inclusion of the Coastal Zone Act intact with the State Plan of Land Use. I think we should also consider a plan of land protection, not just use, but also land protection. I think it does speak of that. Another item which is a rather general one which has to do with the need for growth -- not the need for growth, but the assumption that growth is good. Growth should be viewed critically, not to assume that it's automatically good. And further, that more growth is even better. One sure way to increase the population if that be our goal, is that we have the largest welfare payments in the Nation; that would insure substantial growth in population. Such growth may not be in the best interests of the State. I think that's a ridiculous example, but if we're out for more growth, I think we can do so.

MR. BIONDI:

Let me ask you a question, Mr. Welch. Have you read the section of the report from which we discussed the economic development projection?

MR. WELCH:

I understand the report as you have heard.

MR. BIONDI:

Let me ask you this. Do you think it's an over-concession to growth,

too much emphasis on growth? To discuss growth in the terms of being able to provide a number of jobs for the natural growth of the population already in place in the State 10 years with no net in-migration population? Yes, that's the fundamental premise of this report with respect to economic growth. I don't think that the Commission's report is either overly optimistic or overly supportive of growth, per se, nor is it one which is laudatory of growth for the sake of growth itself.

MR. WELCH:

A final point. The need for some kind of process for continued citizen monitoring in view of participation in it and I'm not here to make this recommendation. If there be an opportunity for continued citizen participation at a future date I think we will be prepared to do so at that time.

MR. BIONDI:

Fine, thank you for your comments. I do want to make two comments: one, when I said it may have been the "sexiest" issue in the report, but maybe not the most important. I have a healthy respect for sex so I wasn't downgrading the issue, but what I was saying is that there are icebergs around in this State. I think some of those who were concerned about the Coastal Zone have argued in the past that it wasn't the Coastal Zone Act, but the controversy of the Coastal Zone Act that created some of our problems in terms of the negative image of the State in the minds of business, commercial and industrial leaders. Let that idea sit there for a minute. Let's take a look at another point; that is, if you read the report carefully as I view the report, there would have been serious economic problems in this State and serious problems of finance in the public sector independent of that

controversy over that issue. The sections of the report dealing with Land Use and Community Development were harder to focus public attention on. It's harder to see whose ox is being gored there, but in the long run those policies or the absence of policies at that time that the Commission has recommended, are having a very serious effect on the quality of life in the State and on the cost of public services in the State. The other recommendations we've talked about in the Economic Development Section are important to the basic economic structure of the State and the cost of public services section in the report maybe the most critical portion of the report. If we are concerned in this State today about the high income tax, the highest level of tax of 19.8% in capital gains, how much more would we be concerned about economic development in the State if we had to impose entirely new levels of taxation on our people and on business and industry in the State? When I said that, what I was trying to do was merely put the entire report in perspective. That may be one of the most talked about issues, but if you were to solve that problem alone, in my judgment, you would not accomplish a helluva lot in terms of the basic problems that we have identified. The other point is one which the Commission is increasingly concerned with. There was a lot of shouting and hollering in the State prior to the time the Commission was created about some of these policies and some of these problems. I think the ability of citizens to sit down and talk to each other across the table about it with some kind of structure/forum and for a continuing citizen participation in the process, has been one of the good things about this Commission. I think that the members of the Commission realize that some structure has to be developed to be able to continue this as we go down from this point on out.

MR. WELCH:

The most noise about the Coastal Zone Act, in my estimation, would be not as it was passed originally, but a chance to soften it even almost dismantle it when the Arab oil crisis started two years ago. The heat and furor were greater at that time than it was in the past. Those who supported it originally were very happy not to have had that heat and discussion and debat carried on. I think the will of the people of the State of Delaware was, until we can be sure about the protection, the safeguards that are built in, don't talk to us about heavy industry in the coastal zones. I think that as technology improves, and the mandate is there, public opinion may swing the other way. I think it is a sexy, controversial issue and I think that's why it is. I don't think the people want this to be the same.

MR. CONAWAY:

I didn't come to speak; I came to listen, but when you said something, Mr. Chairman that I couldn't let pass because I'm going to agree with you and that's been a long time coming. The point was on growth. We agree 100% that we're out to recruit industry, but we're not out recruiting industry to bring in 300 more people. We've got to do something about our industrial climate in Sussex County and I'm very interested in the building and the few people who have to come with it, but we want our people to work. A point that is missed throughout all of the conversation has been the median age for the people of Sussex County - 28. We're losing our young people and we've got to do something about it, and to do something about it, we've got to bring industry in. But not industry that's going to bring 4,000 people with them, we're not interested in that. That's why we're trying to develop plans to train our people in any of the skills that might be necessary for the offshore drilling that's sure to come; so that our people have the opportunity

for those jobs. I did want to make a point that I do agree with that much of the statement that we are not interested in bringing in large numbers of people. We'd like to keep our young people here.

