

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: HB 1245

North Broward Hospital District, Broward County

SPONSOR(S): Sobel

TIED BILLS:

IDEN./SIM. BILLS:

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR |
|------------------------------------|-----------------|----------------|-----------------------|
| 1) <u>Local Government Council</u> | <u>8 Y, 0 N</u> | <u>DiVagno</u> | <u>Hamby</u> |
| 2) <u>Fiscal Council</u> | <u></u> | <u>Monroe</u> | <u>Kelly</u> |
| 3) <u></u> | <u></u> | <u></u> | <u></u> |
| 4) <u></u> | <u></u> | <u></u> | <u></u> |
| 5) <u></u> | <u></u> | <u></u> | <u></u> |

SUMMARY ANALYSIS

The North Broward Hospital District (District) is an independent special tax district with the public purpose of providing for the health care needs of the people of the District. The District was created under ch. 27438 (1951), L.O.F., and amended by subsequent acts. The District has the authority to collect ad valorem taxes at a rate not to exceed 2.5 mills and is governed by a seven member Board of Commissioners (Board) appointed by the Governor.

This bill codifies, or reenacts, all prior special acts of the District into a single act, as required by s. 189.429, F.S. Reenactment of existing law is permitted by this section, although this reenactment is not to be construed as a grant of additional authority or superseding the authority of any entity pursuant to law. Neither is reenactment to be construed as modifying, amending, or altering covenants, contracts, or other obligations of the District with respect to bond indebtedness. The bill codifies the provisions of the charter with editorial and organizational changes, except as follows:

- The training school for nurses must be in accordance with state laws and regulations.
- The bonding powers are significantly revised.
- Provides for an additional method of compromising and settling accounts receivable or other claims for money due and owed to the District.
- Provides that each hospital or clinic established under the act be for the use and benefit of the residents of the District, and that such residents be admitted and entitled to hospitalization subject to the rules and regulations provided by the Board effective on the date of admission of the patient. The hospital and clinic may also provide care and treatment, without charge, for patients found to be indigent by the Board. However, the Board may still collect from patients financially able to pay such chargers established by the Board. Additionally, the Board is allowed to exclude any person having a communicable or contagious disease where there may be detriment to the best interests of the hospital, unless the hospital has a separate ward or building for the special treatment of such patients. The Board may also extend privileges and use of the District's hospitals and clinics to non-residents, though residents of the District have first claim to admission.
- Confidentiality of the quasi-judicial functions of the Board is amended to be confidential only as provided by law.

This bill would take effect upon becoming law.

No fiscal impact is expected for FY 2005/06 or 2006/07.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

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DATE: 4/20/2006

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

The bill does not appear to implicate any of the House Principles.

B. EFFECT OF PROPOSED CHANGES:

Codification

Codification is the process of bringing a special act up-to-date. After a special district is created, special acts often amend or alter the special district's charter provisions. To ascertain the current status of a special district's charter, it is necessary to research all amendments or changes made to the charter since its inception or original passage by the Legislature. Codification of special district charters is important because it allows readers to more easily determine the current charter of a district.

Codification of special district charters was initially authorized by the 1997 Legislature and is codified in s. 189.429, F.S. and s. 191.015, F.S. The 1998 Legislature subsequently amended both sections of the statute. Current law provides for codification of all special district charters by December 1, 2004. The 1998 law allows for the adoption of the codification schedule provided for in an October 3, 1997 memorandum issued by the Chair of the Committee on Community Affairs. Any codified act relating to a special district must provide for the repeal of all prior special acts of the Legislature relating to the district. Additionally, the 2001 Legislature amended s. 189.429, F.S. to provide that reenactment of existing law pursuant to s. 189.429, F.S.: (1) shall not be construed to grant additional authority nor to supersede the authority of an entity; (2) shall continue the application of exceptions to law contained in special acts reenacted pursuant to the section; (3) shall not be construed to modify, amend, or alter any covenants, contracts, or other obligations of any district with respect to bonded indebtedness; and (4) shall not be construed to affect a district's ability to levy and collect taxes, assessments, fees, or charges for the purpose of redeeming or servicing the district's bonded indebtedness.

Since the enactment of ss. 189.429 and 191.015, F.S., 201 special districts (includes local bills that were vetoed or filed and did not pass the Legislature) have codified their charters.

Although the deadline for submission of a codified charter by all special districts was prior to the 2005 Legislative session, all special districts have not complied with this requirement, and proposed codification bills for other special districts have not been enacted by the Legislature or have been vetoed by the Governor. As a result, additional proposed codification bills are anticipated.

