

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: CS/HB 9B Reedy Creek Improvement District, Orange and Osceola Counties

SPONSOR(S): State Affairs Committee, Hawkins

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) State Affairs Committee	17 Y, 3 N, As CS	Darden	Williamson

SUMMARY ANALYSIS

The Reedy Creek Improvement District (RCID) is an independent special district initially created in 1966 as the Reedy Creek Drainage District by a decree of the Ninth Judicial Circuit and subsequently ratified and approved by a special act in 1967. The RCID covers approximately 25,000 acres in Orange and Osceola Counties. Virtually all privately-held land in the district is owned by the Walt Disney World Company. RCID works to support and administer certain aspects of the economic development and tourism within district boundaries.

According to the RCID's annual budget for Fiscal Year 2022-2023, the district will collect \$183,016,143 in general and debt service fund revenues, almost exclusively from an ad valorem tax levy of 13.9000 mills. Additionally, the RCID's utilities division is projected to generate \$219 million in total revenues. As of the most recent disclosure by the district, RCID has \$1.176 billion in bond debt.

The bill ratifies and confirms the continued existence of the district under a new name, the Central Florida Tourism Oversight District, and provides legislative intent concerning the district's authority to raise revenue and pay outstanding bonds and other obligations without interruption pursuant to transitional provisions of the Florida Constitution for pre-1968 special districts. The bill retains the district's necessary authority related to taxation and the issuance of bonds. The bill makes extensive revisions to the District's charter, including, but not limited to:

- Replacing the landowner-elected board of the district with a five-member board appointed by the Governor, subject to Senate confirmation, and provides limitations on appointment to ensure independence from operators of any theme park or entertainment complex;
- Removing the district's ability to amend its own boundaries without a special act;
- Providing reporting requirements for the district, including a periodic review of the district's powers;
- Removing the district's ability to own and operate airport facilities, certain types of recreational facilities (such as stadiums, civic centers, and convention halls), and "novel and experimental" facilities (such as a nuclear fission power plant);
- Removing the district's ability to spend public funds to advertise businesses, facilities, and attractions within the district, and to levy tolls;
- Retaining the district's power to adopt its own planning, zoning, building, and safety codes, while clarifying the application of general law to those codes and requiring any building and safety codes to be substantially similar or provide more stringent standards than the Florida Building Code and Florida Fire Prevention Code;
- Removing sections of the charter that duplicate provisions of general law applicable to the district; and
- Updating or removing, as applicable, cross-references and archaic terminology.

The bill provides that the district is not dissolved as of June 1, 2023, but continues in full force and effect under its new name.

According to House Rule 5.5(b), a local bill providing an exemption from general law may not be placed on the Special Order Calendar for expedited consideration. The provisions of House Rule 5.5(b) may apply to this bill.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h0009Ba.SAC

DATE: 2/8/2023

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Special Districts

A “special district” is a unit of local government created for a particular purpose, with jurisdiction to operate within a limited geographic boundary.¹ A special district may be created by general law, special act, local ordinance, or rule of the Governor and Cabinet.² A special district has only those powers expressly provided by, or reasonably implied from, the authority provided in the district’s charter.³ Special districts provide specific municipal services in addition to, or in place of, those provided by a municipality or county.⁴

A “dependent special district” is a special district meeting at least one of the following criteria:

- the membership of the district’s governing body is identical to the governing body of a single county or municipality;
- all members of the district’s governing body are appointed by the governing body of a single county or municipality;
- members of the district’s governing body are removable at will by the governing body of a single county or municipality; or
- the district’s budget is subject to approval by the governing body of a single county or municipality.⁵

An “independent special district” is any district that is not a dependent special district or one that includes more than one county unless the district lies wholly within a single municipality.⁶

According to the Department of Economic Opportunity’s (DEO) Special District Accountability Program Official List of Special Districts (Official List of Districts), there are 1,918 special districts, including 1,303 independent special districts and 615 dependent districts.⁷

Special districts do not possess “home rule” powers and may impose only those taxes, assessments, or fees authorized by special or general law. The special act creating an independent special district may provide for funding from a variety of sources while prohibiting others. For example, ad valorem tax authority is not mandatory for a special district.⁸

Generally, the maximum millage rate for an independent special district is the millage rate authorized by law and approved by the electors of the district in a referendum.⁹ The 1968 Florida Constitution, however, provides that independent special districts with ad valorem tax authority established by law

¹ S. 189.012(6), F.S. See also *Halifax Hospital Medical Center v. State of Fla., et al.*, 278 So. 3d 545, 547-48 (Fla. 2019).