MR. BIONDI:

Joe, I think there is another area of the report where that's sort of indirectly emphasized and that is in the section of Economic Development Committee report which speak of the necessity for using the improved system we have for technical training and education in this State to match up the abilities of our people with the type of industry we want to promote in the State.

MR. WALTON:

John Walton
Delaware Farm Bureau

It's a curious thing Joe, since you mentioned that the median age is 28 and you're losing your youth in Sussex County because the average age (this being our largest agricultural County) of your farmer down here is 52 years old. Enrollment in the University of Delaware in the Agricultural College has increased some 400% in the last two years. So it seems a peculiar thing to me, as probably one of the holders of preservation of agricultural land, that these two things seem to be inconsistent, to say the least. I mean if there was ever a need for farmers in this County, it seems like there is and our enrollment in our University is swollen over its bounds, asking for budget increases unheard of. Yet, there're trying to bring industry here. They've got the most desirable industry in the world here and it's our largest agricultural County.

MR. BIONDI:

I knew we were going to get that band of vultures from Wilmington sooner or later from the outlands.

MR. CONAWAY:

The outside influence of undesirable pleasures for what the citizens of this State want. Now, Mr. Slawik, last night (maybe you can summarize it better than I did) said what we're trying to do is close the door and not let anybody else into this State. He said that in jest, but we're not suggesting that. I think what you said, Frank, is a very accurate summary of what we're saying. We're not asking our youth to leave this State, but if you're asking us to open up nuclear research stations because there are a number of youth who want to study nuclear research, I don't think that a State with a half million people can do it. -- not with our business going in 40 years from 0 to 500 million. I mean what can you afford? It's what the Delaware Tomorrow Commission has looked at. I just think this thing about median age and youth leaving -- if you want to live in a certain State in this Country, wherever it is, you're going to find a place to fit in what's open there. I think that technical colleges and those kind of things are a big answer for something we haven't had to work with. In the next 10 years they'll have a lot more history than what they're going to do to help in this problem.

MR.BIONDI:

Thank you, John. Are there any more members of the public who wish to be heard or who wish to ask any questions?

MRS. HOPKINS:

One of the problems is the anti-business image, but I recall when the Coastal Zone Act was passed and the Wall Street Journal lawyers and Mrs. Witt wrote an article attacking the Coastal Zone Act. They said there isn't any business out there.

MR. WALTON:

Mrs. Hopkins, at one of our meetings and it's not in this report (I don't know why), but there was a large discussion about one of the biggest anti-industry image things - the tax structure for the higher level top executives in Delaware. It was really emphasized for about 10 minutes last night in one speaker's speech in New Castle County. The fact that one $85,000 executive pays as much tax as 21 $10,000 employees or as 10 $12,000 employees and this is certainly not a climate -- this is an anti-industry image when you tax one executive to that extent. So this is as much a large contributor to the anti-industry image -that was brought out.

MR. BIONDI:

Well, I think the Commission has pointed out -- it's in the report. The fact that 19.8% tax of the upper level State income tax and 100% tax on capital gains and the lack of a ceiling on unearned income is in the report and is one of the major economic problems we face in the State. I think that the crux of the report in terms of that, however, is that if we were to solve those problems somehow, and solve those tax problems and we were not to adopt some conservative policies with respect to land use, and do some positive things with respect to economic development, and if we continue with our current governmental structure at the same rate of operating capital expenditures that we have, we'll wind up with a problem 10 years

down the road that will make the current problem with respect to these taxes seem very minimal. Is there anyone else who wishes to speak or be heard or identify himself for the record as having been here or make any other comments or ask any questions?

MR. HARRISON:

George Harrison
Rehoboth, Delaware

I haven't read the report; just picked up a copy of it, but I don't think that tourism has been emphasized. I consider it to be a very large part of the scene in Sussex County even though sometimes it doesn't seem to be looked at that way. There's a lot of emphasis on industry from other States, other places, and the beaches right now. Of course, maybe it's due to the rainfall, I don't know, but Rehoboth is having a controversy over the beach fees, same as New Jersey has. I don't think much has been done in Delaware to promote tourism as much as could be done considering the matter of economic input into the State's system which would do a whole lot. I don't think it's very well represented as recorded in that account. Maybe I'm wrong, as I've said, I haven't read it all. Also, I see you've mentioned in there the zoning and the fact that strip zoning in the areas of (inaudible) aren't too good and I'll go along with that. It seems that in the last few years since I've been back in the State, you can take areas that used to be bare and those areas that have utilities and the areas that don't have utilities are being promoted and the municipalities are going out on a limb with bond issues and everything to give new developments utilities where they have utilities already in areas that are not being used. This doesn't seem to agree. Why spend money when you've already spent money for what you're spending money for?

