government . . . the subject is one in which the legislature of the State may act according to its own judgment," unrestrained by the Constitution [1977]—thereby drawing a line between "public" and "private" corporations that remained undisturbed for more than half a century.[1978]

It has been subsequently held many times that municipal corporations are mere instrumentalities of the state for the more convenient administration of local governments, whose powers may be enlarged, abridged, or entirely withdrawn at the pleasure of the legislature.[1979] The same principle applies, moreover, to the property rights that the municipality derives either directly or indirectly from the state. This was first held as to the grant of a franchise to a municipality to operate a ferry and has since then been recognized as the universal rule.[1980] It was stated in a case decided in 1923 that the distinction between the municipality as an agent of the state for governmental purposes and as an organization to care for local needs in a private or proprietary capacity, though it limited the legal liability of municipalities for the negligent acts or omissions of its officers or agents, did not, however, furnish ground for the application of constitutional restraints against the state in favor of its own municipalities.[1981] Thus, no contract rights were impaired by a statute relocating a county seat, even though the former location was by law to be "permanent" and the citizens of the community had donated land and furnished bonds for the erection of public buildings.[1982] Similarly, a statute changing the boundaries of a school district, giving to the new district the property within its limits that had belonged to the former district, and requiring the new district to assume the debts of the old district, did not impair the obligation of contracts.[1983] Nor was the Contract Clause violated by state legislation authorizing state control over insolvent communities through a Municipal Finance Commission.[1984]

[1977] Dartmouth College v. Woodward, 17 U.S. (4 Wheat.) 518, 629 (1819).

[1978] In Munn v. Illinois, 94 U.S. 113 (1877), a category of "business affected with a public interest" and whose property is "impressed with a public use" was recognized. A corporation engaged in such a business becomes a "quasi-public" corporation, and the power of the state to regulate it is larger than in the case of a purely private corporation. Because most corporations receiving public franchises are of this character, the final result of *Munn* was to enlarge the police power of the state in the case of the most important beneficiaries of the *Dartmouth College* decision.

[1979] Meriwether v. Garrett, 102 U.S. 472 (1880); Covington v. Kentucky, 173 U.S. 231 (1899); Hunter v. Pittsburgh, 207 U.S. 161 (1907).

[1980] East Hartford v. Hartford Bridge Co., 51 U.S. (10 How.) 511 (1851); Hunter v. Pittsburgh, 207 U.S. 161 (1907).

[1981] City of Trenton v. New Jersey, 262 U.S. 182, 191 (1923).

[1982] Newton v. Commissioners, 100 U.S. 548 (1880).

[1983] Michigan ex rel. Kies v. Lowrey, 199 U.S. 233 (1905).

[1984] Faitoute Co. v. City of Asbury Park, 316 U.S. 502 (1942).