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DeSantis Attack on Disney Drags Muni Market Back Into Politics: Joe Mysak

- **Florida seeks to end Disney district with \$1 billion in bonds**
- **Governor objects to company criticism of 'Don't Say Gay' bill**

Governor Ron DeSantis of Florida this week escalated his war of words with the Walt Disney Co. by threatening to abolish the company's special district, set up in 1967 to help finance the Disney World theme park and resort complex.

What this is really about is the Republican governor's objecting to Disney's criticism of the state's "Parental Rights in Education" law, labeled by critics the "Don't Say Gay" bill because it limits instruction about gender identity and sexual orientation in schools. The nation's disputatious culture wars have come back to the municipal bond business.

It's rare for the \$4 trillion market to see power politics played out in such raw fashion, especially with a company as big and successful and tax-paying as Disney. Or relatively rare.

In Texas last year, some Republican lawmakers took umbrage at Jamie Dimon, chief executive officer of JPMorgan Chase & Co., for saying his bank didn't finance gun companies that make military-style weapons for consumers. Dimon did this in testimony before Congress in May, as part of a Wall Street oversight hearing featuring the big banks' CEOs.

Texas lawmakers already had been working on legislation requiring banks seeking municipal or state contracts worth \$100,000 or more to certify that they don't discriminate against firearm or ammunition industries and retailers. Since the bill became law, JPMorgan, Goldman Sachs Group Inc. and Bank of America Corp. haven't underwritten a municipal bond deal sold by the state or a Texas city.

This lust to punish the nation's biggest banks is spreading, with conservative lawmakers in at least eight states seeing the need to protect gun culture. Another five states followed a Texas move to defend fossil fuels.

I don't know about you, but if I needed to borrow money, I would want the biggest banks competing for my business.

The municipal market is an unusual arena for political arguments or criticism of corporate free speech. Most elected officials take an accommodating stance toward companies, wanting them to do business in their states and hire people.

Republican Strategy

That the anti-bank strategy is coming from Republicans, who are generally known as pro-business, shows just how far we've come with this culture wars stuff. In order to score political points that may last no more than an election cycle or two, some politicians are endangering the careful work of

decades.

Florida appears ready to make Disney's life a little more difficult. A vote on Thursday in the state's House of Representatives to terminate the Reedy Creek Improvement District is likely to be approved.

Rather than doing things on their own, Disney would presumably have to work with both Orange and Osceola counties, the location of the approximately 25,000 acres that comprise the district, 15 miles southwest of Orlando.

Threatening the area's economic engine, not in the service of any real public good, but just sort of because you can, is reckless. Money doesn't stay where it's not wanted.

Disney, which has spent at least \$11 billion on improvements to its eponymous theme park, may be unlikely to move, but never say never. For all those who think a successful franchise would never, ever, pack up and leave, I have two words: Brooklyn Dodgers.

"Terminating" an improvement district may not be so easy, anyway, as my colleague Eric Kazatsky of Bloomberg Intelligence pointed out.

"It is jarring to me to see the narrative around Reedy Creek be so simplified," he said in an email on Wednesday. "This is not the same as an assessment for a new elevator at a Florida retirement community. The state cannot just dissolve the district and send everyone a bill. Legal covenants have been made for non-impairment of Reedy Creek with bondholders. Many of those being large firms with deep pockets to fight any attacks."

Politicians who engage in this kind of mindless games-playing would be best advised to cool it. Culture wars have no place in the dollars and cents world of public finance, where unintended consequences can cost millions.

Bloomberg Markets

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