North Broward Hospital District:

The North Broward Hospital District (District) is an independent special tax district with the public purpose of providing for the health care needs of the people of the District. The District has the authority to collect ad valorem taxes at a rate not to exceed 2.5 mills and is governed by a seven member Board of Commissioners (Board) appointed by the Governor. The Board has all the powers of a body corporate, including the power to:

- Sue and be sued;
- Contract;
- Adopt and alter a seal;
- Acquire, purchase, hold, lease, and convey real and personal property;
- Appoint a superintendent and other such agents as deemed advisable;

- Borrow money, incur indebtedness, and issue notes, revenue certificates, bonds, and other evidence of indebtedness;
- Establish and support subsidiary or affiliate organizations to fulfill its public purpose, and to the extent permitted by the State Constitution, to support not-for-profit organizations whose purposes are to provide health care needs to the people of the District;
- Participate as a shareholder in a corporation, or as a joint venturer in a joint venture, that provides health care, or activities related to health care, and to provide equity financing for the activities of the corporation or joint venture and to utilize the assets and resources of the District to the extent not needed for health care and related activities, to the extent permitted by the State Constitution;
- Invest "surplus funds" as provided for in ch. 218, F.S., and as allowed under s. 218.345, F.S., as amended or superseded;
- Delegate authority to invest surplus funds to a state or national banking organization acting pursuant to a written trust agreement as a trustee of the District's funds;
- Invest any funds in the District's control or possession in accordance with an investment policy, consisting of prudent investment practices, approved by the board and include specific:
 - bankers acceptances
 - commercial paper
 - interest-bearing bonds, debentures, and other such evidence of indebtedness
 - negotiable direct obligations of, or obligations the principal and interest of which are unconditionally guaranteed by, the United States Government
 - options as to engage in bond fide hedging activities
 - equity securities
 - contracts

The Board is authorized and empowered to establish, operate, maintain, and/or construct, when necessary:

- Hospital(s), supportive facilities, and such facilities needed to provide for limited care and treatment for the needs and use of the people in the District.
- A training school for nurses, for which the Board is empowered to set-up rules and regulations for the operation of, and to issue diplomas of completion.
- Clinics, medical training, and medical research programs in connection with the operation of the District's hospital(s).
- Projects and programs of and for medical research, education, and development affecting human physical or mental health and well being.
- Automobile facilities deemed proper and necessary for a hospital facility.

The Board has the power of eminent domain, to be exercised in the manner provided for in general law. The Board is authorized to sell real or personal property of the District only in accordance to the terms and conditions of its charter.

The Board is also authorized to incur a variety of indebtedness in the forms of bonds, notes, certificates, lease participations, guaranties, and any other form of indebtedness payable from the general revenues and other legally available funds of the District. The charter contains extensive provisions regarding the issuance of bonds and refunding bonds by the Board. The Board also has authority to declare accounts receivable uncollectible and write such accounts off, to settle any accounts receivable, and to obligate the District for the payment of hospital and nursing home expenses for patients transferred from the District's hospitals, provided such patients are deemed indigent by the District.

The Board was required to authorize and establish one medical staff for the direction and control of the practitioners and to insure performance of the necessary professional services in the hospitals and facilities operated by the District. The Board is authorized to establish rules and regulations regarding professional duties and responsibilities of the staff and is provided quasi-judicial procedures for which

membership on said staff can be granted, refused, revoked, or suspended. The charter provides confidentiality of all documents, testimony, and evidence relevant to these proceedings.

The Board is also authorized to employ professional and nonprofessional personnel necessary for the effective and lawful operation of the hospital and facilities of the District. In doing so, the Board is also authorized to establish rules and regulations to govern the operations and conduct of the District's hospitals, facilities, employees, patients, private duty nurses, guests, visitors, or any other person using the premises and facilities.

The Board is authorized and empowered to create an employees pension fund so as to provide life, disability, and medical insurance for all or any of its employees.

The charter limits the purchase of supplies, equipment, and materials used for the operation and maintenance of hospital and facilities to 1.5 mills of the total annual District revenues. All contracts for construction in excess of said amount must go through a competitive bid process, as established in the charter, before being approved.

The charter of the District also declares the District a "local agency", as defined in s. 159.27, F.S., and gives the District all the powers set forth in ch. 159, part II, F.S. Chapter 159, part II, F.S., is the Florida Industrial Development Act, and is intended to provide financing of projects meeting the legislative findings in the chapter.

The District's charter exempts the District from being declared a "public body" or "taxing authority" as provided for in ch. 163, part III, F.S., the Community Redevelopment Act of 1969.

Effect of Bill and Changes to the North Broward Hospital District's Charter:

This bill codifies, or reenacts, all prior special acts of the District into a single act, as required by s. 189.429, F.S. Reenactment of existing law is permitted by this section, although this reenactment is not to be construed as a grant of additional authority, or as superseding the authority of any entity pursuant to law. Neither is the bill entitled to modify, amend, or alter any covenants, contracts, or other obligations of the District with respect to bond indebtedness, or affect the ability of the district to levy and collect taxes, assessments, fees, or chargers for the purpose of redeeming and servicing bound indebtedness. The exclusive charter of the District is recreated by this bill.