I think the present Coastal Zone Act is a good thing. I think it can be applied here in some ways, but not drastically. I think some compromises can be made. I think it needs to be taken a long look at before these changes are made. The beaches are a very valuable part of Delaware. The wildlife areas, from just below Delaware City, are -- all the way down to the bottom of Delaware -- the whole thing is a mess. Heavy industry, I think, would probably hurt us. I realize I'm not asking as many questions as I'm making statements. I think that in the last few years, the State is all for a lot of services and the people receive a lot of services, and the people demand a lot of services and there goes our taxes. Are these services adequate? Are they needed? Are they doing what they're supposed to do or are they being manipulated by people or departments that have been created by departments that have been created by departments, or some such thing as this. Is our Government really effective, is what I'm saying. As Mr. Conaway mentioned, we should be ready for off-shore development as far as employment goes. Our people having skills really valuable for what's needed there. As he says, it's inevitable that it will happen. All these things should be looked at conservatively, cautiously, and in some ways, they should be looked at real hard. In the future, I think that there should be a Commission like this one.

MR. BIONDI:

Thank you for your comments, Sir. Is there anyone else who desires to be heard?

MR. SHOWALTER:

I recently made a trip out to my home State of Iowa, where I grew up one of ten boys on a farm. All of us left because nobody could feed us unless we made another farm. A horrible thing struck me while I was out there - heavy industry has taken over all of Northeastern Iowa, trying to take it over in the form of large corporate farms. My younger brother, who is a Soil Conservationist, Fishing and Hunting man, is just going completely wild because the 80-acre farm, the 160-acre farms and 320-acre farms are being bought up by large corporations who are converting them into 2,000 to 5,000-acre farms, tearing up the Township roads, filling them in, filling in the drainage ditches, etc. They have computer programs for planning which areas are to be harvested and planted throughout the year, and tremendous big industry has taken over the small farmer of Iowa and you can't find the typical local farmer anymore.

MR. BIONDI:

I guess the key question is can land be planned to prevent that?

John, do you care to touch that? You don't have to. I'm staying out of local problems. Is there anyone else who desires to be heard?

MR. ISAACS:

Martin Isaacs
Secretary of Agriculture
Farmer
Sussex County

I want to compliment the Commission. I think they have done a wonderful job and have come to some excellent conclusions. I'd just like to say that I do agree with the recommendations on page 46. I think we should have a distinct Land Use Policy Plan and I think that it should involve the

County Government, the State agencies, the municipalities, and I think it should continue to encompass such things as the credits we have, such as the Coastal Zone Act and the other laws that we have presently that deal with land assessment, particularly agricultural land. I'd like to turn back and offer a suggestion that first of all on page 21 -- I'd like to see us see food and farms, but not just food alone. I think we realize we cannot exist with just food, we have to have fibers for clothing, construction and this I've noticed ...

MR. BIONDI:

I'm a city boy, Martin, but when you talk about fiber you don't mean nylon, do you?

MR. ISAACS:

Nylon is a fiber but the fiber produced on the land is generally regarded as cotton; that's the main fiber, but as pointed out, and this is particularly relevant to this area where we are right now, the production of soy beans which is a food, fiber and an oil. I think this is very significant, and, of course, we also have to relate to our timber production here in the State of Delaware which is a vital part of our agricultural industry as a whole. I noticed it has not been referred to, but certainly we have a large production of pulp wood which is fiber and that as well as timber. I'd like also to point out that on page 22 it's stated here: "Delaware should preserve and protect its prime farmland as defined by the U. S. Soil Conservation Services but includes land classified as I, II, and III." I don't want to get into the technicality of this, but I'm not sure that this for Delaware is the way that we want to classify prime land. First of all, I had mentioned timber, but this

is a technical classification for the soil conservation of the United States Government and deals with definitions that include topography, the terrain, and the drainage water levels, etc. Now, to some people, prime farmland means a piece of land in its basic existence that will produce a prime crop. I'd like to just briefly point out what happens and what has happened in this area where we are tonight and particularly south of here as a result of such things as soil conservation and drainage and the practices of soil stewardship and the advent of the great poultry industry that we have here where the poultry manure has been added to the other soil practices of stewardship and has turned land that was formerly not prime farmland or would not qualify as prime farmland, has turned it into prime farmland and to these people this is prime land when we get down into the individual consideration of it. I'm sure that you can never convince them that any definition out of the soil conservation service that their land is not prime, because they have made it prime farmland by their practices, and it has turned out to be that way. So, I would suggest that you do give consideration to maybe not a recommendation of the determination by U. S. Government definition of what prime farmland is, but establishment of a definition that would relate to our varied types of land and our varied practical situations that we have on the farmland in Delaware and the woodlands. Again, I would say that I think it is a very excellent report and I certainly compliment you, Mr. Biondi, and members of the Commission, and the Committees that have worked so hard on this and I think you've made a great accomplishment. I, too, would like to see some follow-up group. However, whatever it be, to pay attention to what goes on in the future years

because of the implementation of these recommendations in the report.

