

Municipal Charters

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Municipal charters are the constitutions of municipal corporations, defining their powers and structures. Before the American Revolution, colonial governors granted municipal charters in the name of the monarch or the colony's proprietor. These colonial charters not only specified the powers of the municipal corporation but often granted it rights or property of considerable economic value. The charter of Albany, New York, awarded that municipal corporation a monopoly on the fur trade. New York City's charter bestowed on the island municipality a monopoly on ferry service and ownership of the underwater lands around lower Manhattan, thereby enabling the corporation to control dock and wharf development. In exchange for this generous grant, New York City paid the royal governor a handsome fee. During the colonial period a municipal charter was, then, a privilege, in some cases purchased from the crown's representative, and valued not simply for its grant of governing authority but also for its confirmation of a municipal corporation's property rights.

With the coming of American independence, the state legislatures succeeded to the sovereign authority of the crown and thus became responsible for the granting of municipal charters. Whereas in 1775 there were no more than fifteen active chartered municipalities in the thirteen colonies, the state legislatures of the early nineteenth century bestowed charters on every community with dreams of cityhood. From 1803 to 1848 the legislature of sparsely populated Mississippi awarded charter privileges to 105 municipalities, adopting 71 acts of municipal incorporation during the 1830s alone. These municipal charters authorized the creation of public corporations, political subdivisions of the state.

In 1819 in *Dartmouth College v. Woodward*, the U.S. Supreme Court introduced a distinction between the rights of a public corporation and a private one. The U.S. Constitution's contract clause did not protect the political powers granted in the charter of a public corporation such as a municipality. State legislatures could, therefore, unilaterally amend or revoke municipal charters and strip a city of authority without the municipality's consent. But the charter of a private corporation, such as a business enterprise or a privately endowed college, was an inviolate grant of property rights guaranteed by the nation's Constitution.

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