

**THE MOUSE AND ANAHEIM:
DISNEY'S DOMINANCE OF POLICY**

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ABSTRACT

This paper examines the evolution of the relationship between the city of Anaheim and the Walt Disney Company since the opening of Disneyland to the present. Initially a “seasonal enterprise,” Disneyland became an economic force in Anaheim with the decline of the aerospace industry and the scaling back of the military’s presence in the area during the 1970s and early 1980s. As Disneyland became the area’s largest employer, the Walt Disney Company sought tax breaks and other subsidies from the local government, threatening to limit the growth of Disneyland and invest elsewhere if the City government did not acquiesce to its demands. In the early 2000s, community groups argued that the concessions granted to Disney came at the expense of the city’s poor neighborhoods, asserting that the company did not need the support provided by the city. An anti-Disney coalition took control of the City Council in 2016, blocking pro-Disney initiatives. In the 2018 municipal elections, increased its spending on pro-Disney candidates, and its supporters took control of the Council, establishing a new era of cooperation between the city government and the largest employer in the region. When Disney’s dominance of policy was challenged, the Company responded by increasing financial support for candidates supportive of their interests, which resulted in the election of a pro-Disney mayor and Council majority.

INTRODUCTION

From the time Walt Disney purchased the land for what would become Disneyland in 1953, the Walt Disney Company exercised significant influence over the city of Anaheim. In this paper I examine the company's presence in the city; its efforts to influence politics and policy in Anaheim, and what this has meant for the area's development. It can be argued that Anaheim has become Disney's "company town."

As is the case anywhere the Disney Company has attempted to establish a significant presence, the company has aggressively pursued tax breaks, subsidies, and other concessions from state and local governments. The company's strategy is to assert that the failure to receive government support will cause the company to shift its investments elsewhere. This strategy has not only been successful in Anaheim but in Orlando, Florida (Foglesong 2001), New York's Times Square (Nelson 1995), obtaining film tax credits in Florida (Ossowski 2013), Michigan (Gantert 2013), and for the expansion of ESPN production facilities in Bristol, Connecticut (Eder 2013). An effort to build a theme park in Virginia (1993) failed when it was revealed that 73 percent of the jobs at "Disney's America" would be part-time (LeRoy 1994). In addition to the \$163 million in incentives that "Disney's America" would have obtained from the Commonwealth, Thomas (1997), observed that "the firm would have been rewarded for creating thousands of poverty-level jobs whose employees needed further subsidies from the government, including Medicaid, unemployment compensation, food stamps and earned income tax credits." Nevertheless, the Virginia project might have succeeded if not for a coalition of residents, historians, and environmentalists who mounted a vigorous and well-funded opposition to the project (Synnott 1995). Not all agree with the claim that Disney

creates jobs and tax revenue for its host communities. Kotkin said "Disney really contributes very little given the size of the company relative to the city...It's a problem when you have a gigantic company in a poor town, and you can buy the politicians...Disney has done a very good job of buying politicians (quoted in Buntin 2018). Since 1991, the company and its subsidiaries have obtained at least \$2,543,219,673 in subsidies through 262 different awards from U.S. states and localities (Good Jobs First 2024).

STATE/LOCAL SUBSIDIES AND ECONOMIC DEVELOPMENT

Each year state and local governments in the United States expend tens of billions of dollars on economic development incentives. These incentives are offered to encourage the private sector to create jobs by expanding or inserting investments in communities to strengthen the local economy.

Local governments may seek to create a positive business environment through taxes, land development and regulatory policies. What distinguishes incentives from broader economic development efforts are that governments selectively provide these benefits to individual businesses, asserting that the investment or expansion would not occur but for the incentive: a rationale often presented by Anaheim city officials to justify the benefits received by the Disney Company. Estimates of the incentives obtained by Disney range from \$45 billion to \$90 billion (Parilla and Liu 2018).

While such incentives date back to the 1930s, when the town of Durant, Mississippi lured the Indianapolis-based Red Silk Hosiery Mills through industrial revenue bonds (McGahey and Vey 2008), they have become more commonplace.

