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Walt Disney's Vision Inspires the Prosperity States Initiative: *How Prosperity Districts Adopt and Improve on the Disney World Model*

By Baker Spring, MA, Sam Batkins, JD, and Nick Dranias, JD

Introduction

Federal, state and local governments often get it wrong in terms of advancing policies for accelerating economic growth. Even when they get it right, the policy environment often shifts dramatically from election to election, blowing investment opportunities away with the political winds. Effective pro-growth government regulatory and tax policies, however, need to go in the opposite direction. They need to give local enterprises the leeway to pursue the best business practices by constructing a reliable policy framework to accommodate those practices. This approach is now advanced by the Prosperity States Initiative in several states.¹

The Prosperity States Initiative would create a legislative framework whereby a local community can immediately leapfrog to a policy environment consisting of pro-growth and job creation best practices. This environment is furnished by a special district called a "Prosperity District," which enjoys a large measure of autonomy from other state and local agencies and political subdivisions. A good historical analogy to this approach is how the Walt Disney World Company and its affiliated companies and the state of Florida went about creating the Disney World theme parks and resorts.

ABOUT THE AUTHORS

The extensive credentials of each author are detailed at the conclusion of this policy brief.

Disney World and its Economic Benefits

Disney World exists within the Reedy Creek Improvement District (RCID), which encompasses roughly 25,000 acres of land in Orange and Osceola Counties, through the enactment of a state law in 1967, which is also referred to as the RCID Charter.² The law transferred to the RCID rather sweeping exclusive jurisdiction and authority over regulations and raising revenue that up to that time were controlled by the state, county and municipal governments. The transfer in authorities was done with the intent of giving the Walt Disney World Company the leeway to pursue its thoughtful business plan for the establishment of the theme parks and resorts, while designing its own regulations and revenue provisions to fit the plan. This business plan has proven to be highly successful. According to local news reports, the Walt Disney World Company produced an economic impact report in 2011, which asserts that Disney World generates more than \$18 billion per year in economic activity and one of every 50 jobs held in the state of Florida.³

Broad Authority was Delegated to the RCID

In light of Disney's economic success, it is worth underscoring the extensive policy making authority that the State of Florida furnished the RCID in its Charter, including power over:

- Reclamation, drainage and irrigation (Section 9(6));
- Water, flood and erosion control (Section 9(7));
- Water and sewer systems (Section 9(8));
- Waste collection and disposal (Section 9(9));
- Pest control (Section 9(10));
- Airport facilities (Section 9(11));
- Fire protection (Section 9(14));
- Transportation (Section 9(16));
- Public utilities, including electricity, nuclear power, natural gas and telephone and other communications systems (Section 9(17));
- Issuance of bonds (Section 9(19)); and
- Health and safety building codes, planning, and zoning (Section 23).⁴

Significantly, these broad governmental powers were entrusted to a local government characterized by extensive autonomy from state and local law, agencies and political subdivisions.

Local Autonomy Defines the RCID

The RCID enjoys autonomy from many if not most state and local laws, agencies and political subdivisions. The RCID Charter emphasizes that the authority of the RCID overrides all conflicting state and local laws, agencies and jurisdictions (Section 2).⁵ It does by both including language of general repeal and by emphasizing the “exclusive” jurisdiction of the RCID (Sections 2, 9(7), 10(2-3), 22(1-2), 23(2)).⁶ It also shields lands within the RCID from annexation by other state or local agencies or political subdivisions (Section 64(6)).⁷ It allows for expansion of the RCID to any consenting landowner’s land, and it also provides that the RCID’s authority will override any conflicting power of any municipality within its boundaries (Sections 14, 64(1-2)).⁸ Eminent domain may be exercised within the RCID by outside political subdivisions and agencies—*but only with the concurrence of the RCID’s board* (Section 9(5)).⁹ Finally, the RCID Charter repeatedly states that future laws of the State of Florida may not

override or limit the RCID’s authority (Sections 2, 14, 22(2), 23(2), 64(6)).¹⁰ Through the clever inclusion of a pledge by the State of Florida to bond holders that the RCID’s rights will remain unchanged while any bonded amount remains outstanding (Section 56), such language is made enforceable through the United States Constitution’s “Contracts Clause” prohibition on state impairment of the obligation of contract.¹¹

Adopting and Improving the RCID Model

The Prosperity States Initiative builds on the RCID model as shown in the comparison chart in the appendix. One critical improvement, however, is that the Prosperity District model legislation is designed to establish an interstate compact upon the adoption of the legislation by a second state, which will lead to the reform of federal, as well as state and local, regulatory and revenue authorities within

Prosperity Districts. Another important improvement is that the baseline authority for a Prosperity District is much more modest.

