

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: HB 1609 w/CS North Lake County Hospital District
SPONSOR(S): Baker
TIED BILLS: **IDEN./SIM. BILLS:** SB 1998

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Local Government & Veterans' Affairs</u>	<u>18 Y, 0 N w/CS</u>	<u>Mitchell</u>	<u>Cutchins</u>
2) _____	_____	_____	_____
3) _____	_____	_____	_____
4) _____	_____	_____	_____
5) _____	_____	_____	_____

SUMMARY ANALYSIS

The North Lake County Hospital District (District) is an independent special district whose purpose is to ensure continued hospital services for its residents.

The charter of the District currently directs a portion of the tax proceeds to the Florida Hospital Waterman Foundation, Inc., the Leesburg Medical Center Charitable Foundation, Inc., and the LifeStream Behavior Center.

This bill provides for the distribution of the tax proceeds to go to the Florida Hospital Waterman, Inc. rather than the Florida Hospital Waterman Foundation, Inc. and also allows the distribution to go to another "entity determined by Florida Hospital Waterman, Inc., if they so desire in order to maximize moneys received."

This bill also provides for the distribution of the tax proceeds to go to the Leesburg Regional Medical Center, Inc. rather than the Leesburg Regional Medical Center Charitable Foundation, Inc. and allows the distribution to go to another "entity determined by Leesburg Regional Medical Center, Inc., if they so desire in order to maximize moneys received."

The bill makes minor grammatical and stylistic changes to the charter.

The bill takes effect upon becoming law.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|-----------------------------|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. EFFECT OF PROPOSED CHANGES:

The North Lake County Hospital District (District) is an independent special district that was created by the merger of the Northwest Lake County Hospital District and Northeast Lake County Hospital District.¹ The District codified all of its prior special acts in chapter 2002-348, Laws of Florida.

The purpose of the District is to ensure continued hospital services to its residents.²

The charter of the District currently directs the distribution of the tax proceeds:³

- All tax proceeds generated from within the Northeast Territory, less one-half of the amount reserved annually by the board to pay for maintenance and services for the board, are paid to Florida Hospital Waterman Foundation, Inc. upon written request that the funds are needed for health care.
- All tax proceeds generated from within the Northwest Territory, less one-half of the amount reserved annually by the board to pay for maintenance and services for the board, are paid to the Leesburg Regional Medical Center Charitable Foundation, Inc. upon written request that the funds are needed for health care.
- LifeStream Behavioral Center is also entitled to receive the sums⁴, after submission of a written request to Florida Hospital Waterman Foundation, Inc., and Leesburg Regional Medical Center Charitable Foundation, Inc. certifying that the funds are needed for indigent health care.

This bill provides for the distribution of the tax proceeds to go to the Florida Hospital Waterman, Inc. rather than the Florida Hospital Waterman Foundation, Inc. and also allows the distribution to go to another "entity determined by Florida Hospital Waterman, Inc., if they so desire in order to maximize moneys received."

¹ See Fla. H.R. Comm. on Community Affairs, HB 1951 (1995) Staff Analysis, p. 2 (final, May 17, 1995) (on file with the Fla. H.R. Comm. on Local Gov't & Veterans' Affairs). These two districts merged in February 1990 through concurrent resolutions of the two boards passed pursuant to section 189.4042, Florida Statutes. Subsequently, it was determined that the two predecessor independent special districts needed to be merged by special act of the Legislature, which was accomplished through chapter 95-508, Laws of Florida.

² See ch. 2002-348, Laws of Fla. § 3 (§ 2 of the charter).

³ See ch. 2002-348, Laws of Fla. § 3 (§ 4 of the charter).

⁴ *Id.* ("For each year after calendar year 1993, LifeStream Behavioral Center shall be paid \$100,000 or 1/20 of 1 mill of the tax moneys due Florida Hospital Waterman Foundation, Inc., from the Northeast Territory, whichever is greater, plus \$100,000 or 1/20 of 1 mill of the tax moneys due Leesburg Regional Medical Center Charitable Foundation, Inc., from the Northwest Territory, whichever is greater.").

This bill also provides for the distribution of the tax proceeds to go to the Leesburg Regional Medical Center, Inc. rather than the Leesburg Regional Medical Center Charitable Foundation, Inc. and allows the distribution to go to another "entity determined by Leesburg Regional Medical Center, Inc., if they so desire in order to maximize moneys received."

These changes are being made to provide additional flexibility in the distribution to allow the District and these entities to try and take advantage of federal matching grant programs.⁵

The bill makes minor grammatical and stylistic changes to the charter: "the respective boards" to their "respective boards"; "next fiscal year of the North Lake County Hospital District: to "next fiscal year of the Board of Trustees of the North Lake County Hospital District;" "indigent" to "indigents;" and "revenues" to "revenue."

The bill takes effect upon becoming law.

C. SECTION DIRECTORY:

Section 1: Amends subsections D and E of section 4 of the charter of the District as provided in section 3 of chapter 2003-348, Laws of Florida.

Section 2: Provides that the bill will take effect upon becoming law.

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN? WHERE?

An Affidavit of Proof of Publication states that a Notice of Legislation was published in The Daily Commercial on January 7, 2004. The notice states that it was published on January 6, 2004.

B. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached No

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached No

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

This tax proceed distribution provided for by the charter may make this a prohibited special law pursuant to article III, section 11(a)(12) of the Florida Constitution as the direct payment⁶ may "grant a privilege to a private corporation."

⁵ Telephone conversation with Eric Prutsman, principal registered lobbyist for the Leesburg Regional Medical Center (Mar. 16, 2004).

⁶ The tax proceed distribution provisions essentially make the independent special district a pass-through funding mechanism for these entities. While this serves the purpose of the District in ensuring continued hospital services for its residents, the manner in which the funding is provided may violate this constitutional prohibition. The District could accomplish these objectives by using its power to contract with these hospitals and pay for services as part of that contract. The special law, however, grants these entities direct payment of a portion of the tax proceeds of the District.

B. RULE-MAKING AUTHORITY:

This bill does not appear to provide rulemaking authority.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The section heading for subsection D should probably be amended to remove the reference to "charitable foundations" since this bill changes the tax proceed distribution from the charitable foundations to the hospitals.

IV. AMENDMENT/COMMITTEE SUBSTITUTE CHANGES

On March 23, 2004, the Committee on Local Government & Veterans' Affairs adopted a strike-everything amendment, without objection, which provides for the distribution of the tax proceeds to go to the Florida Hospital Waterman, Inc. rather than the Florida Hospital Waterman Foundation, Inc and provides for the distribution of the tax proceeds to go to the Leesburg Regional Medical Center, Inc. rather than the Leesburg Regional Medical Center Charitable Foundation, Inc. The bill, as amended was reported favorably as a committee substitute.