In 2017, Amazon announced that it would construct a second headquarters, outside of

Seattle, which would cost \$5 billion and eventually house 50,000 workers (Green 2017). In making the announcement, the company stated, "Incentives offered by the state/province and local communities to offset initial capital outlay and ongoing operational costs will be significant factors in the decision-making process" (Green 2017). The company received 238 proposals from throughout North America, choosing to split "H2" between Arlington, Virginia, and the Long Island City neighborhood of New York City (Wingfield 2018). However, Amazon retreated from New York in the face of opposition from local politicians, activists, and area residents, who objected to the \$3 billion in state and local incentives that were offered (Cohn 2019).

Notwithstanding the Amazon bidding war and the proliferation of incentives, including those granted to Disney, the literature suggests that the relationship between employment growth and tax incentives are ambiguous (Gabe and Kraybill, 2002; Luger and Bae, 2005; Billings, 2008). Nevertheless, cities like Anaheim were willing to provide subsidies to companies like Disney to ensure the expansion of its investment.

THE DISNEY PRESENCE TAKES SHAPE

Walt Disney originally planned to build his amusement park adjacent to the Disney Studios in Burbank, California, which, in internal company memos was referred to as "Mickey Mouse Park." However, Disney faced opposition from the city government which feared what they believed would be the "carnie-type" atmosphere and crime that was associated with the amusement parks of the era. He then purchased 160 acres of farmland near Anaheim in August 1953. The property was alongside the new Santa Ana freeway and Harbor Boulevard. Its proximity to a major freeway meant the park was a less than 30-minute drive away from downtown Los Angeles.

To finance construction, Walt Disney and his brother Roy Disney, contacted Robert Kintner, President of the ABC Television Network, at the end of 1953 to see if the network would agree to help finance the park's construction in exchange for the company producing a program for the network. Before contacting ABC, the Disney brothers had approached the two more established broadcast companies, CBS and NBC, which passed on their proposal.

In early 1954, ABC agreed to finance Disneyland in exchange for the right to broadcast a new Wednesday night program, *Walt Disney's Disneyland*, which premiered on the network on October 27, 1954. The show became the first ABC program to break the "Top 20" in the Nielsen ratings. Construction of the park began on July 16, 1954, under the supervision of retired Admiral Joe Fowler, who had run the San Francisco Navy Yard. Fowler would remain with the Company as general manager of the park for its first ten years of operation before overseeing the construction of Walt Disney World during the 1960s and early 1970s.

When the park opened on July 17, 1955, ABC aired a special live broadcast commemorating the park's first day of operation. The telecast was seen by 90 million people (MacDonald 2015). Disneyland presented 18 major attractions on its Opening Day including the Mad Tea Party, the Jungle Cruise, Autopia, and the Mark Twain Riverboat, and it featured five themed lands: Fantasyland, Adventureland, Tomorrowland, Frontierland, and Main Street U.S.A.

Initially, Walt Disney did not seek much support from the local government. When Disney purchased the property, he asked the city of Anaheim to annex parts of the property, which were in unincorporated areas of Orange County and provided help with infrastructure improvements. The city spent about \$153,000 on water, sewer, and road upgrades. Disney

contributed \$54,000 when the city complained about the costs. Nearly all of the \$17 million cost of constructing Disneyland came from Disney, and loans were secured for the project through the ABC deal. During the park's first five years of operation, it was owned by Disneyland, Inc., which was a joint venture of the Walt Disney Company, Western Publishing, which had been publishing the *Mickey Mouse Magazine* and other Disney-themed publications since 1933, and ABC. In 1960, Walt Disney bought out his partners and Walt Disney Productions took control of the park in 1961.

The park was an immediate success, with more than one million visitors during its first seven weeks of operation. During the first year, 3,642,597 visited the park (Macdonald 2015). The success has continued, with 17 million people visiting Disneyland in 2023 (Statista 2024a) with another 10 million patronizing Disney's California Adventure, which opened in 2021 on the site of Disneyland's original parking lot (Statista 2024b). As of December 2023, more than 790 million people have visited Disneyland since its opening in 1955 (Queue Times 2024).

