

Special Districts Recognition Act

H.R. ____ / S. ____ Background & Talking Points



Updated: September 4, 2023

Background

Federal law currently lacks a consistent definition of “special district” or “special purpose unit of government.” NSDC has led the charge since April 2020 to craft a federal definition with the primary objective to enhance districts’ access to federally funded programs (and other funding opportunities).

NSDC formally put forward in May 2023 a recommended definition based on extensive research, outreach, and guided by a working group of special district stakeholders from across the country. The proposal has since been included in draft legislation to amend U.S. Code Title 13 to include a version of the proposed definition:

“Special District” – a political subdivision of a State, with specified boundaries, created by the State or pursuant to the laws of the State, for the purpose of performing limited and specific governmental or proprietary functions, except that the term does not include a school district, college, county, city, town, township, village, parish, borough, or general unit of local government.

Talking Points / Discussion Guide

- [Your District Name] is a special district providing [type of service(s)] to [X-population] of our shared constituents in [name(s) of community/communities]
- We are one of approximately 35,000 special districts in the U.S. altogether providing a range of infrastructure and essential community programs.
- These local governments are **political subdivisions of their states established by members of their community to provide a specific or limited set of services** via a petition to a county or, in some cases, created by a special act of a state.
- Yet, **federal law lacks a consistent definition for “special district,”** creating inconsistencies in how special districts may access federally funded programs for local governments. As a result, districts often struggle to access federal programs for local government. *Has your district experienced hardship access grants because of special district status? Share the story. Ex.: COVID funds, Community Development Block Grant Funds, etc.*
- Further, the **U.S. Census Bureau does not consider special districts to be geographic units of government,** which prevents us from having federally-recognized population figures and hampers us from accessing from formula programs such as the Community Development Block Grant.
- **A federal definition for “special district” would foster consistency and enhance special districts’ access to federal programs for local governments, and provide quality locally-controlled public services for shared constituents.**
- Defining “special district” would enhance special districts’ ability to access federally-funded programs geared toward local governments, such as those to construct or protect critical infrastructure.
- **The Ask:** Please support and originally cosponsor the forthcoming **“Special Districts Recognition Act” to formally establish the definition in Title 13 of U.S. Code.** Congressman Pat Fallon will sponsor with Congresswoman Brittany Pettersen as lead cosponsor.

Frequently Asked Questions

Special districts are “hyper-local.” Why should the federal government define them?

Special districts are political subdivisions of the states in which they are authorized to provide services, many with independent governing and revenue structures – similar to school districts, towns, cities, and counties. These local governments provide many of the same services with similar needs to other units of local government in providing services to the voters, taxpayers, and others in their communities. Despite this, the federal government does not recognize districts’ service to populations and special districts are frequently overlooked as eligible for federal programs.

For instance, special districts provided critical services to effectively respond and recover from the COVID-19 pandemic – such as ambulance/EMS, hospital, and open space services. Unfortunately, many of these special districts have yet to receive relief/recovery funds, simply because the federal law authorizing the programs did not consider “special district” in the text defining eligible units of government of the program.

For these reasons, it is necessary to establish a “special district” definition in federal law.

Would a federal definition of “special district” infringe on state’s rights?

No. The proposed definition was crafted to provide a general statement broadly capturing common elements of special districts, as authorized to perform across states. In doing so, the use of “political subdivision of a state” in the proposed definition affords states deference in how they authorize their special districts.

Is Florida’s Walt Disney World a special district?

No. The Walt Disney Company is the corporation operating Disney World, and it is headquartered in Burbank, California. The Reedy Creek Improvement District was established by a special act of the Florida legislature in 1967 – prior to Florida’s 1968 constitutional revision. The district did not re-charter after the state’s revision. The district developed the facilities and infrastructure that Disney utilizes, possessed the public debt for financing development, and continued to oversee critical infrastructure services such as water distribution, flood control, and fire protection.

As the district did not renew its charter, Florida Governor Ron DeSantis signed legislation to dissolve the Reedy Creek Improvement District, effective June 2023. In its place was established the Central Florida Tourism Oversight District, which continues to provide many of the same services to 24 landowners on 25,000 acres in Orange and Osceola counties.

How do the nation’s counties and cities view efforts to define special districts?

The National Special Districts Coalition has had great conversations with the National League of Cities and National Association of Counties on the policy issue and have not heard opposition.

Is anyone opposed to defining “special district” in federal law?

As of July 3, 2023, the National Special Districts Coalition has not received or heard statements of opposition.

What is the National Special Districts Coalition?

The National Special Districts Coalition is the only national organization advocating for all types of special districts at the federal level. NSDC was formed in 2018 and is comprised of state special districts’ associations and organizations supporting special districts. The Coalition formally established its federal advocacy program in 2021 after many special districts across the country were overlooked in distribution of pandemic fiscal resources. The Coalition currently has members in Arizona, California, Colorado, Florida, Oregon, South Carolina, Texas, Utah, Washington, and Wyoming.