MR. BIONDI:

Thank you, Mr. Secretary, do you want to take the opportunity over the next several days to frame a recommendation as you would say it with respect to the preservation of farmland in lieu of the recommendation we've made and be in contact with us?

MR. ISAACS:

I don't think that should be done by me, alone. I have consulted with our State Forester on this subject and he has the same considerations.

MR. BIONDI:

You needn't be concerned about any recommendation being accepted without argument. Okay, that's another question we'll have to take a look at. Is there anyone else who wishes to be heard? If not, we will close this meeting. Thank you for your attendance and your comments.

Attendance - approximately 50.

LAND VALUE TAX COMMITTEE

OF DELAWARE

PROPERTY TAX REFORM TO HELP REMEDY ECONOMIC & SOCIAL ILLS OF OUR TIME

CONCEPT:	TAXING OF PUBLICLY-CREATED LAND VALUES MORE FULLY, RATHER THAN IMPROVEMENTS, WOULD BENEFIT THE ENTIRE COMMUNITY . . .	
PAST & PRESENT PROPONENTS:	PIERRE SAMUEL DU PONT DE NEMOURS, ECONOMIST	1800
	HENRY GEORGE, ECONOMIST, PHILOSOPHER	1890
	EDWIN P. NEILAN, BANKER, CIVIC LEADER	1965
	MAYOR'S FISCAL STUDY COMMITTEE	1969
	U. S. CHAMBER OF COMMERCE RESOLUTION	1970
	U. S. SENATE COMMITTEE ON GOV'T. OPERATIONS	1971
	AMERICAN INSTITUTE FOR ECONOMIC RESEARCH	

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JAN 14 1976

GREEN LANE
ARDEN, DELAWARE 19810

January 12, 1976

O. Francis Biondi
Chairman
Delaware Tomorrow Commission

Dear Mr. Biondi:

Enclosed find an updated and more complete copy of my remarks as presented to the Delaware Tomorrow Commission at its public hearing on January 7th.

We thank you for the opportunity to have participated.

Sincerely,

Frank E. Nelson

Frank E. Nelson
Co-chairman

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LAND VALUE TAX COMMITTEE

OF DELAWARE

PROPERTY TAX REFORM TO HELP REMEDY ECONOMIC & SOCIAL ILLS OF OUR TIME

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GREEN LANE
ARDEN, DELAWARE 19810

STATEMENT PRESENTED AT THE
PUBLIC HEARING 1/7/76 OF THE
DELAWARE TOMORROW COMMISSION

This Committee agrees wholeheartedly with the recommendation by Mr. Eugene J. Lipstein, President of the Civic League for New Castle County, that the time has come for "local governments to take a hard look at SITE VALUATION taxes as a means of stimulating improvements". We believe that such a property tax reform could be a most useful, if not an essential tool in helping to achieve the Land Use goals contained in the Delaware Tomorrow report.

S omething seems drastically wrong with our present property tax system that appears to promote the very ills that the Commission hopes to cure, -- the abandoned, boarded-up and decaying city housing, the penalties for fixing up or enlarging one's home, the continued exodus of businesses and the middle class from the cities, and the expensive wastefulness of suburban sprawl. The Commission report certainly indicates awareness of the problem in that many of its recommendations include special tax inducements to help reverse this harmful trend.

We firmly believe that a more effective and permanent form of tax incentive would be property tax reform that reduced taxes on all improvements, while increasing taxes derived from the location values of the land, or site, on which the improvement is built. Without this progressive reform, the conditions of our cities and communities in general may be doomed to continued deterioration, no matter how much our resolve and public expenditures in efforts to rehabilitate them.

Consider, for example, how reduced taxes on such desired improvements as homes, apartments, and job-producing business, commercial, and industrial structures would provide strong incentive for greater numbers of new, high quality buildings. Equally important, reducing this tax penalty on improvements would promote the rehabilitation of older, deteriorated structures through private, rather than public funding, and would help save our existing housing stock from sliding into disrepair.

On the other hand, higher taxes on urban land itself would help ensure that sites needed by the community would likely be put to their highest and best use. This would greatly aid URBAN LAND CONSERVATION, for our community land resources are much too limited and important to be wasted and polluted by misuse for boarded-up and blighted buildings, vacant unused sites, and for the proliferation of ground level parking lots.

Higher taxes on site values, whether achieved through more realistic assessments of actual market values, or by higher tax rates on land than on improvements, would also help ensure that growth and development would occur primarily where supportive services already exist. It is these very services that make such locations sought after and most valuable. The site tax would help discourage any speculative withholding of these valuable and needed sites from the market.