ANAHEIM'S DEPENDENCE ON DISNEY GROWS

During the park's early years, the economies of Anaheim and Orange County were growing rapidly. Military bases and the aerospace industry provided well-paying jobs. At its peak, North American Aviation employed 36,000 workers at its 188-acre Anaheim factory. These industries were pre-eminent in the local area, as Disneyland was primarily a seasonal attraction at the time.

Disneyland's presence generated economic activity that did not please Walt Disney. Just beyond Disneyland's gates were gas stations, fast food restaurants, and neon-signed budget motels that led Disney to describe the area as "A second-rate Las Vegas."

(Buntin 2018) When Walt Disney was assembling the land for Disney World, his brother Roy questioned why they needed another 5,000 acres (they had already acquired 12,000 acres), to which he responded, "Wouldn't you love to own another 5,000 acres around Disneyland now?" (Foglesong 2001).

However, the end of the Cold War and the scaling back of the space program during the 1980s and early 1990s resulted in the downsizing of area military bases and the aerospace industry. Tourism and Disneyland became significant drivers in the local economy. In 1991, the Walt Disney Company announced that it would build a second theme park in Anaheim, costing \$3 billion. While nearly all of the cost of the original park had been borne by the Company, the new proposal called upon Anaheim to spend nearly \$1 billion on infrastructure upgrades.

Eventually, city officials and Disney negotiated a more modest deal. The city would float a \$510 million municipal bond issue and agreed to a 20-year moratorium on parking and ticket taxes. The bonds were to be secured by the city's hotel occupancy tax, which was increased by three percent. The city agreed to designate a 1,100-acre tract near the original park as the Anaheim Resort and Disney Resort District. There was also an agreement to widen Interstate 5 (paid for with federal transportation funds), with an off-ramp directly into the Disneyland property. The cars would then park in a 10,000-space "Mickey and Friends" parking facility owned by the city and leased to the park for 40 years at \$1 per year, with the company keeping the parking fees. The facility cost \$108.2 million, and the bonds, which will be paid off in 2036, include \$1.1 billion in interest that is to be paid by the city (Martin 2018). When the bonds are paid off, the City of Anaheim will transfer ownership of the parking structure to the company.

Disney added the California Adventure Park, a second theme park; Downtown Disney,

the "Mickey and Friends" parking structure, the 948-room Grand Californian Hotel and Spa and Cars Land (built in the California Adventure Park) The Company expanded into sports, acquiring a National Hockey League expansion franchise, the Mighty Ducks of Anaheim, and purchasing Major League Baseball's California Angels from Jackie Autry, the widow of Gene Autry, in 1999. The deal would usher in nearly two decades of Disney's growing influence in the city, as local officials acceded to nearly all of the Company's demands. The Council also agreed to exempt Disney ticket sales from an admissions tax for a 20-year period that would end in 2016.

A CHANGING ANAHEIM: THE MAGIC KINGDOM BEGINS TO LOSE ITS LUSTRE

By the mid-2000s, Disneyland's relationship with the community was beginning to change due to demographic shifts and the growing resentment among some Anaheim residents and community groups to the dominance of the region by the company.

In February 2007, the Walt Disney Company filed suit against the city to block the construction of 1,500 apartments (including 225 subsidized units) on a site zoned for tourist facilities. The apartments would replace a trailer park. The City Council voted 3-2 in favor of the project, citing a report that concluded there was a need for 27,000 units of affordable housing in the city. As part of its effort to block the housing, the Company spent more than \$2 million to support Save Our Anaheim Resort (SOAR), which backed a voter initiative to entrench the boundaries of the resort district in the City Charter. The initiative passed. The group subsequently re-branded itself as Support our Anaheim Resort Area and established a PAC to support candidates who were friendly to the resort area. Bob Iger, Disney's CEO, defended the company's stand on the housing issue, contending that Disneyland was probably the best neighbor Anaheim could have because it occupied five percent of the municipality's land and

generated 50 percent of its revenue.

But Anaheim was changing. By 2010, 53 percent of the city's population was Hispanic, 28 percent white, and 15 percent Asian (Wood). In 1970, the Census Bureau reported Anaheim's population as 9.3% Hispanic and 89.2% non-Hispanic white (Gibson and Jung 2005). In 2015, 18 percent of Anaheim's population lived in poverty, up from eight percent in 1980, and the city's median income declined by \$10,000 over the same period (Miller 2017). While the city had changed, but the city government's attitude towards Disney had not.