² S. 189.012(6), F.S.

³ See ss. 189.02(4)-(5) and 189.031(3), F.S. Counties and municipalities have “home rule” powers allowing them to enact ordinances not inconsistent with general or special law for governmental, corporate, or proprietary purposes. Special districts do not possess home rule powers and are permitted to impose only those taxes, assessments, or fees authorized by special or general law. See art. VIII, ss. 1(f) and (g), 2(b), s. 6(e), Fla. Const. and ss. 125.01 and 166.021, F.S. See also *Local Gov’t Formation Manual 62*, available at <https://myfloridahouse.gov/Sections/Committees/committeesdetail.aspx?CommitteeId=3227> (last visited Feb. 5, 2023).

⁴ *Local Gov’t Formation Manual* at 62.

⁵ S. 189.012(2), F.S.

⁶ S. 189.012(3), F.S. Independent special districts are created by the Legislature, unless another mechanism is authorized by general law. See, e.g. s. 190.005, F.S. (community development districts maybe created by a county, municipality, or the Florida Land and Water Adjudicatory Commission, depending on the size and location of the district).

⁷ Dept. of Economic Opportunity, Special Dist. Accountability Program, “Official List of Special Districts,” <http://specialdistrictreports.floridajobs.org/webreports/criteria.aspx> (last visited Feb. 5, 2023).

⁸ See art. VII, s. 9(a), Fla. Const.

⁹ See art. VII, s. 9(b), Fla. Const.

before its effective date may continue to exercise that authority, but that the authority may be restricted or withdrawn by law unless such power is necessary to pay outstanding debts.¹⁰

Formation and Charter of an Independent Special District

With the exception of community development districts,¹¹ the charter for an independent special district must include the minimum elements required by ch. 189, F.S.¹² Charters of independent special districts must address and include a list of required provisions, including the purpose of the district, its geographical boundaries, taxing authority, bond authority, and selection procedures for the members of its governing body.¹³

Independent Special District Dissolution

Generally, an independent special district may be dissolved in one of the four following ways:

- Voluntary dissolution by a majority vote plus one of the district's board;¹⁴
- For districts created by special act, the passage of a special act dissolving the district, subject to approval by a majority vote of the residents or landowners of the district;¹⁵
- For districts created by a local government, voter approval of a referendum dissolving the district or by the procedure used to create the district;¹⁶ or
- For districts that have been declared inactive by DEO, by special act or ordinance without a referendum.¹⁷

Additionally, s. 189.0311(2), F.S., provides for the dissolution of all independent special districts created by special act prior to the ratification of the Florida Constitution on November 5, 1968, if those districts are not reestablished, re-ratified, or otherwise reconstituted by a special act or general law after that date.¹⁸ Such districts dissolve on June 1, 2023, unless re-established pursuant to the requirements and limitations of ch. 189, F.S., on or after that date. According to the Official List of Districts, 132 active independent special districts were created by special act before November 5, 1968,¹⁹ and of those districts, six do not operate under a charter that was reestablished, re-ratified, or otherwise reconstituted by a special act or general law after November 5, 1968.²⁰

Unless otherwise provided by law or ordinance, all assets and liabilities of a dissolved independent special district are transferred to the local general-purpose government having jurisdiction over the territory of the district.²¹

Water Control Districts

Chapter 298, F.S., governs the creation and operation of water control districts (WCD). A WCD has authority and responsibility to construct, complete, operate, maintain, repair, and replace any and all

¹⁰ Art. XII, ss. 2, 15, Fla. Const. See also art. IX, s. 2, Fla. Const. (1885), amended by SJR 69 (1939) (approved by the voters Nov. 5, 1940) (prohibition on state levy of ad valorem taxes for state purposes). *Bailey v. Ponce de Leon Port Authority*, 398 So. 2d 812 (Fla. 1981); see also *Hillsborough County v. Tampa Port Authority*, 563 So. 2d 1108 (Fla. 2d DCA 1990).