The Prosperity States Initiative Adopts and Improves on the Reedy Creek Improvement District Model by Embracing Autonomy for a Streamlined Local Government Framework.

Instead of Walt Disney’s utopian vision of a Magic Kingdom emerging through an autonomous local government that is immensely powerful, a Prosperity District is characterized by a streamlined governance structure limited to least restrictive regulation, competitively-furnished services, and limited borrowing authority. As such, a Prosperity District retains all of the autonomy of the RCID while encouraging development to take place through competition, voluntary contract and the enforcement of property rights. Thus, the success of a typical Prosperity District will be driven primarily by market forces—rather than by the all-too-infrequent emergence of another visionary like Walt Disney.

Conclusion

The Prosperity States Initiative weds the reliable autonomy of Disney World's RCID model to a market-based policy environment, much like the Special Economic Zone concept seen in Hong Kong, Singapore, China, and Dubai—providing an exciting opportunity for generating even greater economic growth throughout the United States. A master-planned resort community like Disney World would still be possible within the streamlined baseline framework of a Prosperity District (along with many other types of communities and economic centers), but not at the risk of excessive local government regulation, spending and taxation. As with other "SEZ" frameworks, the Initiative will build pockets of dramatic economic growth from the bottom up, with durable local control over public policy creating a reliable environment for investment. We think that Walt Disney would be proud to know that others will benefit from his leadership.

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Baker Spring, MA, is a member of the Council of Scholars of Compact for America Educational Foundation. He brings more than 34 years' experience and expertise in numerous aspects of policy making in Washington, D.C., specializing in national security, foreign policy, arms control, non-proliferation policy, missile defense, and defense budget issues. He has extensive experience in working with members of Congress, at the staff level, as a policy analyst on Capitol Hill, and as a Fellow with the U.S. Senate Committee on the Budget providing where he provided specific expertise

Sam Batkins, J.D., is a member of the Council of Scholars of Compact for America Educational Foundation. He focuses his research on examining the rulemaking efforts of administrative agencies and Congress. His work has appeared in *The Wall Street Journal*, *The New York Times*, *The Hill*, *Reuters*, and *The Washington Post*, among other publications. He has testified before the U.S. House, Senate, and state legislatures across the country. Prior to joining

the Forum, Batkins worked at the U.S. Chamber of Commerce, Institute for Legal Reform and the National Taxpayers Union. At the U.S. Chamber, he focused on lawsuit abuse, tort reform, and federal regulation. During his time at the National Taxpayers Union, he conducted studies on state and federal spending. Batkins received his B.A. in political science from Sewanee: The University of the South, where he graduated *summa cum laude* and was inducted into Phi Beta Kappa. He received his J.D. from Catholic University of America, Columbus School of Law. He is a member of the Maryland Bar.

Nick Dranias is President & Executive Director within the Office of the President of Compact for America Educational Foundation, Inc., which is serving as Compact Administrator for the Compact for a Balanced Budget Commission. He is also a research fellow and policy advisor with the Heartland Institute. Dranias was previously director of policy development and constitutional government at the Goldwater Institute. He led the institute's successful challenge to Arizona's system of government campaign financing to the U.S. Supreme Court.

Endnotes

1. For more information about the Prosperity States Initiative, see <http://www.compactforamerica.org/restoreprosperitynow> (accessed November 2, 2016).
2. Ch. 67-764, Law of Florida, at <https://www.rcid.org/wp-content/uploads/2015/10/RCID-Charter.pdf> (accessed November 2, 2016).
3. Jason Garcia, "Disney Says It Generates \$18.2 billion Annual Ripple Effect in Florida," *Orlando Sentinel*, April 13, 2011, at http://articles.orlandosentinel.com/2011-04-13/the-daily-disney/os-disney-economic-impact-20110413_1_disney-cruise-line-world-president-meg-crofton-disney-vacation-club (accessed November 2, 2016).
4. Ch. 67-764, Law of Florida, at <https://www.rcid.org/wp-content/uploads/2015/10/>

RCID-Charter.pdf (accessed November 2, 2016).

5. Id.
6. Id.
7. Id.
8. Id.
9. Id.
10. Id.
11. Id. By leveraging the "Contracts Clause," the protection of the RCID Charter's terms from future legislative impairment thereby avoids violating the "Rule against Entrenchment," whereby one legislature may not ordinarily bind a future legislature through mere statutory legislation.