In January 2012, the Anaheim City Council voted to approve a tax incentive for the construction of two luxury hotels across from Disneyland. The Council granted the developer the right to keep the revenues from the local occupancy tax for 15 years, a subsidy that was projected to cost \$158 million in foregone tax revenue. The vote was successfully challenged in the courts because it was not properly noticed under the California Open Meetings Law. In May 2013, the Council enacted a modified version of the subsidy, allowing the hotel operator to keep 70 percent of the tax revenue for 20 years. A key lobbyist for the developer was former Mayor Curt Pringle (2002-2010), who during his tenure had pursued pro-business policies. His successor, Tom Tait (2010-2018) had once supported corporate subsidies and tax breaks as a council member, but had become a critic of such measures as Mayor.

In July 2012, the fatal police shootings of two young Hispanic men triggered protests that lasted for days, culminating in a riot where more than 1,000 demonstrators battled the police, with 24 being arrested. The protests were not only against the shootings but in response to the perception by the Hispanic community that police were devoting their energies to protecting the resort area and affluent neighborhoods of Anaheim Hills while ignoring the

needs of the city's Latino neighborhoods, which had been confronting unemployment, poverty and crime for many years.

The U.S. Department of Justice promised it would investigate the police department's practices. In addition, the League of United Latin American Citizens (LULAC) proposed replacing the five-member at-large city council with a district-based body, asserting that it would give Hispanics a better chance to be elected than in the at-large system. In June 2012, the American Civil Liberties Union (ACLU) SoCal filed a lawsuit under the California Voting Rights Act (*Moreno v. Anaheim*) challenging the at-large council system as disenfranchising the city's Latino majority. The drive for a district-based council reflected the belief held by many of the city's working-class residents who, despite the prominence brought to the city by the company's presence and the millions of dollars generated by the theme parks, the benefits of being home to "the happiest place on earth" were not making their way to all the city's residents. In November 2013, the voters approved a referendum mandating a district-based system for election of city council members, beginning with the 2016 election. The following January, a settlement of the lawsuit stipulated that the at-large system would be replaced by a six-member district-based council, while the mayor would continue to be elected at large.

DISNEY FLEXES ITS MUSCLE

In 2014, Disney greatly expanded its involvement in local politics, contributing \$776,000 to four PACs (including SOAR) to support Councilmembers Kris Murray and Gail Eastman's re-election campaigns (Marroquin 2015).

Notwithstanding the growing opposition to tax breaks at the expense of the city at large, the Anaheim City Council, by a 3-2 vote, extended the ban on ticket taxes, which was first

granted in the early 1990s, until 2046. In exchange, the Walt Disney Company pledged to spend at least \$1 billion on new attractions and construct a 5,000-space parking garage. Mayor Tait argued that the extension "ties the hands" of future voters (Marroquin 2015). He also noted the city faced an unfunded pension obligation of about \$500 million (Tso 2015). A report from the City Manager to the Council justified the continued exemption on the basis that the company is the largest employer and taxpayer in the city (Ridge 2015).

Disney argued that an admissions tax would reduce attendance and guest spending and discourage the company from making additional investments in the Anaheim properties. Neighborhood activists contended that the company, given its existing investments in Anaheim, could embark on the expansion without the tax exemption. They also questioned why the Council would agree to subsidize a company that had nearly \$49 billion in revenue the previous year.

Two years later, the City Council agreed to reimburse Disney and the Wincome Group \$550 million in hotel occupancy taxes that would be collected from three luxury hotels that they were planning to build. Under this plan, the city would return 70 percent of the taxes collected for 20 years. Proponents argued that the hotels would attract more affluent guests and that, after 20 years, all the tax revenues will be kept by the city. Opponents countered that the loss of the tax would deny funds needed for city services and the city was still making bond payments on the 1996 improvements made to the resort area. Mary Niven, a Disney executive admitted that the proposed incentive had encouraged Disney to build another hotel: "Although we knew the demand was there, the proposed hotel was not part of Disney's long-term plans until the city put this incentive in place" (Pimentel 2016).