¹¹ S. 189.0311, F.S.; see s. 190.004, F.S. (providing that ch. 190, F.S., governs the functions and powers of independent community development districts).

¹² Ss. 189.031(1) and (3), F.S., sets forth the minimum charter requirements for an independent special district.

¹³ S. 189.031(3), F.S. (setting forth the minimum charter requirements).

¹⁴ S. 189.072(1), F.S. If the district was created by special act, dissolution also requires a special act of the Legislature to take effect.

¹⁵ S. 189.072(2)(a), F.S.

¹⁶ S. 189.072(2)(b), F.S. If the district has the power to levy ad valorem taxes, a referendum is required for dissolution. See Art. VII, s. 9(b), Fla. Const.

¹⁷ S. 189.072(3), F.S.

¹⁸ Created by ch. 2022-266, Laws of Fla.

¹⁹ Dept. of Economic Opportunity, Special Dist. Accountability Program, "Official List of Special Districts,"

<http://specialdistrictreports.floridajobs.org/webreports/criteria.aspx> (last visited Feb. 5, 2023).

²⁰ Bradford County Development Authority, Bradford County; Eastpoint Water and Sewer District, Franklin County; Hamilton County Development Authority, Hamilton County; Marion County Law Library, Marion County; Reedy Creek Improvement District, Orange and Osceola Counties; and Sunshine Water Control District, Broward County will dissolve on June 1, 2023, unless re-established pursuant to the requirements and limitations of ch. 189, F.S., on or after that date. Of those scheduled to sunset, Eastpoint Water and Sewer District, Reedy Creek Improvement District, and Sunshine Water Control District have debt obligations.

²¹ Ss. 189.072(4) and 189.076(2), F.S.

works and improvements necessary to execute the water control plan adopted by that district.²² A WCD may build and construct any other works and improvements deemed necessary to preserve and maintain the works in or out of said district. A WCD also may acquire, construct, operate, maintain, use, purchase, sell, lease, convey, or transfer real or personal property, including pumping stations, pumping machinery, motive equipment, electric lines and all appurtenant or auxiliary machines, devices, or equipment.²³

Prior to July 1, 1980, WCDs were created by the submission of a petition signed by a majority of the landowners in the area of the proposed district to the circuit court that had jurisdiction over the area.²⁴ Today, WCDs may be created only by special act or by county ordinance.²⁵

Most WCDs are governed by a three-member board composed of landowners within the district who are also residents of the county where the district is located.²⁶ Landowners vote for the governing board of the district on a one-acre/one-vote basis, with the three persons receiving the highest number of votes elected in the initial election.²⁷ Landowners may vote in person or by a signed proxy statement. The landowners at the initial election determine the length of the term of office for the initial board, selecting one member to serve a one-, two-, or three-year term, respectively. All members subsequently elected serve a three-year term, with one member of the board elected by the landowners each year.²⁸

Reedy Creek Improvement District

The Reedy Creek Improvement District (RCID) is an independent special district initially created in 1966 as the Reedy Creek Drainage District by a decree of the Ninth Judicial Circuit²⁹ and subsequently ratified and approved by a special act in 1967.³⁰ The district covers 24,969 acres in Orange and Osceola Counties that are primarily owned by the Walt Disney World Company.³¹ RCID works to “support and administer certain aspects of the economic development and tourism within district boundaries.”³²

According to the RCID’s annual budget for Fiscal Year (FY) 2022-2023, the district will collect \$183,016,143 in general and debt service fund revenues, almost exclusively from an ad valorem tax levy of 13.9000 mills.³³ Additionally, the RCID’s utilities division is projected to generate \$219 million in total revenues.³⁴ As of the district’s most recent continuing disclosure to bondholders (FY 2020-2021), the district has \$1.176 billion in bond debt, \$962 million supported by ad valorem taxation and \$214 million supported by utility revenues.³⁵ Both ad valorem and utility revenue bonds issued by the district have payments scheduled until 2038.

