State law defines special districts as “any agency of the state for the local performance of governmental or proprietary functions within limited boundaries” (Mizany and April 2002). To simplify that, special districts are separate local government that brings public service to a particular area. They can be applied to whatever government body which is not city, township, county nor village. Mostly they are known because of their four common characteristics which are: they are a form of government, they are govern by a board, they provide services and facilities, and they have defined boundaries.

Insufficient tax bases and challenging demands for existing taxes make it hard for cities and counties to offer all the services their citizens want. When people want new service or better levels of existing service, they can form a district and they need to pay for that service. Special districts restrain the cost and benefits of public service and they let local citizens to get service they want at a price they are willing to pay. The thing that is special about them is their focused service. Focused because special districts only serve in specifically defined areas, and that differs from counties and cities because they are providing service throughout their boundaries. The other reason is because most of them provide only a single service, allowing them to concentrate on one activity. Service because special districts bring public programs and public facilities what their people want. They are usually established by residents of an area to offer some service not offered by county or city. The “special” in special districts also refers to
districts’ specialized functional focus. Over 92 percent districts nationwide are classified as single function districts (Foster 1997). Some of those districts possess hidden powers to provide other services. For example, a port district may have legal authority to provide transit, airports and economic development services in addition to port functions. The remaining 8 percent of districts are multifunction districts, which most often provide water services in combination with either sewer, fire protection, or natural resource functions. Special districts offer a wide collection of activities and services, including cemeteries, housing and urban renewal, soil conservation, sewers, water supply, electric power, transit, drainage, community service, utility, fire protection, police protection, reclamation, recreation and park, irrigation and other. The four most numerous categories of special districts are natural resource, fire protection, housing and community development, and water. Special districts rely on a range of revenue sources, which are set forth in their enabling legislature. Direct state aid is relatively minor, indirect state aid to special districts can be considerable. They are highly independent on federal aid, 11 percent of their revenues come directly from Washington (Morgan 2007). Most districts receive their initial funding from the state and may get appropriations and subsidies as they gain financial footing. They are often excused from state taxes on income and property. State legislatures may also excuse districts from complying with land use and environmental regulations. Government activities are classified as either enterprise or non enterprise, depending on the source of their funding. Enterprise activities are financed typically by user fees set as a level to cover costs. Airports, harbors, hospitals, and water and sewer utilities are operated as special district enterprise activities. Non enterprise activities are supported frequently by generalized revenue sources. This form of distinct activity usually relies on the
property tax as major source of revenue. Fire and police protection service are examples of non-enterprise activities. Special districts are primarily accountable to the voters who elect their board of directors and the customers who use their service. The state also takes oversight to their operations. Special districts must submit annual financial reports to the State Controller and they need to follow state laws pertaining to public meetings, bonded debt, record keeping and elections. State’s supervision is usually weak. It is important to know what special districts are not. Special districts are not state government or school districts, they are not city or county government, and they are also not benefit assessment districts or redevelopment agencies.

**Special district’s growth**

Although relatively rare in 1950s, today special districts are the most common and fastest growing government type in the nation. They are outpacing and outnumbering traditional general purpose governments such as counties, municipalities, and townships (Foster 1997). The earliest identified use of special districts was in 1790 by creation of Board of Prison Inspectors by the City of Philadelphia and its ten independent neighboring suburbs. They levied taxes, formulated their own budget and they determined their level of service. Philadelphia served as a model for other metropolitan areas which had similar challenges of population decentralization. In the four decades between 1952 and 1992 the number of special districts in United States grew by 156 percent while the number of general purpose governments grew by only 5 percents (Foster 1997, 17). Special districts are the most common type of local government in the nation. They represent 40 percent of all local government but
they do not include towns, municipalities, or school districts. The rise of special districts has been the most rapid in metropolitan areas. It is very important the increase in district influence on metropolitan society. For example, subway or bus riders in New York, Chicago, Boston, Houston, Atlanta and more other cities are using district provided transit system. Most people know the larger ones such as Seattle’s Metro, the Metropolitan Water District of Southern California or Port Authority of New York but less publicized and more common are special districts which are providing metropolitan area residents with specialized provision of health, sewer, libraries, fire protection, water, drainage, airports, transit, ports, highways and other services. There is a quite debate concerning which factors are explaining their rapid growth. Some theorists suggest that special districts are the logical institutional result that needed to happen so that citizen’s diverse demands are satisfied. The others think that the government is trying to ease pressure on the metropolitan political fragmentation. Some see the growth of special districts as a politically expedient means for predevelopment forces to undermine popular will and control the pace, location, and costs of growth. Some observers think that presence of special districts will lead to lower public expenditures for urban services.