ANAHEIM STRIKES BACK

The 2016 elections were the first under the new district-based system based on the January 8, 2014 settlement agreement.

In 2016, two pro-Disney councilmembers (Jordan Brandman and Lucille Kring) would be seeking re-election and there would be contests for two "open" seats. Mayor Tait and Councilmembers Murray and Vanderbilt would not be up for re-election at this time. The Disney Company was the largest contributor, giving the maximum \$1,900 contribution to Brandman and Kring, and newcomers Steve Chavez Lodge and Stephen Faessel. The company contributed \$1.22 million to PACs that made independent expenditures in the election. Mailers, lawn signs and television, radio, and internet advertising was on a massive scale unprecedented in local elections in Anaheim. Lisa Haines, a Disneyland executive, defended the massive expenditures: "We have billions and billions of dollars invested in the city, and I don't think there's any company that wouldn't look at ways to ensure that those investments are protected and nurtured" (quoted in Buntin 2018).

The anti-Disney candidates made the city's subsidies to the company the central issue in their campaigns. Moreno, a California State University-Long Beach professor, declared the city has "invested a billion and a half dollars in the children of tourists so they could be happy and come and spend their money. It's time for us to invest in the children of Anaheim" (Quoted in Buntin 2018).

Despite Disney's efforts, Moreno defeated Brandman (District 3) and Denise Barnes won District 1 over the Disney-backed Lodge., flipping the Council. Brandman had benefitted from more than \$250,000 of Disney-funded PAC spending. The 2016 elections produced an "anti-

Disney” majority on the city council. Jose Moreno and Denise Barnes joined Mayor Tait and James Vanderbilt formed what Disney opponents called the "People's Council.”

THE "PEOPLE'S COUNCIL" ACTS

One of the first acts of the new majority was to scale back the luxury hotel tax incentive program enacted in 2015. Renovated luxury hotels would receive a 50 percent reimbursement.

In January 2017, the Tait-led majority killed the \$300 million Anaheim streetcar project that would have connected the city's transit hub to the resort district by a vote of 6-1. Tait argued that the \$100 million/mile project was a boondoggle that would benefit Disneyland at the expense of the taxpayers. The resolution passed by the Council stated the streetcar project was not a "viable option."

Disneyland favored the project, according to a March 2013 statement by pro-Disney Councilmember Murray, because it would reduce vehicular traffic which would facilitate further expansion of the theme parks (Elmahrek 2013). Streetcar opponents saw it as another example of Anaheim ignoring its poor while subsidizing Disney. “If we’re taking yet more taxpayer money to subsidize these businesses, it’s not clear that the cost-benefit analysis comes out in favor of the people or the community or the neighborhoods,” said Eric Altman, executive director with Orange County Communities Organized for Responsible Development (Elmahrek 2013).

In July 2017, the Council voted to remove Paul Emery as City Manager. Emery, who had served for two years as City Manager after 16 months in an interim capacity, negotiated the continued moratorium on the admissions tax at Disneyland, which Tait had opposed.

In October 2017, the Company announced that the Disneyland Eastern Gateway Project

had been canceled. The proposal included a 6,900-space parking garage, a new transportation hub, and a pedestrian bridge. The project had been opposed by neighboring businesses (motels, hotels, and restaurants) along Harbor Boulevard, which feared a loss of business. Instead, the company said it would go forward with a new hotel and a 6,500-space parking lot on the west side of the park. Unlike the Eastern Gateway, Disney could move forward with these projects without the city's approval.

The City Council and the company clashed over the site of the new hotel for which the previous council had granted a subsidy. The City Attorney, on August 6, 2018, informed the company that the 2016 subsidy was site-specific, and the location of the new hotel was not the site previously agreed to. Therefore, the subsidy agreement was void. In response, Disney stopped work on the project, informing the city that "you have given us no other choice than to put construction of the hotel on indefinite hold as the Resort re-evaluates the economic viability of future hotel development in Anaheim" (Custodio 2018).

