Trends in Interstate Compacts

By Crady deGolian
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Dating back to their first use in colonial America through the end of World War II, most of the compacts states entered into were bi-state agreements to resolve border disputes. Since then, however, compacts have grown into regional and national agreements with both advisory and regulatory responsibilities. In the last half century, interstate compacts have become more sophisticated and are being used to create administrative agencies to solve ongoing state policy challenges.

Trends Since 1955
The creation of the Port Authority of New York and New Jersey in 1922 through an interstate compact signaled a significant shift in the use and application of interstate compacts. For the first time, states began using compacts to establish regulatory agencies with the authority to act on the state’s behalf. While the formation of the port authority ushered in a new era for interstate compacts, states really began using compacts as a means to resolve challenging policy questions beginning in approximately 1955.

Since then the use of interstate compacts has grown dramatically, including:

- The adoption of nearly 1,300 compacts by states;
- An average of 23 state adoptions per year with a 1994;
- The formation of numerous regional and national compacts; and
- The creation of interstate administrative agencies, including compacts in:
  - Interstate transportation
  - Taxation
  - Environmental matters
  - Regulation
  - Education
  - Corrections
Public safety

The past four decades have seen some fairly dramatic ebbs and flows in the use of compacts. In a 26-year period from 1974 to 2000, state adoptions were above the annual average of 23 only four times. Compact adoptions were above average in none of the eight years of the Clinton administration. Conversely, from 2001 to 2011, the number of state adoptions was above average in seven legislative cycles.

While the exact reasons for the increased use of compacts over the course of the past decade is impossible to determine, one possible explanation may be attributed to recent Republican electoral successes. Both the Bush administration and the recent shift to a Republican-controlled House of Representatives have resulted in calls for a less centralized federal government and more emphasis on state-driven solutions.

Current Trends

This argument seems to carry more water when analyzing compact adoptions during the past two state legislative sessions. In 2010, there were 17 pieces of compact legislation adopted by state legislatures across the country. While this number is not extremely low when looking across the past 57 years, it is well below the annual average number of state adoptions.

Conversely, there were 29 adoptions of compacts by state legislatures in the first half of 2011, which is well above the annual average. These include compacts concerning:

- Juvenile justice;
- Surplus lines insurance;
- Thoroughbred and harness horse racing;
- Education;
- Health insurance; and
- Insurance product regulation

Once again, such a dramatic jump in the use of compacts from 2010 to 2011 is difficult to explain. It seems reasonable to conclude that the November 2010 elections, which resulted in Republicans gaining control of the U.S. House of Representative and making significant gains in the number of gubernatorial seats held and the number state houses and senates controlled, have played a significant role. With Republican advocacy on the reduced emphasis of reliance on the federal government, states have become more active in addressing policy challenges by working on an interstate basis.

For more information about which compacts your state is a member of, visit the National Center for Interstate Compacts Database at [apps.csg.org/ncic](http://apps.csg.org/ncic).