

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: HB 935 Marion County Hospital District

SPONSOR(S): Cretul

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Committee on Urban & Local Affairs</u>	<u>9 Y, 0 N</u>	<u>Nelson</u>	<u>Kruse</u>
2) <u>Government Efficiency & Accountability Council</u>	<u></u>	<u></u>	<u></u>
3) <u>Policy & Budget Council</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 Marion County Hospital District (Munroe Regional Medical Center) is a dependent special district which was created by the Florida Legislature by special act in 1965. The governing body of the district consists of seven trustees who serve without compensation and are appointed by the Board of County Commissioners of Marion County. The Hospital District Board of Trustees is authorized to establish, construct, lease, operate and maintain any hospital or clinic as in its opinion is necessary for the use of the people of the district.

HB 935 bill codifies, amends, reenacts and repeals special laws relating to the Marion County Hospital District, and provides the exclusive charter for the district. It reenacts previous provisions of the charter with editorial and organizational changes, except for removing a seven percent per annum interest rate cap for general obligation bonds, and an eight percent cap for revenue bonds, allowing these instruments to be issued at the maximum rate permitted by general law. The bill also removes a limitation of \$15,000,000 on the amount of outstanding district general obligation bonds, and adds a new severability clause.

The charter provides for: definitions; boundaries of the district; a board of trustees; appointment of board members; powers and organization of the board; a hospital or clinic in the district; construction funds for such hospital or clinic; a training school for nurses; eminent domain powers of the board; borrowing money; general obligation bonds; taxation; board approval of bonds; procedures for bond elections; form and type of bonds; resolutions authorizing bonds; more than one improvement or hospital purpose on a bond issue; advertisement and publication; refunding bonds; legal investments; revenue bonds; payment of funds by warrant; levy of ad valorem tax; taxes to be authorized by resolution; payment of expenses; contractual authority; publication of annual statement; hospitals or clinics to be established for the benefit of residents of the district; rules and regulations regarding physicians; insurance; construction; and for record destruction.

The bill provides an effective date of upon becoming law.

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:

Present Situation

Codification of Special District Charters

Codification is the process of compiling, updating and systematically arranging the special acts that comprise a special district's charter. Original charter provisions may be amended by subsequent special acts after these districts are created by the Legislature. Because special act amendments are not automatically incorporated into one special act, it is necessary to locate all such acts amending an original charter in order to determine its current status. This can be a difficult and time-consuming process for persons interested in ascertaining the law governing a district. Codification of special district charters is important because it allows readers to refer to one special act to identify the charter of a district.

Codification of special district charters initially was authorized by the 1997 Legislature in ss. 189.429 and 191.015, F.S., both of which were amended in 1998. These laws currently provide for each district that has more than one special act to submit a draft codified charter, at its own expense, to the Legislature by December 1, 2004. Any codified act relating to a special district must provide for the repeal of all prior special acts relating to the district, and be filed with the Department of Community Affairs within 30 days after adoption pursuant to s. 189.418(2), F.S. The 2001 Legislature amended s. 189.429, F.S., to provide that reenactment of existing law: (1) shall not be construed to grant additional authority nor 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.

Although the deadline for submission of codified special district charters 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. Accordingly, it is anticipated that proposed codification bills will continue to be filed.

Status Statement Language

Section 189.404(5), F.S., requires the charter for special districts created after October 1, 1997, to contain and, as practical, the charter of a preexisting special district to be amended to contain, a reference to the status of the special district as dependent or independent. When necessary, the status statement must be amended to conform to the Department of Community Affairs's determination or declaratory statement regarding the status of the district.

The Marion County Hospital District

The Marion County Hospital District (Munroe Regional Medical Center) is a dependent¹ special district which was created by the Florida Legislature pursuant to ch. 65-1905, L.O.F. The governing body of the district consists of seven trustees who serve without compensation and are appointed by the Board of County Commissioners of Marion County. The Hospital District board of trustees is authorized to establish, construct, lease, operate and maintain any hospital or clinic as in its opinion is necessary for the use of the people of the district. The board has all the powers of a body corporate, including the power to sue and be sued under the name of the Marion County Hospital District; to contract and be contracted with; to adopt and use a common seal and to alter the same; to acquire, purchase, hold, lease, mortgage, and convey such real and personal property as the board may deem proper or expedient to carry out the purposes of this act; to appoint and employ a superintendent or administrator or both, or such other agents and employees as the board may deem advisable and to fix the compensation of all employees and to remove any appointees or employees; to insure the improvements, fixtures, and equipment against loss by fire, windstorm, or other coverage in such amounts as may be determined reasonable and proper; to borrow money; and to issue evidence of indebtedness of the district.

Munroe Regional Medical Center is a full-service, not-for-profit hospital which employs over 2,400 individuals. It admits over 23,000 patients each year, treats over 91,000 in three emergency departments, and sees another 47,000 for other outpatient needs.²

Effect of Proposed Changes

This bill constitutes the codification of all special acts relating to the Marion County Hospital District as contemplated by s. 189.429, F.S. It repeals chs. 65-1905, 69-1296, 70-802, 71-764, 71-765, 71-766, 71-767, and 75-437, L.O.F.