This better utilization of both community and perimeter locations could then enhance the prospects for preserving the outlying green fringe and farmland areas by lessening the pressures caused by leap-frog development and suburban sprawl.

There is a good possibility that the construction costs of much desired mass transportation systems of the future might be financed in their entirety by the taxing of the increased land values thus created adjacent to these facilities. Studies have shown this to be feasible, and there is a current proposal to fund the San Francisco Bay Area Rapid Transit system in this manner. Studies have also shown that the increased land values arising from the construction of bridges, tunnels, and highways in and around New York city could have paid for the costs of these facilities many times over.

How to accomplish such tax incentives? We could initiate reform as has Pittsburgh, Scranton, Harrisburg, Pa., Arlington County, Va., and, just recently, the District of Columbia. We could ask that our local governments and the Delaware Legislature do as Indiana's State Legislative Council did last November when they heard testimony outling a study of suggested ways by which Indiana cities might introduce such site tax incentives, and adopted the study unanimously. This Committee would be happy to assist in such an effort that could help to achieve Delaware's goals for tomorrow.

Frank E. Nelson
Co-Chairman

JAN 16 1976

The Delaware Tomorrow Commission
c/o Office of the Delaware State Planner
Thomas Collins Building
Dover, Delaware

Gentlemen:

Many of us were unable to comment at the public meeting held for that purpose in Dover last week because we had not seen a copy of the report your commission put together. Now that I've received a copy in the mail and had the opportunity to examine it, I would like to offer the following comments:

Land Use and Community Development

- Implementation of Agriculture and Farm land Policy - the concepts of development rights and the changing of estate inheritance taxes are highly desirable goals not only to the agricultural interests but to those of us who feel the current pattern of residential development in Delaware is more often determined by what farms the realtors can entice the owners to subdivide than by the decisions of our professional planners.

- Implementation of... Open Space Policies - the concept of lower assessments for land dedicated to open space could be a definite step toward slowing the trend of "sprawl" development but has the danger of decreasing local revenues without measurable benefit unless a workable definition of "open space" could be found that would insure that gravel pits, abandoned gas station parking lots, etc., wouldn't be considered "open spaces" for tax purposes.

Economic Development

- Delmarva Advisory Council Aid - this agency should <u>not</u> be encouraged to develop the southern counties for industrial purposes. Such action would be inconsistent with the wishes of the majority of the residents of Kent and Sussex County who have found that the increased population and demands on services caused by new industry in those areas do not benefit the existing populace.

- City of Wilmington Findings - you've outlined an excellent approach to put our state's major city back on its feet. Use of existing facilities there seems to be an efficient use of assets which is worthy of implementation.

- Land use Planning and Regulation - the concept of a statewide planning commission seems to be only an overlapping of local government activity and appears to be designed primarily as an excuse to remove the Coastal Zone Act. While most of us don't know all that much about the environmental arguments for the Act, we are comfortable with it despite the allegations by construction unionists and others that it is anti-industry. In essence, there is some doubt as to the need for statewide land use act unless

STATE PLANNER'S OFFICE

it incorporated wholly the only statewide planning found acceptable to most Delawareans to date - the Coastal Zone Act.

Thank you for the opportunity to provide comments on your report and please be assured that the effort you made in preparing it is appreciated by all of us who share your interest in Delaware's future.

J. Melville

J. Melville
Smyrna, Delaware 19977

JOSEPH T. CONAWAY
COUNTY ADMINISTRATOR

Sussex County
COURTHOUSE
GEORGETOWN, DELAWARE 19947
302-856-7702

January 23, 1976

Mr. O. Francis Biondi, Chairman
Delaware Tomorrow Commission
State Planning Office
Dover, Delaware 19901

Dear Mr. Biondi:

The Sussex County Council, at its January 20, 1976 meeting, discussed in great detail the Draft Report of the Delaware Tomorrow Commission. After this discussion, Council took the following stands and offers the following recommendations concerning this report:

(1) When this Commission was appointed, its tasks were clearly outlined; however, in recent weeks the Commission has taken a dangerous turn. There is now some feeling that the Commission should become a permanent body charged with policy making responsibilities. If this becomes a fact, the Commission itself will have violated one of its own recommendations by adding itself to the level of bureaucracy that strangles Delaware today. It is the Council's feeling that the Commission has served its purpose and should not continue as another level of bureaucracy.

