

## HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

**BILL #:** HB 1255 West Orange Healthcare District, Orange County

**SPONSOR(S):** Bankson

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

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Local Administration, Federal Affairs & Special Districts Subcommittee	17 Y, 0 N	Roy	Darden
2) Health & Human Services Committee	16 Y, 0 N	Calamas	Calamas
3) State Affairs Committee			

### SUMMARY ANALYSIS

The West Orange Healthcare District (District) is a special district in Orange County founded in 1949 to help rural residents gain access to basic medical services. The District is governed by a Board of Trustees appointed by the Governor. The District sold its hospital in 2012 and has since managed the proceeds of that sale. The District was declared inactive by the Department of Economic Opportunity on January 3, 2023.

The bill abolishes the District and transfers all assets and liabilities of the District to the Board of County Commissioners of Orange County. The bill requires the original copies of official West Orange Healthcare District record books dated 1949-1989 to be deposited into the Winter Garden Heritage Museum.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### Background

##### 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<sup>1</sup>. Special districts are created by general law,<sup>2</sup> special act,<sup>3</sup> local ordinance,<sup>4</sup> or by rule of the Governor and Cabinet.<sup>5</sup> A special district has only those powers expressly provided by, or reasonably implied from, the authority provided in the district's charter.<sup>6</sup> Special districts provide specific municipal services in addition to, or in place of, those provided by a municipality or county.<sup>7</sup>

A "dependent special district" is a special district where the membership of the governing body is identical to the governing body of a single county or municipality, all members of the governing body are appointed by the governing body of a single county or municipality, members of the district's governing body are removable at will by the governing body of a single county or municipality, or the district's budget is subject to the approval of governing body of a single county or municipality.<sup>8</sup> An "independent special district" is any district that is not a dependent special district.<sup>9</sup>

The charter of a newly-created district must state whether it is dependent or independent.<sup>10</sup> Charters of independent special districts must address and include a list of required provisions, including the purpose of the district, its geographical boundaries, taxing authority, bond authority, and selection procedures for the members of its governing body.<sup>11</sup>

Special districts do not possess "home rule" powers and may impose only those taxes, assessments, or fees authorized by special or general law. The special act creating an independent special district may provide for funding from a variety of sources while prohibiting others. For example, ad valorem tax authority is not mandatory for a special district.<sup>12</sup>

Special districts may enter into interlocal agreements with one or more other local governmental units.<sup>13</sup> Under such an agreement, the special district may exercise jointly with the other participating local governments those powers, privileges, or authorities which they have in common and each may exercise separately.<sup>14</sup>

##### Hospital and Health Care Districts

Hospital and health care districts are a type of independent special district specializing in the provision of health care services. As of January 18, 2023, there are 30 special districts classified as hospital or

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

<sup>2</sup> S. 189.031(3), F.S.

<sup>3</sup> *Id.*

<sup>4</sup> S. 189.02(1), F.S.

<sup>5</sup> S. 190.005(1), F.S. See, generally, s. 189.012(6), F.S.

<sup>6</sup> *Halifax Hosp. Med. Center, supra* at 548.

<sup>7</sup> *Local Gov't Formation Manual* at p. 58, available at

<https://myfloridahouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees&CommitteeId=3227&Session=2023&DocumentType=General+Publications&FileName=2022+Local+Government+Formation+Manual.pdf> (last visited Mar. 7, 2023).

<sup>8</sup> S. 189.012(2), F.S.

<sup>9</sup> S. 189.012(3), F.S.

<sup>10</sup> S. 189.031(5), F.S.

<sup>11</sup> S. 189.031(3), F.S.

<sup>12</sup> Art. VII, s. 9(a), Fla. Const.

<sup>13</sup> S. 163.01(2), (3)(b), F.S.

<sup>14</sup> S. 163.10(4), F.S.

health care districts.<sup>15</sup> The charters of these districts generally possess a set of core features: a board appointed by the Governor, the authority to build and operate hospitals, the power of eminent domain; the ability to issue bonds payable from ad valorem taxes; the use of ad valorem revenue to be used for operating and maintaining hospitals, and a provision that the facilities be established for the benefit of the indigent sick.<sup>16</sup>

All special districts must operate within a defined geographic boundary absent an “express and unambiguous” grant of extraordinary authority.<sup>17</sup> For example, the Sarasota County Public Hospital District is authorized to operate hospitals and other types of health care facilities “both within and beyond the boundaries of the District.”<sup>18</sup> The district is prohibited from using any funds derived from ad valorem taxation to establish or provide any health care facility or health care service beyond its boundaries. Meanwhile, the Cape Canaveral Hospital District is responsible for “support[ing] the health and welfare of all those in the District’s boundaries and the surrounding communities by providing health care facilities and services to all those in need regardless of ability to pay.”<sup>19</sup> The charter for the Halifax Hospital Medical Center empowers the district to operate hospitals and other types of health care facilities, as well as provide health services, in Brevard, Flagler, Lake, and Volusia Counties.<sup>20</sup>

