

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: CS/HB 257 North Lake Hospital District, Lake County

SPONSOR(S): Local Administration & Veterans Affairs Subcommittee, Sabatini

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

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Local Administration & Veterans Affairs Subcommittee	16 Y, 1 N, As CS	Darden	Miller
2) Ways & Means Committee			
3) State Affairs Committee			

SUMMARY ANALYSIS

The North Lake County Hospital District (District) is an independent special district created in 1990 to provide a means to pay for indigent care delivered by local hospitals and clinics in Lake County.

Beginning on the effective date of the act, the bill prohibits the District from incurring further obligations and requires the District to wind down its affairs by September 30, 2022, including adopting a dissolution plan to liquidate all of its assets and satisfy all of its obligations and indebtedness. The bill authorizes the District to continue levying taxes, with proceeds collected after September 30, 2022 paid to Lake County to satisfy liabilities of the District.

The bill repeals the District's enabling act and dissolves the district as of October 1, 2022. Any assets and liabilities of the District remaining at the time of dissolution are transferred to the Board of County Commissioners for Lake County, including any obligations of the District under any bond issues or other indebtedness.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Special Districts

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

An "independent special district" is characterized by having a governing board comprised of members which are not identical in membership to, nor all appointed by, nor any removable at will by, the governing body of a single county or municipality, and the district budget cannot be affirmed or vetoed by the governing body of a single county or municipality.⁴ Additionally, a district that includes more than one county is an independent special district unless the district lies wholly within the boundaries of a single municipality.

North Lake County Hospital District

The North Lake County Hospital District (District) is an independent special district created in 1990 by the merger of the Northwest Lake County Hospital District and the Northeast Lake County Hospital District.⁵ The District's charter was most recently re-codified in 2012.⁶ The District was created to pay for indigent care for residents at facilities neither owned nor operated by the District.⁷ The district may levy an ad valorem tax of up to one mill.⁸ The district is governed by an elected, unpaid board of six members who reside in the district and may serve a maximum of two 4-year terms.⁹

The 2012 re-codification of the District's charter provided for the automatic dissolution of the district at the end of its 2017 fiscal year, unless the District was reauthorized in a referendum held during the 2016 general election.¹⁰ The reauthorization of the district under this provision is valid for ten years, at which time a continuation vote for another ten-year period may be held. On November 8, 2016, the electors of the District reauthorized the District.¹¹ The District's charter was revised in 2017 to reflect its new expiration.¹²

¹ See *Halifax Hospital Medical Center v. State of Fla., et al.*, 278 So. 3d 545, 547 (Fla. 2019).

² See ss. 189.031(3), 189.02(1), and S. 190.005(1), F.S. See generally s. 189.012(6), F.S.

³ 2020 – 2022 Local Gov't Formation Manual, pp. 60-61, at

<https://myfloridahouse.gov/Sections/Documents/loadoc.aspx?PublicationType=Committees&CommitteeId=3117&Session=2021&DocumentType=General+Publications&FileName=2021-2022+Local+Government+Formation+Manual.pdf> (last visited Mar. 29, 2021).

⁴ S. 189.012(3), F.S.

⁵ See ch. 95-508, Laws of Fla. (ratifying the 1990 merger of the Northeast Lake County Hospital District and the Northwest Lake County Hospital District).

⁶ Ch. 2012-258, Laws of Fla.

⁷ Ch. 2012-258, s. 3(3), Laws of Fla. The District's charter defines "indigent care" as medically necessary health care provided to residents of the North Lake County Hospital District who are qualified pursuant to the Florida Health Care Responsibility Act, s. 154.304(9), F.S., and the Florida Health Care Indigency Eligibility Certification Standards, Rule 59H-1.0035(30), F.A.C., except that the poverty rate standard is 200 percent of the federal poverty level. Ch. 2012-258, s. 2, Laws of Fla.

⁸ Ch. 2012-258, s. 3(5)A.7, Laws of Fla.

⁹ Ch. 2012-258, s. 4, Laws of Fla.

¹⁰ Ch. 2012-258, s. 14, Laws of Fla.