The RCID board of supervisors consists of five members, each elected by the landowners to a four-year term.³⁶ Members of the board must be residents of Orange County, Osceola County, or any adjoining county and are required to own land within the district. Board members historically have

²² S. 298.22, F.S.

²³ S. 298.22(3), F.S.

²⁴ See s. 298.01, F.S. (authorizing “water control districts established prior to July 1, 1980, pursuant to the process formerly contained in this section and former ss. 298.02 and 298.03, may continue to operate as outlined in this chapter.”) See also s. 298.01, F.S. (1980) and ch. 79-5, ss. 1-3, Laws of Fla. Originally, the Board of Drainage Commissioners for the State also had authority to prepare and file a petition to form a drainage district. See ch. 6458, s. 1, Laws of Fla. (1913).

²⁵ S. 289.01, F.S.

²⁶ S. 298.11(1), F.S.

²⁷ S. 298.11(2), F.S. Landowners who own less than one acre receive one vote, while landowners who own more than one acre are entitled to additional votes for any fraction of an acre greater than one-half owned in addition to votes equal to the number of whole acres owned.

²⁸ S. 298.12(1), F.S.

²⁹ *In re: Reedy Creek Drainage District*, Chancery No. 66-1061 (Fla. 9th Cir. Ct. May 13, 1966).

³⁰ Ch. 67-764, s. 1, Laws of Fla.

³¹ OPPAGA, *Central Florida’s Reedy Creek Improvement District Has Wide-Ranging Authority 2* (Report No. 04-81, Dec. 2004).

³² Reedy Creek Improvement District, *Reedy Creek Improvement District*, <https://www.rcid.org/> (last visited Feb. 5, 2023).

³³ Reedy Creek Improvement District, *2023 RCID Final Annual Budget*, <https://www.rcid.org/documents/> (last visited Feb. 5, 2023).

³⁴ Reedy Creek Improvement District, *2023 Utilities Budget*, <https://www.rcid.org/documents/> (last visited Feb. 5, 2023).

³⁵ Reedy Creek Improvement District, *2021 Continuing Disclosure*, <https://www.rcid.org/documents/> (last visited Feb. 5, 2023).

³⁶ Ch. 67-764, s. 4(1), Laws of Fla.

received a five-acre tract of inaccessible and undevelopable land from the Walt Disney World Company, subject to a contract that authorizes the company to purchase the land from the board member at the conclusion of his or her service.³⁷

The RCID charter grants the district all powers of a water control district under ch. 298, F.S., as well as a broad range of additional powers, including the ability to:

- Provide utility services, including water, sewer, waste collection and disposal, electric, gas and telecommunications;
- Establish a program for the control, abatement, and elimination of mosquitos and other pests;
- Own and operate an airport and other transportation facilities, including buses, railroads, helicopters, and “novel and experimental facilities”;
- Own and operate recreational facilities, including stadiums, civic centers, and convention halls;
- Own and operate parking facilities;
- Provide for the provision of fire protection services;
- Spend public funds to advertise businesses, facilities, and attractions within the district;
- Designate and maintain conservation areas;
- Operate and conduct research activities for “experimental public facilities and services,” including explicit authority to operate a nuclear fission reactor; and
- Exercise eminent domain both within and outside of the district’s boundaries for the purpose of constructing projects or otherwise carrying out the purposes of the district.³⁸

Additionally, the RCID charter contains several distinctive features, including:

- Providing that the charter controls in the event of any conflict with general law;
- Granting RCID the exclusive authority to acquire, construct, and maintain public roads within the district, excluding the portions of State Road 530, State Road 535, and Interstate 4 lying within the district;³⁹
- Requiring district approval for the location, design, and construction of any access or connecting roads for State Road 530, State Road 535, and Interstate 4;⁴⁰
- Establishing criminal penalties for violation of certain district rules and regulations;⁴¹
- Providing the ability to exercise its powers within the boundaries of any municipality located in the district in a manner that conflicts with other applicable law concerning that municipality;⁴²
- Providing an exemption from laws concerning financial reporting for special districts;⁴³
- Providing the ability to adopt its own planning and zoning regulations, to the exclusion of county regulations;⁴⁴
- Providing an exemption from county professional licensure regulations;⁴⁵
- Authorizing RCID to adopt its own building and safety codes and providing an exemption from state zoning laws, the Florida Building Code, and the Florida Fire Prevention Code;⁴⁶
- Adopting regulations concerning subdivision and platting of land;⁴⁷
- Providing an exemption from general law requirements for the issuance of bonds by local government entities;⁴⁸
- Providing a shorter time frame for filing tort claims against the district;⁴⁹

³⁷ See OPPAGA, *supra* note 31, at 2. See also Jason Garcia, *Disney's Reedy Creek government has rare board vacancy, but don't bother running*, Orlando Sentinel, May 9, 2011, available at <https://www.orlandosentinel.com/business/os-xpm-2011-05-09-os-disney-reedy-creek-election-20110509-story.html> (last visited Feb. 5, 2023).

³⁸ Ch. 67-764, s. 9, Laws of Fla.

³⁹ Ch. 67-764, s. 10(2), Laws of Fla.

⁴⁰ Ch. 67-764, s. 10(5), Laws of Fla.

⁴¹ Ch. 67-764, ss. 16, 23(4), 27(5), and 67(2)-(3), Laws of Fla.

⁴² Ch. 67-764, s. 14, Laws of Fla.

⁴³ Ch. 67-764, s. 22(2), Laws of Fla., *but see* s. 218.39(12), F.S. (statute requiring annual financial audit report applies “[n]otwithstanding the provisions of any local law”).

⁴⁴ Ch. 67-764, ss. 23(2), (8), Laws of Fla.

⁴⁵ Ch. 67-764, s. 23(2), Laws of Fla.

⁴⁶ Ch. 67-764, s. 23(2)-(3), Laws of Fla.

⁴⁷ Ch. 67-764, s. 23(4)-(7), Laws of Fla.

⁴⁸ Ch. 67-764, s. 55, Laws of Fla.

⁴⁹ Ch. 67-764, s. 61, Laws of Fla.

- Providing the ability to expand or contract its own boundaries without a special act;⁵⁰ and
- Requiring district approval for the creation of any new municipality within its boundaries.⁵¹

Effect of Proposed Changes

The bill ratifies and confirms the continued existence of the district under a new name, the Central Florida Tourism Oversight District, and provides legislative intent to preserve the district's necessary authority to generate revenue and pay outstanding indebtedness as provided in its original charter as such authority was preserved by Art. XII, ss. 2 and 15 of the Florida Constitution.

District Board and Employees

The bill replaces the current board elected by landowners with a five-member board appointed by the Governor, subject to Senate confirmation. Each new appointee must replace the Board member who has been serving on the Board for the longest period of time.

Board members serve a four-year term, except that two of the initial appointees will serve two-year terms for the purpose of creating staggered terms. Board members may serve no more than three consecutive terms. All members of the board must be Florida residents.

When selecting board members, the bill requires consideration be given to appointing members with experience in a broad range of fields including, but not limited to, accounting, business management, construction, cybersecurity or data privacy, engineering, environmental sciences, financial management, infrastructure management, land use, permitting, public administration, public safety, transportation, and utility operations and management. The bill prohibits a person from serving on the district's board if the person, or a relative,⁵² has within the past three years been an officer, owner, director, employee, agent, contractor, or subcontractor of, or had a contractual relationship with:

- A business entity that owns or operates a theme park or entertainment complex as defined in s. 509.013(9), F.S.;⁵³ or
- A parent company, subsidiary, or sibling organization under common ownership or control with a business entity that owns or operates a theme park or entertainment complex.

If a board member becomes ineligible during the member's tenure of office, that board member's seat is declared vacant and the Governor must file an executive order pursuant to s. 114.01, F.S., to appoint a replacement to serve the remainder of the term.

The bill eliminates compensation for board members and requires any reimbursement for per diem and travel expenses for attending meetings or performing official duties of the district to be subject to the limits provided in general law for other governmental officers and employees.