(2) The Commission recommended that a State wide land use plan be adopted. Traditionally and historically, land use decisions have been local prerogative. To usurp this authority from the municipal and County governments would only further aggravate the feelings of the people that they have lost control of government. Without commenting on the merits of the Coastal Zone Act, it is significant that the only attempt by the State to involve itself in land use planning has led to the greatest controversy in the State today. If the State were to develop a plan for the remainder of Delaware, the controversies would never be resolved. The Commission has insisted that the land use plan will not be a "zoning map", but we submit that it is impossible to separate the two. If one "plans" to use an area for agriculture or industry, then in substance that area has been "zoned" for agricultural or industrial use. Decisions affecting the land of Sussex County should be made in Sussex County by elected officials who are elected to office by Sussex Countians.

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(3) The Commission addressed the economic problems of Delaware and has made recommendations to correct these. The emphasis of this section of the report is the redevelopment of the City of Wilmington. Through further recommendations, the Commission has placed itself squarely in a position of impeding the development of Sussex County (use of abandoned industrial sites, utility construction to mention only two). The Commission must take definite steps to address the economic problems of Sussex. The following recommendations are made:

(A) that the Recreation Industry be treated in the same manner as any industry in Delaware

(B) that increased financial aid to expand tourism and recreation facilities be included in the State budget; the County should explore the possibility of joint funding such expansion. Fees charged at State Parks to Delawareans should be immediately discontinued.

(C) that the economic base of Sussex County be expanded through the attraction of a more diversified industrial base to the County; efforts should be made to assure that all perspective industrial clients are shown the entire State.

(D) that the people of Delaware must be educated about the economic problems of Sussex so that a more realistic attitude towards the planned and ultimate development of the County can be obtained; it is time that the people of Delaware realize that there is more to Sussex than our beaches.

(E) If Wilmington is to be redeveloped, major consideration should be given to a metropolitan form of government in New Castle County.

(4) The Commission's recommendation concerning the cost of Public Services is commendable.

"That all elected officials at all levels of government initiate a coordinated, cooperative, comprehensive review and examination of the delivery of services of the various levels of government and public institutions supported in whole or in part by the taxpayer."

Immediate steps can be taken to carry out this recommendation. If the responsibilities of each government level are clearly defined, duplication of processes can be eliminated. If the temptation by all levels of government to extend services into areas already the responsibility of another level of government is controlled through the political process, the State of Delaware, the County governments, and the municipal governments will not face the burden of extensive salary provisions and pension requirements in operating budgets. Moreover, by clearly defining the role of each level of government, capital improvements in these areas can be limited strictly to the responsibility of the government in question.

The Council commends the Governor for the creation of the Delaware Tomorrow Commission and congratulates the members of the Commission who worked long and hard to draft this report. Although we don't agree with some of its recommendations, there is much in the report with which we can agree.

If we can be of any further assistance, don't hesitate to call upon us.

Yours truly,

Joseph T. Conaway

Joseph T. Conaway
County Administrator

JTC/sww

cc: The Honorable Sherman W. Tribbitt
The Honorable Thurman Adams, Jr.
The Honorable Richard S. Cordrey
The Honorable David H. Elliott
The Honorable Lewis B. Harrington
The Honorable Harry E. Derrickson
The Honorable Howard A. Clendaniel
The Honorable Thomas A. Temple, Sr.
The Honorable William J. Gordy
The Honorable Donald J. Lynch

January 26, 1976

The Delaware Tomorrow Commission
% Delaware State Planning Office
Thomas Collins Building
Dover, Delaware 19901

Dear Commissioners:

Watch Our Waterways is concerned that you will recommend to the General Assembly repeal, or replacement of Delaware's landmark Coastal Zone Act, by other land use legislation. W.O.W. recommends that Delaware's Coastal Zone Act, Wetlands Act, and Beach Erosion Act be placed in their entirety into any new land use legislation proposed. We feel this will help passage of

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land use legislation in the state of Delaware. As you know, other states have had great difficulty in enacting land use bills. We suggest also that the Coastal Zone's valuable life-sustaining wetlands be kept as a buffer zone between our coastal waters and beaches with all development, housing, industry, etc. permitted to occur behind the buffer zone. Thank you for your kind consideration.

Grace Pierce

Grace Pierce, president
for the 400 members of
Watch Our Waterways

Benjamin J. Campagna
Roger L. Williams
Robert L. Smith

Associates
Ramesh C. Batta
Alan L. Chase
Rushi J. Kapadia

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302-856-7745

January 30, 1976

FEB 9 1976

O. Francis Biondi, Esquire, Chairman
Delaware Tomorrow Commission
1300 King Street
Wilmington, Delaware 19901

Dear Frank:

When I first read the Draft Report of the Delaware Tomorrow Commission, I became discouraged, and set the material aside, with a "what's-the-use" attitude. However, I have lately reconsidered and offer the following comments thereon, for what they may be worth:

1. In general, the document is extremely confused and confusing, conditions arising, no doubt, from hazy thinking, bad-poor-sloppy writing, disorganized structure and lack of competent editing -- all perhaps (but not necessarily) inevitable in a product of this sort, representing the collaboration of many people;

2. Throughout the Report, there is an apparent confusion between "goals" and "policies," and, also, a mixing of "policies" with "findings;"

3. There are serious internal inconsistencies as to both content and style. On the one hand, on page 14, it is stated "The Commission feels the establishment of an arbitrary employment or population rate of growth policy, either by specific number or percentage, will not be effective and it may, indeed, be counter-productive;" on the other hand, on pages 49 and 52, reference is made to a 1985 State population of "approximately 700,000." If the latter is not a "specific number" and does not establish a population "rate of growth," what does?