Disneyland President Josh D'Amato sent the Council a letter asking the city to terminate the subsidy agreements, writing that the subsidies "previously entered into with the city no longer serve the purpose for which they were intended and have become a flashpoint for controversy and dissension in our community" (quoted in Niles 2018).

While this appeared to be a "peace offering" to the anti-Disney majority on the Council, the Company's real motivation was to avoid being subjected to a proposed \$ 18-an-hour minimum wage for employees of companies that received subsidies from the city that would be on the November ballot. In February 2018, the *Los Angeles Times* ran a story that three-quarters of park employees surveyed claimed that they did not earn enough to pay basic

expenses, such as rent and food. Eleven percent of respondents were either homeless or had no place of their own during the prior two years. This came at a time when the Company reported a 78 percent increase in quarterly profits over the previous year and had just increased ticket prices (Burns and Thomas 2018). The company had just concluded a contentious round of negotiations with labor unions representing the theme park's employees in which the company agreed to a minimum wage of \$15 an hour for its lowest-paid employees. Senator Bernie Sanders, who had joined a rally of Disney workers protesting their low wages, said, "Disney is so nervous that the living wage ballot initiative in Anaheim is going to pass, it would rather end some of the corporate welfare it receives from local taxpayers than pay all 30,000 of its workers decent wages" (Gumbel 2018). UNITE-HERE Local 11, a union representing many Disney employees, called on the Council to reject the Disney proposition. The construction trades unions feared that an end to the agreements would lead to a halt to Disney construction in Anaheim also opposed terminating the agreements.

Notwithstanding the opposition, on August 28, 2018, the City Council voted to terminate the agreements with the Walt Disney Company. After the vote, the Disneyland President said, "The evolving environment in Anaheim makes it difficult for us to set and execute long-term strategies...We will always invest in the Disneyland Resort, but what's at stake now is the level of investment, particularly relative to other cities where the business climate is more stable" (quoted in Malas 2018).

On October 9, 2018, City Attorney Robert Fabela issued a non-binding legal opinion that Measure L, the minimum wage initiative, did not apply to Disney since the subsidy agreements had been terminated. Fabela's view was challenged by the proponents of the Measure, who

argued that the 1996 agreement whereby the city floated bonds to build the 10,000-space “Mickey and Friends” garage constituted a subsidy and, therefore, the minimum wage ordinance would apply to Disney.

THE RETURN OF THE PRO-DISNEY COUNCIL

The 2018 municipal election presented an opportunity for the pro-Disney forces. Mayor Tait was term limited. His seat, as well as three of the six council seats, and the minimum wage issue was on the ballot.

The company, through Disney Worldwide Services, spent \$1,598,678 in support of candidates and to oppose the minimum wage measure. The company defended its spending. A Disney spokesperson said, "Anaheim has been our home for more than 60 years and we care deeply about the city and its future...That's why we support candidates who will address the vital issues facing Anaheim and understand that a strong resort district means new jobs, increased investment and economic vitality, which benefits the entire city, its residents and neighborhoods" (quoted in Vo 2018). Disney donated a maximum of \$2,000 to candidates for Mayor, Harry Sidhu, and Lorri Galloway, and council candidates Mitch Caldwell and Trevor O'Neil. Disney gave over \$1.2 million to the SOAR PAC, which supported Caldwell, O'Neill and Jordan Brandman, who had lost in 2016. A local political consultant, John Lewis, described the company's spending as an effort to "elect a compliant and friendly city council and mayor" (quoted in Vo). Mayor Tait said, "I really thought Disney was serious about turning a new page and wanting to get along with everybody in the community...That's why I'm so disappointed in them spending such a massive amount of money and continuing to be political" (quoted in Santana 2018).

Labor unions attempted to counter Disney. Led by UNITE HERE Local 11, which represents hotel workers in the city, the unions spent more than \$1.9 million, primarily to support the living wage initiative (Martin 2018).

The election was a victory for the Disney Company, as pro-Disney candidates took control of the Anaheim City Council. Harry Sidhu was elected Mayor with 36 percent of the vote, and promptly stated that "The residents of Anaheim know that it's time to move past the divisiveness and get back to working with all residents, businesses, and the workforce that makes Anaheim what it is today" (quoted in Roman 2018). O'Neil and Brandman were elected to the Council, giving the pro-Disney faction a 5-2 majority, and establishing a majority-white council in a majority Latino city.