The bill requires the board to hire, subject to an affirmative vote of at least three members of the board, a clerk, district administrator, and general counsel. These employees may be removed by the board at any time and the board may contract with third parties to perform the functions of the clerk and general counsel.

Reporting Requirements

The bill requires the district to file an annual financial report to the Department of Financial Services, as required of other local governments by s. 218.32, F.S., and provide a copy of the filing to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The bill also requires,

⁵⁰ Ch. 67-764, s. 64(1), Laws of Fla.

⁵¹ Ch. 67-764, s. 64(6), Laws of Fla.

⁵² The bill uses the same definition of "relative" as s. 112.3143, F.S., which defines the term as including a "father, mother, son, daughter, husband, wife, brother, sister, father-in-law, mother-in-law, son-in-law, or daughter-in-law."

⁵³ Section 509.013(9), F.S., defines a "theme park or entertainment complex" as any complex of at least 25 contiguous acres that is owned and controlled by the same business entity, contains permanent exhibitions and a variety of recreational activities, and has a minimum of 1 million visitors on an annual basis.

notwithstanding s. 189.08(9), F.S., the district to submit a public facilities report and an annual notice of any changes to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

Within one year of the effective date of the bill, and every five years thereafter, the bill requires the district's board to submit a report to the Governor, the President of the Senate, and the Speaker of the House of Representatives that contains a review of all remaining powers and authorities of the district and makes recommendations concerning powers that could be repealed.

The bill also removes the district's exemption from budget and financial reporting requirements for special districts.

Powers of the District

The bill retains the district's authority to utilize the powers of a water control district under ch. 298, F.S., but removes certain charter provisions that have been codified in general law. The bill also removes a provision that provided the charter of the district controls in the event of any conflict between the charter and general law. The bill revises other powers of the district to remove its ability to:

- Exercise eminent domain outside of the boundaries of the district;
- Own and operate airport facilities;
- Own and operate certain types of recreational facilities, but retaining the authority to own and operate parks, playgrounds, campsites, and fishing facilities;
- Spend public funds to advertise businesses, facilities, and attractions within the district;
- Own and operate "novel and experimental" transportation facilities;
- Own and operate a nuclear fission power plant or other "novel and experimental" public utilities;
- Operate and conduct research activities for "experimental public facilities and services,";
- Choose to not conduct public meetings when taking certain actions; and
- Adopt an alternative fiscal year.

The bill allows the district to continue to own and operate projects outside of its boundaries if those projects were constructed or under construction as of the effective date of the bill. On or after the effective date of the bill, the district may construct projects outside of the boundaries of the district, but only with the consent, approval, or certification of any regulatory agency, the state, or the governing body of any county, municipality, or other political subdivision in which the project is located. The district may continue to offer, furnish, or supply facilities and services outside of its boundaries on or after the effective date of the act, but if approval is required by law, then the bill requires the district to obtain such approval for offering those facilities and services.

The bill revises the district's authority concerning public roads and other transportation infrastructure by:

- Removing the district's ability to charge tolls;
- Removing the district's exclusive authority to acquire, construct, and maintain public roads within the district; and
- Removing the requirement that the district approve any location, design, and construction for access and connecting roads for State Road 530, State Road 525, and Interstate 4.

The bill restricts the district's spending authority by providing that the district only may use up to the equivalent of five mills of ad valorem taxes to provide funding for public road projects, rail projects, and other regional transportation projects outside of the district's boundaries and provides that the projects must:

- Be in Orange County or Osceola County;
- Improve a street, road, highway, interstate, or rail system that abuts or crosses into or through the district;
- Serve or benefit the property owners in the district as determined by the board; and
- Be performed, operated, governed, managed, or appropriated by the state or its agencies, Orange County, or Osceola County.

The bill removes the district's blanket exemption from state land use regulation,⁵⁴ zoning, building, and safety codes. Instead, the district is authorized to continue adopting its own building and safety codes, exclusive of the Florida Building Code and Florida Fire Prevention Code, as long the district's codes are substantially similar to or provide more stringent standards than those codes.

The bill removes the district's ability to amend its own boundaries without a special act and the prohibition on creating any new municipality within the boundaries of the district without the district's approval.