### Independent Special District Dissolution

Generally, an independent special district may be dissolved in one of the four following ways:

- Voluntary dissolution by a majority vote plus one of the district’s board;<sup>21</sup>
- For districts created by special act, the passage of a special act dissolving the district, subject to approval by a majority vote of the residents or landowners of the district;<sup>22</sup>
- For districts created by a local government, voter approval of a referendum dissolving the district or by the procedure used to create the district;<sup>23</sup> or
- For districts that have been declared inactive by DEO, by special act or ordinance without a referendum.<sup>24</sup>

Unless otherwise provided by law or ordinance, all assets and liabilities of a dissolved independent special district are transferred to the local general-purpose government having jurisdiction over the territory of the district.<sup>25</sup>

### West Orange Healthcare District

The West Orange Healthcare District (District) is a health care district in Orange County. The District was created in 1949 to provide to help rural residents gain access to basic medical services.<sup>26</sup> The District is governed by a Board of Trustees (Board) appointed by the Governor.<sup>27</sup>

The District’s charter authorizes the Board to establish, purchase, sell, construct, operate, and maintain hospital facilities as it deems necessary for the use of residents of the District.<sup>28</sup> Hospitals must be established, purchased, sold, constructed, operated, and maintained by the Board for the preservation

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<sup>15</sup> Dept. of Economic Opportunity, Official List of Special Districts Online, available at <http://specialdistrictreports.floridajobs.org/webreports/mainindex.aspx> (last visited Jan. 30, 2023).

<sup>16</sup> Florida TaxWatch, *Florida’s Fragmented Hospital Taxing District System in Need of Reexamination*, Briefings (Feb. 2009), available at <https://floridataxwatch.org/Research/Full-Library/ArtMID/34407/ArticleID/16012/Floridas-Fragmented-Hospital-Taxing-District-System-in-Need-of-Reexamination> (last visited Mar. 7, 2023).

<sup>17</sup> *Halifax Hosp. Med. Center v. State*, 278 So. 3d 545, 548 (Fla. 2019).

<sup>18</sup> Ch. 2005-304, Laws of Fla.

<sup>19</sup> S. 1 of the Charter of the Cape Canaveral Hospital District, as codified in s. 3, ch. 2003-337, Laws of Fla.

<sup>20</sup> Ch. 2003-374, Laws of Fla., as amended by ch. 2019-172, Laws of Fla.

<sup>21</sup> S. 189.072(1), F.S. If the district was created by special act, dissolution also requires a special act of the Legislature to take effect.

<sup>22</sup> S. 189.072(2)(a), F.S.

<sup>23</sup> S. 189.072(2)(b), F.S. If the district has the power to levy ad valorem taxes, a referendum is required for dissolution. See Art. VII, s. 9(b), Fla. Const.

<sup>24</sup> S. 189.072(3), F.S.

<sup>25</sup> Ss. 189.072(4) and 189.076(2), F.S.

<sup>26</sup> West Orange Healthcare District, *Our History*, <https://www.wohd1949.org/> (last visited Mar. 11, 2023).

<sup>27</sup> Ch. 2000-450, s. 3(2), Laws of Fla.

<sup>28</sup> Ch. 2000-450, Section 3(5), Laws of Fla.

of the public health, and for the public good and for the use of the district.<sup>29</sup> The District sold its hospital facilities in 2012 and has since operated as an “active healthcare investor.”<sup>30</sup>

The District was declared inactive by DEO on January 3, 2023.

### Effects of proposed change

The bill abolishes the District and transfers all assets and liabilities of the District to the Board of County Commissioners of Orange County.

The bill also requires original copies of official West Orange Healthcare District record books dated 1949-1989 to be deposited into the Winter Garden Heritage Museum.

#### B. SECTION DIRECTORY:

Section 1: Repeals Chapter 2000-450, Laws of Florida.

Section 2: Transfers all assets and liabilities of West Orange Healthcare District to the Board of County Commissioners of Orange County.

Section 3: Requires original copies of official record books of the West Orange Healthcare District dated 1949-1989 be deposited into the Winter Garden Heritage Museum.

Section 4: Provides an effective date of upon becoming a law.

## II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes  No

IF YES, WHEN? January 24, 2023

WHERE? The *Orlando Sentinel*, a daily newspaper of general circulation in Orange 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:

<sup>29</sup> Ch. 2000-450, Section 5, Laws of Fla.

<sup>30</sup> West Orange Healthcare District, *Champion of Health in West Orange County, Florida*, <https://www.wohd1949.org/wp-content/uploads/2022/10/District-Infographic-245-million.pdf> (last visited Mar. 11, 2023).

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

According to House Rule 5.5(b), a local bill providing an exemption from general law may not be placed on the Special Order Calendar for expedited consideration. The provisions of House Rule 5.5(b) may apply to this bill.

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**

None.