The new pro-Disney majority took actions to restore the "business-friendly environment" that existed before 2016. In April 2019, the Council gave \$250,000 to Anaheim First, a private advisory group established by the Anaheim Chamber of Commerce. The funds were to be used to study neighborhoods and make spending recommendations to Mayor Sidhu on how \$250 million should be spent in the city's neighborhoods over 10 years. The members of Anaheim First were drawn primarily from the SOAR, whose PAC received \$1.2 million from Disney during the 2018 campaign, and the Anaheim Chamber of Commerce, which spent nearly \$240,000 to support Sidhu's successful mayoral campaign (Custodio 2019).

In June 2019, Anaheim granted construction permits for an addition to Disney California Adventure based on the Marvel Comics franchise acquired by Disney in 2009 (Martin 2019). While previous park improvements had included government subsidies, the California Adventure addition did not as the company sought to avoid complying with Measure L, the

minimum wage law approved by the voters. In December 2019, five Disneyland employees filed a class action suit, claiming that the company was required to comply with the local minimum wage law since the Disneyland Resort is benefiting from a city subsidy because Anaheim was using tax dollars to pay off construction bonds for the “Mickey and Friends” parking garage under the 1996 agreement (Grace et al. v. The Walt Disney Company et al.). As noted earlier, the City Attorney had concluded that the Measure did not apply to the company since the Disney Company had terminated their subsidy agreements with Anaheim, and the 1996 agreement did not constitute a subsidy as defined by Measure L.

Mike Lyster, the Chief Communications Officer for the city, described the relationship between the company and the city since the election "Both sides said we will kind of hit the 'reset' button, and that certainly has happened" (Daniels 2019). When Disney announced the California Adventure expansion, Mayor Sidhu's reaction was, "This will bring in more visitors to the city. Everyone, residents, and businesses, benefit when more people come here" (Pimentel 2019).

In early 2020, Mayor Sidhu and Councilmembers Brandman and O'Neil resisted calls by some council members and residents for the imposition of a \$1 gate tax on Disneyland, Angels Stadium and the Honda Center, blocking the proposal from being considered by the Council, even in the face of a \$75 million budget shortfall (Custodio 2020a).

While the Council was blocking a gate tax that would have helped close a massive deficit, they also voted in late March 2020 to spend \$6.5 million from the city's reserve fund to advertise the Disneyland-area resort industry while Governor Newsom's "Stay at Home" order to stop the spread of the novel coronavirus was in effect. The Council voted in favor of the

Mayor's proposal, despite City Manager Chris Zapata's statement that he did not recommend this action (Custodio 2020b). Disneyland Park and California Disney Adventure closed on March 14, 2020. Throughout the summer of 2020, Mayor Sidhu continued to press for the state to permit the amusement parks to re-open, despite the pandemic, arguing that his push to re-open Disneyland was for the "hundreds of small businesses, tens of thousands of jobs" (Gano 2020). The Park did not re-open until April 30, 2021, with limited capacity and restrictions on some Attractions (Schoellkopf and Schnalzer 2021).

On July 20, 2020, the Anaheim Planning Commission voted 7-0 to approve a 350-unit Disney Vacation Club addition to the Disneyland Hotel. The 12-story, 344-unit expansion welcomed its first visitors on September 28, 2023 (Carr 2023).

The 2020 municipal elections again saw the Disney Company spend more than \$1.5 million to elect sympathetic candidates to the City Council. All three candidates backed by Disney and allied political action committees, Jose Diaz, Avelino Valencia, and incumbent Steve Faessel was victorious. Diaz defeated anti-Disney Councilmember Denise Barnes, giving the supporters of Disney six of the seven seats on the city council.

SIDHU OUT

On May 16, 2022, a filing at the Orange County Superior Court stated that Mayor Sidhu was under investigation by the FBI for potential criminal conduct related to the sale of the Angel Stadium property and for his actions related to the registering of a personal aircraft at a false out-of-state address. The City Council unanimously called for his resignation (Robinson 2022). On May 23, 2022, Sidhu resigned as mayor, effective the following day. According to court filings made August 16, 2023; Sidhu agreed to plead guilty to one count of obstruction of

justice, one count of wire fraud, one count of making false statements to the FBI, and one count of making false statements to the FAA.