The bill codifies the provisions of the charter with editorial and organizational changes, except as follows:

- The training school for nurses provided for in section 7 of the proposed codified charter now must be in accordance with state laws and regulations.
- The bonding powers are significantly revised, with section 10 of the proposed codified charter providing only that the District's bonds be issued or sold in a manner and at a rate or rates of interest as authorized by general law and that the bonds may be sold at par or at such premium or discount as the Board determines, in keeping with general law.
- An additional method of compromising and settling accounts receivable or other claim for money due and owed to the District is provided for in section 11 of the proposed codified charter, authorizing and empowering the Board to do such through the acceptance of promissory notes in accordance with the terms and conditions determined by the Board. However, the Board may not assign, sell, or sit over said promissory notes to commercial institutions or private collection agencies for collection.
- In authorizing the treatment of persons at the facilities of the District, section 17 of the proposed codified charter provides that each hospital or clinic established under the act be for the use and benefit of the residents of the District, and that such residents be admitted and entitle to hospitalization subject to the rules and regulations effective on the date of admission of the patient, provided by the Board. The hospital and clinic may also provide care and treatment, without

charge, for patients found to be indigent by the Board. However, the Board may still collect from patients financially able to pay, such chargers established by the Board. Additionally, the Board is allowed to exclude any person having a communicable or contagious disease where there may be detriment to the best interests of the hospital, unless the hospital has a separate ward or building for the special treatment of such patients. The Board may also extend privileges and use of the District's hospitals and clinics to non-residents, though residents of the District have first claim to admission.

- The confidentiality of the quasi-judicial functions of the Board is amended in section 18(g) of the proposed codified charter to be confidential as provided by law.

The proposed codified charter contains a severability clause, providing that if any provision of the act be invalid or unenforceable, the remaining portion shall remain valid.

C. SECTION DIRECTORY:

- Section 1:** Provides limits of the reenactment.
- Section 2:** Codifies, reenacts, amends, and repeals special laws relating to North Broward Hospital District.
- Section 3:** Provides for the re-created, reenacted charter of North Broward Hospital District.
- Section 1: Provides boundaries.
- Section 2: Provides seven subdistricts.
- Section 3: Creates the board of commissioners.
- Section 4: Provides powers of the board of commissioners.
- Section 5: Provides rules of procedure for the board of commissioners.
- Section 6: Authorizes the Board to establish and maintain health care facilities.
- Section 7: Authorizes the Board to establish and maintain a training school for nurses.
- Section 8: Provides the Board power of eminent domain.
- Section 9: Provides for indebtedness.
- Section 10: Authorizes issuance and sale of bonds by the District.
- Section 11: Authorizes the Board to accept promissory notes.
- Section 12: Provides for payment of funds.
- Section 13: Authorizes the Board to collect property taxes and other lawful taxes to pay and provide for a fund for interest on bonds.
- Section 14: Provides for the levy of property tax by resolution.
- Section 15: Authorizes the Board to use funds to pay expenses.
- Section 16: Requires publication of annual financial statements.
- Section 17: Establishes each hospital and clinic is for the use and benefit of residents of the District.
- Section 18: Provides for one medical staff for the direction and control of practitioners and authorizes the Board to establish bylaws, rules, and regulations for members of the staff. Provides for and the rules of quasi-judicial proceedings.
- Section 19: Authorizes the District to provide a pension plan and insurance benefits for employees.
- Section 20: Authorizes the Board to sell or lease property of the District.
- Section 21: Allows donations to the District.
- Section 22: Authorizes the Board to acquire property from the City of Ft. Lauderdale.
- Section 23: Allows for the establishment of hospitals without the issuance of bonds.
- Section 24: Provides for a competitive bid procedure and authority to negotiate contracts.
- Section 25: Authorizes the Board to write off bad debts.
- Section 26: Authorizes the Board to compromise and settle accounts receivable.
- Section 27: Authorizes the Board to obligate the District to pay for expenses of indigent patients transferred to other hospitals or nursing homes.

- Section 28: Authorizes the Board to construct parking facilities and charge fees for use.
- Section 29: Authorizes the Board to establish, maintain, or participate in programs and projects for medical research, education, and development affecting mental and physical health.
- Section 30: Provides the fiscal year of July 1 thru June 30.
- Section 31: Declares the District a local agency under ch. 159, F.S., the Florida Industrial Development Financing Act.
- Section 32: Authorizes the transfer or lease of facilities to not-for-profit corporations.
- Section 33: Exempts the District from being deemed a public body or taxing authority under the Community Redevelopment Act of 1969.
- Section 34: Provides for liberal construction of the charter.
- Section 4:** Provides for severability.
- Section 5:** Repeals special laws in the Laws of Florida.
- Section 6:** Provides an effective date of upon becoming law.

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN? December 31, 2005.

WHERE? *Sun-Sentinel*, Broward County, Palm Beach County, and Miami-Dade County, Florida.

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

No fiscal impact is expected for FY 2005/06 or 2006/07.¹

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

The Board is authorized to establish rules and regulations to govern the operations and conduct of the District's hospitals, facilities, employees, patients, private duty nurses, guests, visitors, or any other person using the premises and facilities. The Board is also authorized to set-up rules and regulations, in accordance with state laws and regulations, for the operation of a nurses training program.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

¹ 2006 Economic Impact Statement, HB 1245.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

None.