

**HOUSE OF REPRESENTATIVES
FINAL BILL ANALYSIS**

BILL #:	CS/HB 1071	FINAL HOUSE FLOOR ACTION:	
SPONSOR(S):	Local Government Affairs Subcommittee; Stark and others	114 Y's	0 N's
COMPANION BILLS:	N/A	GOVERNOR'S ACTION:	Approved

SUMMARY ANALYSIS

CS/HB 1071 passed the House on March 4, 2016, and subsequently passed the Senate on March 8, 2016. The South Broward Hospital District (the District) is a special district created by law, operating under ch. 2004-397, Laws of Florida. The current law limits investments made under an investment plan to an enumerated list of investment vehicles. In contrast, general law under s. 218.415, F.S., provides a broader array of investment vehicles to counties, municipalities, school districts, and special districts.

The bill removes the current enumerated list in ch. 2004-397, Laws of Florida, enabling the District to utilize the full range of investment tools available to other units of local government under general law and to approve other investment vehicles not specifically authorized by law through a resolution of the District Board of Commissioners.

The fiscal impact is indeterminate because the amount of accrued interest will vary based upon the amount of principal invested, the interest rate being applied, and protocols for crediting interest.

The bill was approved by the Governor on March 25, 2016, ch. 2016-258, L.O.F., and became effective on that date.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

PRESENT SITUATION

A "special district" is a unit of local government created for a particular purpose, with jurisdiction to operate within a limited geographic boundary. Special districts are created by general law,¹ special act,² local ordinance,³ or by rule of the Governor and Cabinet.⁴ Special districts provide specific municipal services in addition to, or in place of, those provided by a municipality or county.⁵ A special district has only those powers expressly provided by, or reasonably implied from, the authority provided in the district's charter.

The South Broward Hospital District (District), was created in 1947 by special act⁶ in order to provide for and maintain any and all types of health facilities, equipment, and services within Broward County.⁷ The District is managed by a seven member Board of Commissioners (Board).⁸ The Board has the power to levy an ad valorem tax of up to 2.5 mils as well as any additional mils necessary to pay interest and principle on bonds not to exceed \$50 million dollars used to establish, construct, acquire, add to, operate, or maintain District facilities.⁹

The District has the ability to invest any funds in its possession pursuant to an investment policy approved by the Board¹⁰ and limited to an enumerated list of approved instruments, specifically:

- The Local Government Surplus Funds Trust Fund under s. 218.405, F.S.
- Commercial bankers' acceptances
- Prime quality commercial paper
- Interest bearing bonds, debentures and other forms of debt with a fixed maturity of a domestic corporation
- Direct obligations of the United States Government and various federal financial institutions
- Options for the purpose of hedging to protect underlying asset values.¹¹

Contrastingly, units of general local government have investment powers under a separate statutory scheme prescribed by general law.¹² The range of investment tools available with an investment policy in place under this section is broader than the options currently available to the District, including:

- The Local Government Surplus Funds Trust Fund under s. 218.405 F.S. or any intergovernmental investment pool authorized by the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01, F.S.;
- Security Exchange Commission registered money market funds with the highest credit rating
- Interest-bearing time deposits or savings accounts in qualified public depositories authorized under s. 280.02, F.S.;
- Direct obligations of the United States Treasury;
- Federal agencies and instrumentalities;

¹ Section 189.031(3), F.S.

² Id.

³ Section 189.02(1), F.S.

⁴ Section 190.005(1), F.S. *See, generally,* s. 189.012(6), F.S.

⁵ *2015 – 2016 Local Gov't Formation Manual*, p. 67, at

<http://myfloridahouse.gov/Sections/Committees/committeesdetail.aspx?CommitteeId=2836> (accessed 9/28/2015).

⁶ Ch. 24415, Laws of Fla.

⁷ Ch. 84-400, Laws of Fla.

⁸ Ch. 2004-397, s. 3, Laws of Fla.

⁹ Ch. 2004-397, s. 27 & 11, Laws of Fla.

¹⁰ Ch. 2004-397, s. 37 of s. 3, Laws of Fla.

¹¹ Ch. 2004-397, s. 37(1)-(6) of s. 3, Laws of Fla.

¹² Section 218.415, F.S.

- Rated or unrated bonds, notes, and certain instruments guaranteed by the government of Israel;
- Securities of certain management-type investment companies and trusts which invest only in United States government entities;
- Other investments authorized by law or resolution for a special district.¹³

EFFECT OF THE BILL

The bill amends ch. 2004-397, Laws of Florida, to authorize the District to invest surplus public funds through the more expansive list of investment tools available to counties, municipalities, school districts and other special districts under general law. The bill also allows the District to authorize additional investment vehicles by resolution of the Board under the statutory authorization.¹⁴

The bill revises existing language in ch. 2004-397, Laws of Florida, to clarify that the chapter shall be interpreted liberally to effectuate its purposes and that a ruling invalidating any provision or application of the chapter does not render invalid any other provision or application.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:
None.
2. Expenditures:
None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:
Indeterminate.
2. Expenditures:
None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR: None.

D. FISCAL COMMENTS: The fiscal impact depends upon the amount of accrued interest and will vary based upon the amount of principal invested, the interest rate being applied, and protocols for crediting interest.

¹³ Section 218.415(16)(a)-(i), F.S.

¹⁴ Section 218.415(16)(i), F.S.