The bill requires the district to:

- Provide notice of any public meeting at least 10 days in advance of the meeting, instead of seven days as required by general law;
- Conduct public meetings on a monthly basis;
- Publish any adopted or amended plans of reclamation within 30 days of adoption;
- Receive permission from the state or federal government, as applicable, before constructing any project in rights-of-way owned by those governments;
- Conduct a comprehensive review and evaluation of its comprehensive plan, zoning regulations, land development regulations, environmental protection regulations, building and safety codes and regulations, platting and subdivision regulations, and fire prevention regulations by July 1, 2026;
- Follow the procedures that apply to other local governments when issuing bonds; and
- Engage in competitive bidding for construction projects not performed by district staff.

The bill clarifies that the board may adopt and enforce policies for the district governing both the solicitation and award of contracts by the district.

Finance and Taxation

The bill retains provisions of the current charter related to the district's authority to levy ad valorem and other taxes, but clarifies that ad valorem taxes levied by the district must be used for the benefit of property owners in the district.

The bill preserves the district's authority to issue bonds, while requiring those issuances to follow the procedures set forth in general law for the issuance of debt by special districts.

The bill maintains the current tax-exempt status of property of the district and bonds issued by the district.

Modernization of District Charter

The bill makes numerous revisions to the district charter reflecting changes in law and practice in the 56 years since the adoption of the original charter, including:

- Removing sections of the charter that duplicate provisions now appearing in general law;
- Updating cross-references to statutes that have been subsequently renumbered;
- Removing cross-references to statutes and special acts that have been subsequently repealed;
- Updating the names of entities and offices to reflect name changes (e.g., replacing references to the City of Reedy Creek with the current name of the City of Lake Buena Vista, "tax assessors" with "property appraisers," and "State Comptroller" with the "Chief Financial Officer");
- Replacing references to "freeholders" with "qualified electors" for bond referenda;⁵⁵
- Updating notice requirements to allow for online publication of notices as authorized by general law;

⁵⁴ *But see* s. 163.3167(6), F.S. (defining the Reedy Creek Improvement District as a municipality for the purposes of the Community Planning Act).

⁵⁵ *See City of Phoenix, Ariz. v. Kolodziejcki*, 399 U.S. 204 (1970) (all electors must be allowed to vote to approve the issuance of general obligation bonds in the absence of an overriding interest to the contrary).

- Removing archaic processes and procedures (e.g., allowing the board to assess and collect taxes directly instead of using the county property appraiser and tax collector, authorizing the district to file suits in chancery); and
- Conforming the charter to changes in general law since the creation of the district (e.g., increasing the time to file a challenge to the validity of a special assessment from 20 days to 30 days, allowing the district to invest surplus funds in a broader range of investments as is currently authorized for other local governments).

Other Provisions

The bill contains updated boundaries to reflect the boundary changes made by the district since the adoption of the original charter.

The bill provides that any state permits or governmental approvals in good standing as of the effective date of the bill are effective until completed, expired, revised, or revoked as provided by general law or the bill.

The bill removes provisions that:

- Created a shortened time frame for bringing tort and breach of contract claims against the district;⁵⁶
- Provide criminal penalties for violations of certain regulations adopted by the district;⁵⁷ and
- Declared no conflict of interest exists when a board member is also a director, officer, employee, or non-controlling shareholder of a corporation that has contracts with the district.

The bill clarifies that the district has both the standing and authority to challenge, by an action in a court of proper jurisdiction, any action, contract, resolution, ordinance, code, or regulation of the cities of Bay Lake or Lake Buena Vista that violate the provisions of the bill.

The bill repeals ch. 67-764, Laws of Fla., and the decree in chancery No. 66-1061, entered by the Circuit Court in and for the Ninth Judicial Circuit of the State of Florida on May 13, 1966, creating and incorporating the Reedy Creek Drainage District.⁵⁸ The bill provides, however, that notwithstanding the repeal of the decree in chancery, the stipulation dated September 29, 1966, entered into by the district and Orange County remains binding and effective on the district.