The bill re-creates the Marion County Hospital District, and provides the exclusive charter for the district. It reenacts previous provisions of the charter with editorial and organizational changes, except as follows:

General obligation bonds—The charter for the district previously authorized the board to issue bonds of such form, denomination, and bearing such rate of interest not to exceed seven percent per annum in an amount not to exceed 15 million dollars outstanding at any one time. The codification provides for such bonds to be issued at the maximum rate permitted by general law, and removes a 15 million dollar cap.

Revenue bonds—The charter previously authorized the board to issue bonds bearing interest at a rate not exceeding eight percent per annum. The codification provides for the board to issue bonds at rates not exceeding the maximum rate permitted by general law.

Section 215.84, F.S., prescribes a statewide maximum bond interest rate which is flexible with the bond market for the purpose of maintaining the fiscal solvency of public bodies, agencies, and political

¹ Section 189.403, F.S., defines a “dependent special district” as a district that meets at least one of the following criteria: (a) The membership of its governing body is identical to that of the governing body of a single county or a single municipality; (b) All members of its governing body are appointed by the governing body of a single county or a single municipality; (c) During their unexpired terms, members of the special district's governing body are subject to removal at will by the governing body of a single county or a single municipality; (d) The district has a budget that requires approval through an affirmative vote or can be vetoed by the governing body of a single county or a single municipality. The Florida Department of Community Affairs has determined that the Marion County Hospital District is a dependent special district. See, the “Official List of Special Districts Online” at <http://www.floridaspecialdistricts.org>.

² <http://www.ocala.com/apps/pbcs.dll/section?category=search02&id=18237/Munroe-Regional-Medical-Center>.

subdivisions in public borrowing. The proposed new language will allow district bonds to be issued in accordance with this provision.

Removing a 15 million dollar cap on outstanding general obligation bonds could be deemed to constitute an impairment of covenants with existing bondholders. However, the Chief Financial Officer for Monroe Regional Medical Center has indicated that to his knowledge no such bonds have ever been issued by the district.³

Additionally, the bill provides a new severability provision.

The bill provides an effective date of upon becoming law.

C. SECTION DIRECTORY:

Section 1: Provides that the act constitutes the codification of all special acts relating to the Marion County Hospital District.

Section 2: Amends, codifies, reenacts, and repeals chs. 65-1905, 69-1296, 70-802, 71-764, 71-765, 71-766, 71-767, and 75-437, L.O.F.

Section 3: Recreates the Marion County Hospital District, and reenacts its charter to include:

Section 1: Definitions.

Section 2: Boundaries.

Section 3: Governing body.

Section 4: Powers.

Section 5: Operational issues.

Section 6: Health care facilities and purpose.

Section 7: County commission; transfer of funds.

Section 8: Training school.

Section 9: Eminent domain.

Section 10: Borrowing money.

Section 11: General obligation bonds.

Section 12: Taxation.

Section 13: Approval.

Section 14: Procedures.

Section 15: Form.

Section 16: Type.

Section 17: Resolution.

³ Correspondence from Richard D. Mutarelli, dated March 10, 2008, on file with the House Committee on Urban and Local Affairs.

- Section 18: Purpose.
- Section 19: Advertisement.
- Section 20: Publication.
- Section 21: Refunding bonds.
- Section 22: Series of refunding bonds.
- Section 23: Valid and binding obligations.
- Section 24: Sale of the funding bonds.
- Section 25: Legal investments.
- Section 26: Revenue bonds.
- Section 27: Payment of funds.
- Section 28: Levy of ad valorem tax.
- Section 29: County commission resolution.
- Section 30: Payment of expenses.
- Section 31: Contractual authority.
- Section 32: Publication of annual statement.
- Section 33: Benefit to residents of district.
- Section 34: Physicians.
- Section 35: Insurance.
- Section 36: Construction.
- Section 37: Record destruction.
- Section 38: Severability.

Section 4: Repeals chs. 65-1905, 69-1296, 70-802, 71-764, 71-765, 71-766, 71-767, and 75-437, L.O.F.

Section 5: Provides an effective date.

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN? January 15, 2008

WHERE? The *Ocala Star Banner*, a daily newspaper of general circulation published in Marion 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

The Economic Impact Statement states that “[t]his bill simply codifies what is already existing in statute. There is no economic impact.”

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Drafting Issues

This special district charter and its proposed codification do not contain a status statement as contemplated by s. 189.404.F.S. The Sponsor may wish to consider amending the bill to include such a statement.

Section 24 of the bill should be titled “Sale of the refunding bonds.—“

Language was inadvertently omitted from the bill by the drafter which was in Section 29B (s. 1, ch 71-766, L.O.F.) of the current district charter. This provision authorized a 1 mill ad valorem tax for acquisition and construction purposes. The Sponsor may wish to consider amending the bill to restore this language.

Other Comments

None.

D. STATEMENT OF THE SPONSOR

No sponsor statement submitted.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

At its meeting on March 12, 2008, the Committee on Urban and Local Affairs adopted three amendments to HB 935 adding a status statement to the hospital district charter, revising the catchline for Section 24, and restoring current charter language authorizing a 1 mill ad valorem tax for acquisition and construction purposes.