Specific comments follow:

4. On page 1, why was not the Commission's task to examine "goals," as well as "policy?" I contend it is either impossible

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or highly undesirable to have "policies" without "goals," since in order to get where you want to go (policies), you first must know where you are going (goals).

5. Same page. In two successive sentences, word "alternative" used incorrectly and correctly, respectively (first instance should be "alternate" (adj.)). What is "effective" growth?

6. Use of term "areas" is jargonistic. Better to say "Recommend to State Government policies and strategies for effective and rational residential, commercial and industrial growth."

7. Page 9. Difficult to understand how a "model" (ideal example) can be "attained" by "discussing...issues," but, in any event, what was the "model" thus "attained" and why aren't we told what it looks like? (Presumably, from later discussion in the Report, it is some sort of poly-nucleated form).

8. Same page. Here it seems to be saying that a "program" (how does a "program" differ from a "policy" or a "recommendation?") is an implementation "tool."

9. Page 10. Here it says "The Committee did not attempt to say what growth ought to be, but, rather, to clearly state the basic issues." Outside of the split infinitive, and 3, above, the major point is that such position to me represents a complete "cop-out." What is the Committee for, if not to say what growth ought to be? How can the Committee "determine (alternate) ways that State Government can provide for effective growth" or "Evaluate the potential impact of various growth alternatives in the private and public sectors" or "Recommend to State Government policies and strategies for effective and rational growth..." (page 1), if the approximate dimensions of such growth are not estimated? I contend it is impossible.

10. Same page. What is "accurate" growth? "With the existing businesses..." should be "<u>within</u> the existing businesses..."

11. Page 11. Confusion of grammatical number in sentence beginning "what is the relative..." as between "quality" and "they."

12. Same. Sentence beginning "An attempt..." should read "An attempt was then made to extrapolate these past trends in revenues and expenditures to 1985, under several possible

assumptions."

13. Page 13. Split infinitive in sentence beginning "Consequently..."

14. Same. End of third paragraph."Response" to what?

15. Same. I contend that economic and population growth questions cannot be separated, but are obverse faces of the same coin. Therefore, public policy regarding growth should not consider these as "separable issues requiring differing approaches." To do so is to mislead the public into believing it can have its cake and eat it, too, i.e., it is possible to have economic growth with little or no population increase.

16. Page 14. First sentence, What does "this" refer to? Influence economic development in what direction, towards what goals? (See 2, above).

17. Same. Here it is stated "...the Commission feels that the public sector will do well to establish policies that can accommodate the population growth which will respond to the economic conditions." First of all, "respond" should be "reflect." Secondly, this statement is an apparent contradiction of an earlier statement (see 15, above). Thirdly, to advocate that population growth (whatever it is to be) be "accommodated" is another "cop-out" and a "throw-back" to the New Castle County General Comprehensive Development Plan, of 1966, at which time such an approach was still barely acceptable, in terms of planning "know-how." Since then, of course, we have "discovered" ecology and presumably know more than we did in 1966, although sometimes one wonders.

18. Same. How can one have "a set of policies which will allow the jurisdictions throughout Delaware to respond better to changing conditions," when it is the very "set of policies" which is supposed to determine what such conditions will be, not enable jurisdictions to respond to some unknown situation. Presumably, if public policy is reasonably to assure that certain conditions will obtain, then the jurisdictions will be in a position to respond. Otherwise, what we have here is nothing but a "finesse" or a variation on the old shell game; in other words, misleading the public into thinking you are saying something, while in reality, you are not--a favorite dodge of some planners, by the way.

19. Page 17 et. seg. Here the Report structure is apparently intended to be set up as follows:

"FINDINGS, POLICIES AND IMPLEMENTATION RECOMMENDATIONS" (major heading

"COMMUNITY DEVELOPMENT PATTERNS" (sub-major heading)

Community Patterns Findings (Minor heading)

1.
2.
Etc.

Community Patterns Policies (Minor heading)

1.
2.
Etc.

Community Patterns Policies (Minor heading)

1.
2.
Etc.

However, the above structural organization is not consistently followed throughout.

20. Page 17. What is "existing industrial land?" Land zoned industrially? Land containing existing industrial buildings? If the former, no guarantee that such land is centrally located. If latter, may well contain obsolete or obsolescent buildings, etc. Why will this policy reduced travel to "outlying" areas, if industrially-zoned land is referred to?