Appendix Assessing Similarities and Differences between Reedy Creek Improvement District and Prosperity District Model Policy

COMPARISON OF “DISNEY WORLD” AND PROSPERITY DISTRICT GOVERNANCE

Features	Reedy Creek Improvement District (Disney World)	Prosperity District
Formation/ Expansion/ Withdrawal	<ul style="list-style-type: none"> • Formed by court approval of petition by majority of landowners. • Footprint can be expanded to specified dimensions upon 100% consent of landowners to be included or majority vote of landowners to be included after Board resolution authorizing election. • Footprint can be shrunk to specified dimensions upon 100% consent of landowners to be excluded or majority vote of landowners to be excluded after Board resolution authorizing election, or with vote of owners of a majority of acreage of land in the district (Section 64(1)-(2)). • Landowners within district can apply to district board to be excluded from initial formation of district within 60 days of passage of Act (Section 64(4)). 	<ul style="list-style-type: none"> • Formation outside of municipal jurisdiction requires 100% consent of landowners and electors within the eligible land to petition governor and legislative presiding officers. • Footprint expansion requires petition of 100% of included landowners and electors. • Formation inside of municipal jurisdiction first requires designation of lands as eligible by local law, and subsequently follows default formation/expansion process with such modifications as specified by local law. • Formation must be challenged as unlawful within six months of formation. • Landowners contiguous to outside lands may petition to withdraw property and revert to the pre-district jurisdictions (district charter may furnish additional exit procedures).
Autonomy	<ul style="list-style-type: none"> • “Exclusive” jurisdiction and control over “all projects of the district” (Section 22(1)), such as internal infrastructure (roads, water) (Section 9(7), 10(2)-(3)), land use regulation, zoning, building codes, and subdivision regulations (Section 23(2)). • Override of any municipal authority within district (even if expanded) (Section 14). • No annexation of lands within district (Section 64(6)). • No requirement for any certificate, franchise, license, permit or other authority from any state or local agency (Section 22(1)). • Not subject to supervision, regulation or rate-setting power of any state or local agency (Section 22(1)). • Not subject to any state or local agency regulations regarding zoning, building, construction, building safety, subdivisions, lifting devices, 	<ul style="list-style-type: none"> • Exclusive governing jurisdiction within boundaries. • Preclusion of annexation of lands within district to the fullest extent permitted by state and federal constitution once formed.

	<p>parking, recreation, parks, plumbing, electrical, safety, and sanitary codes (Section 23(2)).</p> <ul style="list-style-type: none"> • Not subject to local or statewide budget or financial requirements or agencies (Section 22(2)). 	
Extent of Repeal of “Outside Law”	<ul style="list-style-type: none"> • District is expressly exempted from numerous Florida code requirements (Section 2). • Act establishing district will control in the “event of a conflict between the provisions of the Act and the provisions of any other law” (Section 2). 	<ul style="list-style-type: none"> • All state and local laws that are capable of statutory repeal are deemed in conflict and repealed. • With conforming congressional consent, all federal laws that are capable of repeal or override by such consent are deemed in conflict and repealed. • Legislatures may further clarify extent of repeal in Statewide Tailoring section.
Regulatory Authority	<ul style="list-style-type: none"> • Broad safety, health, sanitation, building safety, subdivision, and zoning regulatory and eminent domain authority (Sections 9(5), 23). 	<ul style="list-style-type: none"> • Least restrictive, pro-competitive regulatory authority (no eminent domain or civil forfeiture).
Public Services	<ul style="list-style-type: none"> • Unlimited public service infrastructure authority ranging from drainage and irrigation infrastructure, water and sewer systems, parking, airports, fire protection, amusement facilities, public utilities, transportation (Section 9(6)-(18), (20)), furnished directly or through public-private partnerships, and funded by “equitable and uniform” user rates, fees, rentals, tolls, fares and charges (Section 18). • Empowered to establish monopoly and mandate usage of irrigation, drainage, water and sewer systems (Section 16). 	<ul style="list-style-type: none"> • Public service authority determined by petitioners in initial charter. • Public services furnished through competitive bidding, public-private partnership or voluntary contractual support by users on a nondiscriminatory basis, without monopolizing services or infrastructure.
Tax Policies	<ul style="list-style-type: none"> • District properties are exempt from taxation except as tax law may generally tax municipalities (Section 60). 	<ul style="list-style-type: none"> • Taxation authority that is capable of statutory repeal or repeal through congressional consent is replaced with land-value-based or negotiated revenue covenant guaranteeing not less than nominal amount of revenue generated to State, County and (if applicable) to City from area within district boundaries prior to district formation.
Borrowing Authority	<ul style="list-style-type: none"> • Unlimited bonding authority (Section 9(19)). • Eligible for government grants (Sections 9(10), 64). 	<ul style="list-style-type: none"> • Borrowing authority limited to net assets. • No authority to accept government grants.
Governing Structure	<ul style="list-style-type: none"> • Governing structure consists of Board of Supervisors elected by majority of 	<ul style="list-style-type: none"> • Compact specifies the elements of the required governing structure and powers of