Transition Period

The bill authorizes the district to continue to do business as the Reedy Creek Improvement District for up to two years following the effective date of the bill to provide time to make necessary changes to legal and financial documents, physical assets, and other locations where the district's name is used. All legal proceedings and financial arrangements of the district may be continued and completed under its new name and all legal and financial documents and agreements of the district continue to be binding.

The bill provides that the terms of all current members of the district's board end as of the effective date of the bill, but allows those members to continue to serve until a successor in office is appointed and qualified. The bill prohibits board members and employees of the district from selling, disposing of,

⁵⁶ While permissible under the 1885 Florida Constitution, such a limitation in a local bill would be not valid under the current Florida Constitution. *Compare* art. III, s. 20, Fla. Const. (1885) *with* art. III, s. 3(a)(7), Fla. Const.

⁵⁷ *Id.*

⁵⁸ Such repeal is a standard practice when reenacting a district's charter. *See* s. 189.019, F.S. (any special act providing for codification of prior special acts must include a repeal of those special acts). *See e.g.*, ch. 2005-341, s. 4 Laws of Fla. (repealing prior special acts as part of the codification of special acts concerning the North Springs Improvement District, Broward County). In issuing a chancery decree creating the district, the circuit court was serving in an administrative capacity that may be subject to future legislative action. *See Burnett v. Greene*, 105 Fla. 35, 39 (Fla. 1931) ("authority given to the circuit court [to establish water control districts]... is merely to ascertain whether in a particular locality the conditions exist with reference to the subjects upon which the general law complete in itself may operate by its own force.") *See also* s. 298.01, F.S. (providing legislative intent for the continued operation of water control districts created by the former ss. 298.02 and 298.03, F.S., which created the application and approval process for circuit court decrees to create water control districts).

encumbering, transferring, or expending any assets of the district that exist as of the effective date of the bill, except as would otherwise occur in the ordinary course of business, until new board members are appointed and qualified.

Sunset

Notwithstanding s. 189.0311(2), F.S., the bill provides that the district is not dissolved as of June 1, 2023, but continues in full force and effect under its new name.

B. SECTION DIRECTORY:

Section 1: Provides that the charter for the district is reenacted, amended, and repealed as provided by the bill and a statement of intent to preserve necessary authority to generate revenue and pay outstanding indebtedness as continued in force by the operation of ss. 2 and 15, Article XII of the Florida Constitution (1968).

Section 2: Provides a charter for the district.

Section 3: Provides the terms of current board members end as of the effective date of the bill, allows those members to continue to serve until the appointment of their successors, and prohibits district board members, officers, and employees from undertaking certain actions outside of the ordinary course of business with district assets as of the effective date of the bill.

Section 4: Provides for liberal construction.

Section 5: Repeals ch. 67-764, Laws of Fla., and decree in chancery no. 66-1061., Ninth Judicial Circ. (Fla. 9th Cir. Ct. May 13, 1966).

Section 6: Provides that notwithstanding the repeal of the decree in chancery, the stipulation dated September 29, 1966, entered into by the district and Orange County remains binding and effective on the district.

Section 7: Provides that notwithstanding s. 189.0311(2), F.S., the district is not dissolved as of June 1, 2023, but continues in full force and effect under its new name.

Section 8: Provides an effective date of upon becoming a law.

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN? January 6, 2023 and January 7, 2023.

WHERE? The official website for Osceola County, Florida, and the *Orlando Sentinel*, a daily newspaper of general circulation in Orange and Osceola Counties, Florida, respectively.

B. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes No

D. ECONOMIC IMPACT STATEMENT FILED? Yes No

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

The bill does not provide rulemaking authority or require executive branch rulemaking.

C. DRAFTING ISSUES OR OTHER COMMENTS:

According to House Rule 5.5(b), a local bill providing an exemption from general law may not be placed on the Special Order Calendar for expedited consideration. The provisions of House Rule 5.5(b) may apply to this bill.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On February 8, 2023, the State Affairs Committee adopted an amendment and reported the bill favorably as a committee substitute. The amendment corrected an error in the property description of the district.

This analysis is drafted to the committee substitute as passed by the State Affairs Committee.