21. Page 18. Major heading ("TRANSPORTATION") missing. (see 19, above).

22. Same. What is an "increased...system?" (should be "expanded").

23. Same. "Finding 2" is really a "policy." What does the second sentence in this paragraph have to do with the first?

24. Page 19. "Finding 3" -- see 23, above.

25. Same. Major heading ("UTILITIES") missing.

26. Same. "Finding 3," What is an "interceptor line sized with over extension?" Current practice of designing sewer

*Could be termed first-order, second-order and third-order headings.

41. Page 28. "Finding 2," Here we suddenly revert to "goals" (see 2, above).

42. Page 29. Presumably more "implementations" are needed here, vis-a-vis number of "policies" enumerated.

43. Page 30 et. seq. This section of the Report is merely "stuck on" to the previous material, seems to have been written by someone else and not appropriately rewritten, and doesn't follow the structure, organization (such as it was) or typographical style of the previous section.

44. Page 32. Second sentence. Here we have the edifying example of a "cost" being "expensive" (!).

45. Page 33. "Perspective" should be "prospective."

46. Pages 33 and 34. Here is certainly an explicit forecast of an economic growth rate, despite the previous disclaimer.

47. Page 34. Again mention of "goals," this time for population and employment growth. How can "the State obtain general agreement on (such) goals" if the Delaware Tomorrow Commission sidesteps these matters? The next sentence states "The Delaware Tomorrow Commission should establish population and employment growth goals...," yet the first portion of the Report deliberately avoids doing so(!)

48. Page 35. How do you "improve an edge?"

49. Page 36. Major Heading ("EDUCATION") missing.

50. Page 37. Last sentence poorly written.

51. Page 40. Where are the "findings" and "policies?"

52. Page 41. Wording "solvent carrier" makes it appear that chemicals are being transported.

53. Same. What is reference of "Both" in sentence beginning with that word? Acquisition of what?

54. Page 42. Last sentence incomplete.

55. Page 45. See 43, above.

56. Same. Question mark missing at end of 3rd paragraph.

interceptor lines reflects the vast confusion of our current planning, i.e., lines are sized to accommodate future flows generated by "planned" land use allocations. If lines are over-sized, it is the fault of our planning. Since sewer lines have life of 50 years, they should be sized to accommodate more than near-term growth.

27. Same. "Finding 4." See 26, above.

28. Page 20. Inconsistent organization. (See 19, above).

29. Same. Recommendation B2. See 26, above.

30. Page 21. Recommendation B3. As far as I known, sewers are built with collector systems leading into trunk and interceptor lines.

31. Page 22. What is reference of "This" in pen-ultimate sentence?

32. Page 23. "Findings 1-3." See 23, above.

33. Page 24. "Policy 3." Presumably "PREVENTION OF" should be inserted between "FOR" and "BEACH."

34. Same. "Policies 4 and 5" seem to belong under "UTILITIES," as does "Implementation 4" (should be "Recommendation ?")

35. Page 25. "Finding 4" Question if this is a "finding" or merely a hope.

36. Same. "Policy 2" should read "DELAWARE, TOGETHER WITH THE FEDERAL GOVERNMENT, MUST..."

37. Page 26. "Policy 1." Does "curtailment" apply to existing Commercial development, and, if so, how?

38. Page 27. Implementation 3. Insert "development" between "for" and ")." Level of highway service is indicated by the V/C Ratio.

39. Same. "Finding 1." Second sentence is a "policy."

40. Same. Institutional Policy. What happens if no indication given as to location on plans?

57. Page 46. Second paragraph of "Recommendation," last sentence--bad writing.

58. Same. Last paragraph. If State intends to "take back" or "over-ride" local zoning powers, this will "contravene" existing authorities of counties and local governments.

59. Page 47. It would seem that more than an "analysis" would be needed.

60. Page 48. See 43, above.

61. Same. First sentence is poorly written.

62. Page 49. Basis of assumption re population?

63. Page 51. Phrase "In other words" misplaced. Word "But" in sentence beginning with same, extraneous.

64. Page 52. Last sentence, first paragraph. What growth projected by Commission?

65. Same. See 61, above.

The above list is far from exhaustive, as I have probably taxed the patience of my typist already. I have a good deal of respect for your abilities and those of certain others on the Commission and Technical Advisory Committee. Therefore, I find it difficult to understand how something of this (lack of) quality came to be written and distributed in the name of the Commission. Since it is a draft report, no doubt the mechanical errors of writing and organization can be corrected for the final version. I do not, however, see how the obvious inconsistencies of thinking can be rectified, short of beginning all over again.

Sincerely,

A. Chase

Alan Chase

ALC/sw

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