**Special districts’ powers**
Districts enjoy the financial reach, tax exempt status and quasimonopolistic service delivery advantages of public governments. They also enjoy in political isolation, management flexibility and financial discretion of private corporations. Similar to other public corporations, districts may enter into contracts, user charges adopt joint powers, and raise funds through bonds, and sometimes property taxes. They must obey with state laws regulating elections, public health and safety, and financial accounting. Districts also enjoy many public sector financial powers, such as exclusion from property or corporate taxes, and the power to offer tax free proceeds on investment in district revenue bonds. They are missing fundamental powers authorized to general purpose governments. Among these are police powers, the power to regulate behavior and adopt land use controls, such as zoning, subdivision regulations, and building codes. In the cases where they do poses these powers they are limited to regulating specific behavior on district property. For example, a metropolitan park district might prohibit consumption of alcohol in its parks. Districts’ public powers are also limited with respect to determining functions and raising revenues. They usually require state legislative approval before adding service or changing their functional portfolio. Districts also lack several staples or municipal fundraising. They are ineligible for certain federal and state grants and for numerous state and local subventions, including gas taxes, license fees, and hotel taxes. Recent years this restriction has softened in some states where districts have gained access to taxes and funds traditionally beyond the legal reach of special districts. Districts are usually excepted from civil service, procurement, and pension fund regulations governing public agencies. They share private entities broad discretion to establish personnel policies, salary schedules, management techniques, and internal operating procedures. Districts have few limitations on
revenues rising and are exempt from state constitutional ceilings on municipal property taxing and borrowing.

**Special districts’ independence**

The quality that makes special districts very influential in fiscal and political affairs is institutional independence from other local governments. They have independence over their administrative and financial affairs and enjoy substantial freedom from oversight by their parent government. Because criteria differ across the state, shaping a district’s independence status can be difficult. To enable comparison, the U.S. Bureau of the Census establishes and applies uniform criteria to determine an entity’s independence. That means that a local government (special district, school district, municipality, township or county) is independent if possesses those three attributes: existence as an organized entity, government character, and substantial autonomy. Existence as an organized entity requires evidence of corporate powers (for example, right to make contracts), institutional character (for example, elected officials) and the conduct of activities (for example, holding regular board meetings). Governmental character refers to the presence of elected or appointed officials, financial powers to tax or incur debts, and responsibility for provision of public service. Substantial autonomy entails fiscal and administrative independence. Fiscal independence requires that districts have the power to determine their budget, levy taxes, set tax rates, determine service charges and fees, and issue debt without review or extensive modification by other government. Administrative independence requires either a popularly elected governing board
different from the legislative body of the parent government or an appointed governing board that either performs functions distinct from its parent government or performs similar functions without oversight by the parent government.

Creation of Special Districts

No special district can be created without permission by the state. The state legislature has approved 55 general types of districts structure and function. Each type has its own exclusive subset of features in terms of the number and type of activities authorized, funding and taxing authority, and governing body. The actions for defining and changing special district and city boundaries were standardized and consolidated by the legislature into the 1985 Cortese-Knox Local Government Reorganization Act. This law sets out regular requirements for organizing a city or special district or initiating boundary changes. The act specifies what needs to be included in application and petition, how much public notice must be given, how many signatures are needed and when and how election must be held.