The probe went beyond Sidhu. The FBI alleged a consultant close to SOAR (the conduit for Disney’s campaign spending) engaged in a “fraud scheme,” but it did not allege criminal activity by Disney or SOAR. Jeff Flint was accused of helping the Anaheim Chamber of Commerce CEO Todd Ament commit fraud against two alleged victims: a mortgage lender, and a marijuana client whom they “solicited funds from...in exchange for influence over a proposed cannabis ordinance in the City of Anaheim” (United States of America v. Todd Ament). Ament pled guilty to federal fraud charges.

In the 2022 municipal election, Disney continued to spend heavily, contributing \$1.3 million to SOAR (California Secretary of State 2024). SOAR supported Councilmember Gloria Ma’ae, and candidates Natalie Meeks and Natalie Rubalcava. Meeks and Rubalcava were elected, while Ma’ae lost her race, maintaining a pro-Disney majority.

In May 2024, the Anaheim City Council approved Disneyland Forward, a plan to allow new theme park, hotel, entertainment, and retail development around its existing theme parks. Of significance, Disneyland Forward includes community benefits paid by Disney, including \$30 million for affordable housing, \$8 million for city parks, and \$45 million for street and sewer improvements. There are no tax incentives. The city has committed to improving turn lanes at some local streets to improve access to the park. At this point, there are no specific plans for the project which is expected to take 10 years to complete (City of Anaheim 2024),

CONCLUSION

For more than six decades, Disneyland has made its mark on Anaheim. Starting as a seasonal

attraction that was dwarfed by the presence of the military and the aerospace industries in the area, Disney's economic importance to the city grew with the end of the Cold War and the scaling back of America's manned space program.

By the 1990s, Disney was the largest employer in the area and began asserting its influence in the city's politics. In Anaheim (as elsewhere) Disney sought government assistance for its projects, threatening to locate new projects outside of the city if it did not receive sought-after benefits. Disney executives had been in contact with officials in Long Beach, California about the possibility of building what would become California Adventureland before Anaheim agreed to the 1996 deal whereby the city floated municipal bonds, used federal funds to widen an interstate highway, build a 10,000-space parking garage, and agreed not to impose a tax on admission tickets for 20 years.

The company extended its influence to other policy areas, successfully blocking the construction of housing in an area that was part of the "resort district," asserting that the presence of badly needed housing would threaten the area's tourist industry. As some city officials, notably Mayor Tait, and neighborhood activists began to question whether the assistance given to Disney was necessary, the company stepped up its political activity, donating millions of dollars to support the election of pro-Disney candidates.

The 2016 election produced a "people's council," which took actions that the company said, "makes it difficult for us to set and execute long-term strategies." A 2018 decision by the company to rescind the 2016 extension of the admissions tax prohibition was seen by some as an "olive branch" to the Council. Instead, it appears to have been an effort to avoid coverage under a proposal that would have required an \$18/hour minimum wage at companies that

received subsidies from the city. In 2018, the company eclipsed its spending record of 2016, which resulted in a 5-2 pro-Disney majority on the City Council. While the Company appears to be willing to forego subsidies, to be exempt from Measure L, there are other ways the municipal government can be supportive of Disney's endeavors. Land use decisions, construction permits and general budget and taxation policies are just some opportunities for a pro-business municipal government to be supportive without resorting to direct subsidies. In 2020, the company again spent lavishly on pro-Disney candidates, leading to a 6-1 pro-Disney majority.

Jodi Balma, a Fullerton College professor, described Disney's role in Anaheim politics:

They are Anaheim politics. They dominate. And have for a long time. And I think the FBI has revealed what many of us have known for years, which is just their outsize influence in City Council elections (Gerda 2022),

In small and medium cities such as Anaheim, a large corporate presence has a disproportionate influence. The Disney case in Anaheim proves that when that dominance is questioned, the company will use its overwhelming economic resources to protect its interests, ensuring that the community remains the "company town."

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