¹¹ Frank Stanfield, *Voters say yes to hospital tax for 10 years*, The Daily Commercial (Nov. 8, 2016),

<https://www.dailycommercial.com/news/20161108/voters-say-yes-to-hospital-tax-for-10-years> (last visited Mar. 29, 2021).

¹² Ch. 2017-219, Laws of Fla.

The District levies an ad valorem tax of 0.895 mills in the current fiscal year.¹³ In the most recently completed fiscal year, the District raised \$11.6 million dollars from ad valorem tax collection.¹⁴ Payments by the district for indigent care during the 2020 fiscal year include:¹⁵

Facility	Amount
UF Health Leesburg	\$4,044,807
AdventHealth Waterman	\$3,665,093
LifeStream Behavioral Center	\$902,231
LifeStream Primary Care Clinic	\$139,077
Community Health Center	\$246,601
Community Medical Care Center	\$333,135
AdventHealth Waterman Community Clinic	\$210,852
St. Lukes Medical & Dental Clinic	\$25,096

Some acute care funding is provided to entities participating in the Medicaid Low Income Pool program, so payments are made in part to the Agency for Health Care Administration.¹⁶

Effect of Proposed Changes

The bill repeals the special acts comprising the charter of the District and dissolves the District as of October 1, 2022.

The bill prohibits the District from incurring additional obligations or indebtedness, other than those incurred in the ordinary course of business, and requires the District to avoid the wasting its assets. The District must adopt a dissolution plan to liquidate its assets, satisfy all obligations and indebtedness, and wind down all other affairs by September 30, 2022.

The bill authorizes the District to continue levying taxes until September 30, 2022, with proceeds from those taxes collected after September 30, 2021, paid to Lake County to satisfy liabilities of the District.

The bill provides that any and all outstanding bond issues are transferred from the District to Lake County effective October 1, 2022, but that the transferred responsibilities are not a debt of the county. The bill also transfers all remaining assets and liabilities of the District to Lake County effective October 1, 2022. The bill requires the proceeds of the assets to be used to satisfy liabilities of the District, with remaining assets to be used by Lake County for the benefit of residents of the District.

B. SECTION DIRECTORY:

Section 1: Provides that the North Lake County Hospital District must wind down its affairs by September 30, 2021.

Section 2: Provides that the district may levy taxes through September 30, 2022.

Section 3: Repeals chs. 2012-258 and 2017-219, Laws of Fla., effective October 1, 2022.

Section 4: Dissolves the North Lake County Hospital District, effective October 1, 2022.

Section 5: Transfers responsibilities for outstanding bond issues from the North Lake County Hospital District to Lake County, but provides the responsibilities are not a debt or obligation of the county.

¹³ North Lake County Hospital District, Minutes of Sept. 10, 2020 Meeting, *available at* <https://www.northlakecountyhospitaldistrict.org/meetings/> (last visited Mar. 29, 2021).

¹⁴ North Lake County Hospital District, Annual Financial Report, Sept. 30, 2020 at 8, *available at* <https://www.northlakecountyhospitaldistrict.org/meetings/> (last visited Mar. 29, 2021).

¹⁵ *Id.* at 12.

¹⁶ *Id.*

Section 6: Transfers the remaining assets of the North Lake County Hospital District to Lake County.

Section 7: Provides that the bill takes effect upon becoming a law.

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN? December 10, 2020

WHERE? The *Daily Commercial*, a daily newspaper of general circulation published in Lake County, Florida.

B. REFERENDUM(S) REQUIRED? Yes No

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes No

D. ECONOMIC IMPACT STATEMENT FILED? Yes No

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

The bill does not provide rulemaking authority or require executive branch rulemaking.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On April 1, 2021, the Local Administration & Veterans Affairs Subcommittee adopted an amendment and reported the bill favorably as a committee substitute. The amendment delays the dissolution date of the District from October 1, 2021, to October 1, 2022, and makes conforming changes.

This analysis is drafted to the committee substitute as passed by the Local Administration & Veterans Affairs Subcommittee.