The legal basic for special district is found in the enabling legislation of the state in which the district operates. Most districts form pursuant to general enabling legislation which sets the rules for all districts of a particular type in state. For example, Florida general law governs the formation and operation of mobile home park recreation districts in the state. States differ in terms of the number of general statutes and the types of districts they permit. Other districts form pursuant to special enabling legislation, statutes that pertain to a single special district. District creators tend to use special legislation when a proposed district will provide a unique
combination of services, require special financing arrangements, or encompass geographic
territory in two or more states. There are three common ways to create special district. First,
one or more state legislatures may form state or region-level district through special enabling
legislation. Second, one or more general purpose governments may form districts by resolution
pursuant to the state’s general enabling legislation. Third, one or more citizens may initiate
districts by petition, pursuant to state general enabling legislation.

Special districts are governed by autonomous boards whose members are voted or selected,
pursuant to state enabling legislation. Board sizes range from a few to several dozen members.
A special district can be classified as independent or dependent, and that depends of the type
of governing body under which special districts operates. An independent district operates
under locally elected, independent board of directors. A dependent district operates under
control of a county board of supervisors or a city council. We can find four different types of
governing boards. There is independently elective board which is chosen by subdivisions of the
district; the appointive board that is selected by council which was in charged for establishment
of the district or if it is selected by local board; the ex officio board which consists of county
supervisors; and a board which members are selected from the governing bodies of cities and
counties. On a statewide basis, 34 percent of the special districts are dependent in their
governing structure. Most of these are governed by board of supervisors (CSDA n.d.). City
councils and county supervisors often appoint local advisory boards to assist and advise them in
governing dependent districts. Some counties support unincorporated communities to create
independent districts when services are needed, so that local responsibility is maximized. Other
counties prefer the formation of dependent districts, that way provision of services remains
more under county policy direction. But there are some counties that discourage the formation of special districts preferring that an area annex itself to a city or form a new city to gain needed service.

**Districts’ advantages and disadvantages**

There are few advantages of special districts. One of them is that special districts can change services to citizen demand. Counties and cities are protecting their residents’ health, safety, and welfare and that is why they need to have many services. On the other side, special districts are only providing the services that the community needs. Another advantage is that special districts can link costs to benefits. Cities and counties levy general taxes to pay for public services. The services that taxpayers get are not directly connected to the amount of taxes they pay. In special district, only those who benefit from district service pay for them. Those who do not benefit do not pay. Another positive side is that special districts are responsive to their constituents. Most special districts are geographically smaller and have fewer residents than cities and counties and that is why they can be more responsive to their constituents. Small group of citizens can be very efficient in influencing special districts’ decisions.

There are some disadvantages such as that special districts can lead to inefficiency. Many special districts offer the same service that cities and counties offer. Overlapping jurisdictions can create competition and conflict between special districts, and between special districts and cities and counties. Special districts can delay regional planning. Having a lot of special districts
can obstruct planning efforts. For example it can be hard to categorize different water, sewer, and fire services in one region to give fair services for all residents. Another disadvantage is that special districts can decrease accountability. The variety of partial use special districts can make it harder for citizens to gather information. Separate special districts may provide water, sewer, parks, library, and fire protection services to the same unincorporated community. Residents have a hard time finding out who’s in charge. The narrow and technical nature of district’s activities often results in special districts with low visibility until crisis comes. Special Districts are also usually highly criticized for a variety of reasons such as excessive reliance on single function special districts has led to lack of coordination in local service provision, use of public funds to further private development interests, decrease in public accountability, and decreased capability of general purpose governments to enact effective area wide policies.

Together with growth in business improvement districts, private homeowners’ associations, and privatized service alternatives, special districts are going toward specialization, privatization, and compartmentalization of public sphere. Special districts are form of local government that provides many services and they satisfy many needs for many different interest groups.
Works Cited

CSDA. http://www.csda.net/spcldist.htm.