	landowners exercising authorities designated in Act (Section 4).	district board, but petitioners furnish details in initial charter.
External Relations	<ul style="list-style-type: none"> No exercise of eminent domain over lands within district by outside state or local agencies and subdivisions without concurrence of district board (Section 9(5)). “Joint” design, location and construction with state agency of public roads highways accessing district from outside of district (Section 10(5)). 	<ul style="list-style-type: none"> Concurrent jurisdiction for outside state and local agencies to address national security threats, criminal activity within district, proximate causes of violations of external laws. Authority for outside state and local agencies to require fee payment for provision of services to residents and business outside of district. Prohibition of district action that might imperil federal grants to state or violate federal mandates. Authority for outside state and local agencies to exercise existing eminent domain authority through district through corridors or easements designated in district charter or otherwise as absolutely necessary with robust just compensation.
“Outside Law” Expressly Preserved in District	<ul style="list-style-type: none"> Provisions of Florida law applicable if “<u>not</u> inconsistent” with jurisdiction and authorities of district (Section 2). Requires safety, health, sanitation or building safety standards promulgated by district to be “at least equivalent to the minimum standards in applicable statewide regulations protecting the general safety and welfare of the public” (Section 8(9)). Preserves contractor licensing, bonding, mechanics liens (Section 23(2)). 	<ul style="list-style-type: none"> The entire criminal code, election laws, and uniform commercial code are preserved as a baseline in districts. Legislature may specify other existing state laws to preserve in districts. Municipalities may specify existing state and local laws to preserve in “opt-in” local consent law. Districts may specify in its initial charter additional anti-fraud, safety, health, sanitation or building safety regulations that are neither more burdensome nor less narrowly tailored than the minimum standards in statewide regulations covering the same subject matter (subject to sunset/burden of proof on district).
Entrenchment	<ul style="list-style-type: none"> Act includes pledge to bondholders of district by state not to “limit or alter the rights of the District” until bonds discharged (Section 56). District jurisdiction and authority protected against state and local laws “now or hereafter promulgated” (Sections 2, 14, 22(2), 23(2), 64(6)). Act establishing district shall control over future law “unless such enactment shall specifically repeal or amend” the Act (Section 2). 	<ul style="list-style-type: none"> State pledges preservation of district policies to bondholders for not less than the time of bond discharge. District status and authorities are protected from future repeal or amendment upon compact formation.



Council of Scholars

Sam Batkins, JD
Director of Regulatory Policy
American Action Forum

Dean Clancy, MA
Vice President of Policy (fmr.),
FreedomWorks

Hon. Harold R. DeMoss, Jr.
Senior Federal Judge (ret.),
U.S. Court of Appeals

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Western Connecticut State University

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Rick Masters, JD
General Counsel, Interstate Commission for
Adult Offender Supervision
General Counsel (ret.),
Council of State Governments

Bill Norton
Visiting Scholar, Bellevue University

Lawrence Reed, PhD, MA
President, Foundation for Economic Education

Ben Scafidi, PhD
Professor of Economics,
Kennesaw State University

Byron Schlomach, PhD
State Policy Director, 1889 Institute

Ilya Shapiro, JD
Senior Fellow in Constitutional Studies &
Editor-in-Chief, Cato Institute

Steve Slivinski, MA
Senior Research Fellow, Arizona State University

Krystal Slivinski, MA
Assistant Professor of Economics,
Grand Canyon University

Baker Spring, MA
Fellow (fmr.), US Senate,
Committee on the Budget

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Compact for America Educational Foundation, Inc.

www.CompactforAmerica.org
2323 Clear Lake City Blvd.
Suite 180-190
Houston, TX 77062
281-235-8311
fax: 281-946-8177

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