

FLORIDA HOUSE OF REPRESENTATIVES BILL ANALYSIS

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BILL #: [CS/HB 4087](#)

TITLE: Highlands County Hospital District

SPONSOR(S): Tuck

COMPANION BILL: None

LINKED BILLS: None

RELATED BILLS: None

Committee References

[Intergovernmental Affairs](#)

13 Y, 0 N



[Health Care Facilities & Systems](#)

14 Y, 0 N



[State Affairs](#)

22 Y, 0 N, As CS

SUMMARY

Effect of the Bill:

The bill amends the charter of the Highlands County Hospital District, a dependent special district in Highlands County, to authorize the board of the district to commence an evaluation of leasing, selling, or entering a management agreement concerning the hospital owned by the district. The bill provides standards for the district to use in conducting its review and elements that must be included in any sale, lease, or management agreement. The bill provides for the dissolution of the district in the event that the hospital is sold.

Fiscal or Economic Impact:

None

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ANALYSIS

EFFECT OF THE BILL:

The bill amends the charter of the [Highlands County Hospital District](#) (District), a dependent [special district](#) in Highlands County, to provide procedures for the District governing board's [lease or sale of health care facilities](#) owned by the District. (Section [1](#))

The bill authorizes the board to commence an evaluation on whether leasing (prior to entering any lease or management agreement) or selling the entirety of the District's assets to a for-profit or not-for-profit entity would benefit the residents of the District. In evaluating the benefits, the board must:

- Conduct a properly-noticed public meeting, with a meeting notice that contains all documents related to the potential lease or sale;¹
- Contract with an independent entity that has at least five years of experience conducting comparable evaluations of hospital organizations similar in size and function to the District to conduct an evaluation according to applicable industry practices (the District may use a study completed less than two years prior to the public hearing if the study otherwise meets these requirements); and
- Publish on its website all documents considered by the governing body in making its determination. (Section [1](#))

The independent entity's report must be published to the District's website, include the estimated fair market value of the District's assets, and include a statement signed by the chair of the governing board of the District and the chief executive officer of the independent entity conducting the evaluation that, upon each person's reasonable knowledge and belief, the contents and conclusions of the evaluation are true and correct. If the District is evaluating the sale of the hospital, the report must contain an objective operating comparison of the hospital to

¹ If the District is evaluating a sale of the hospital, the public hearing must be held at a meeting other than a regularly noticed meeting or an emergency meeting of the board.

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other similarly situated hospitals that have a similar service mix in order to determine whether there is a difference in the cost of operating using:

- Publicly available data provided by the Agency for Health Care Administration (AHCA);
- Data provided by the current operator of the hospital as requested by the board; and
- Quality metrics identified by the Centers for Medicare and Medicaid Services Core Measures. (Section [1](#))

An evaluation for the selling of the hospital must also determine whether there is a net benefit to the community to operate the hospital as a not-for-profit or for-profit entity and to distribute the proceeds of the sale to the county to use for health services within the county. The report must contain the most current financial data and an evaluation of the hospital and its assets. (Section [1](#))

If the board elects for lease or sale of the hospital, or to enter into a management agreement, the bill requires the board to determine whether there are any qualified lessees by:

- Publicly advertising the meeting at which the proposed lease is to be considered by the board; or
- Publicly advertising the offer to accept proposals in accordance with [s. 255.0525, F.S.](#) (Section [1](#))

The bill requires members of the board to disclose all conflicts of interest as required by [s. 112.313, F.S.](#), including, but not limited to, whether the lease or management agreement will result in a special private gain or loss to any member of the board. The bill also requires the board to disclose any conflicts of interest with respect to any experts retained by the board. (Section [1](#))

The bill requires the evaluation, agreements, disclosures, and any other supporting documents related to the lease, sale, or management agreement to be published on the hospital District's website for at least 30 days before the board may vote on the proposed agreement. The District's website must include a means by which the public can submit written comments to the board and require a copy of all documents the board will use in making its determination. (Section [1](#))

The bill requires the board to determine that the interests of the public of the District are best served by leasing or selling the hospital to a not-for-profit or for-profit entity. In doing so, the board must:

- Make a determination to accept a proposal for lease after consideration of all proposals received and negotiations with a qualified lessee or management entity, including written, detailed findings of all reasons for accepting the proposal. If the accepted bid is for less than fair market value, the board must provide a detailed explanation of how the best interests of the public of the District are served by accepting less than fair market value.
- Include the findings of all information and documents relevant to the board's determination, including, but not limited to:
 - The names and addresses of all parties to the transaction.
 - The location of the hospital and all related facilities.
 - A description of the terms of all proposed agreements.
 - A copy of the lease or management agreement and any related agreements.
 - The estimated total value associated with the proposed agreement and the proposed lease or acquisition price.
 - The estimated fair market value.
 - The initial evaluation required by the bill and any other valuation prepared at the request of the board, lessee, or managing entity of the hospital.
 - Copies of all other proposals and bids that the board may have received or considered. (Section [1](#))

An agreement to sell or lease the hospital must:

- Require that the articles of incorporation of the for-profit or not-for-profit corporation be subject to the approval of the board;
- Require that any not-for-profit corporation is qualified under s. 501(c)(3) of the United States Internal Revenue Code;

- Provide for the orderly transition of the operation and management of the facilities; and
- Provide that the leasing or managing entity has made an enforceable commitment that programs and services and quality health care will continue to be provided to the public of the district, particularly to the indigent, the uninsured, and the underinsured. (Section [1](#))

The bill allows any person who submitted a proposal for the sale or lease of the hospital, or the board, to seek judicial review of the board's decision to lease the hospital by filing an action in circuit court in the jurisdiction in which the hospital is located. The bill provides that judicial review of this decision is limited to whether the board followed the procedures required by the bill. The bill requires the court to assign cost equitably to the parties in any challenge brought under this provision. (Section [1](#))

The bill provides an exception to the requirements that the board determine if the interests of the affected community are best served by leasing to a not-for-profit or for-profit entity and judicial review of such a determination, if:

- A lease entered into prior to the bill taking effect is modified, extended, or renewed; or
- A lease or management agreement for a term of no more than 10 years is entered into to give the board additional time to determine if the interests of the affected community are best served by leasing to a not-for-profit or for-profit entity. (Section [1](#))

If the board approves an agreement to sell the hospital, the bill requires the board to file a copy of the agreement no later than 10 days after the approval of the agreement and the approval of [the change of ownership by AHCA or the closing of transition, if no change of ownership license is required](#). The board must notify the Department of Commerce within 30 days of completing the sale. The District is officially [dissolved](#) 30 days following the receipt of the notice by the Department of Commerce. The bill requires all residual proceeds of the sale to be given to Highlands County to use for health services within the county. (Section [1](#))

The bill provides that in the event of any conflict between the provisions of the bill and [s. 155.40, F.S.](#), concerning the sale or lease of public hospital facilities, the provisions of the bill apply. (Section [1](#))

The bill provides an effective date of upon becoming a law. (Section [2](#))

FISCAL OR ECONOMIC IMPACT:

LOCAL GOVERNMENT:

The Economic Impact Statement submitted for the bill states the bill will have no fiscal impact, as the bill provides a mechanism for the District to consider sale or lease options, but does not require any action by the District.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

[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.² Special districts are created by general law, special act, local ordinance, or rule of the Governor and Cabinet.³ 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

² See *Halifax Hospital Medical Center v. State of Fla., et al.*, 278 So. 3d 545, 547-548 (Fla. 2019).

³ See [ss. 189.02\(1\)](#), [189.031\(3\)](#), and [190.005\(1\)](#), F.S. See generally [s. 189.012\(6\)](#), F.S.

addition to, or in place of, those provided by a municipality or county.⁴ Special districts are funded through the imposition of ad valorem taxes, fees, or charges on the users of those services, as authorized by law.⁵

Special districts may be classified as dependent or independent based on their relationship with local general-purpose governments. A special district is classified as “dependent” if the governing body of a single county or municipality:

- Serves as governing body of the district;
- Appoints the governing body of the district;
- May remove members of the district’s governing body at-will during their unexpired terms; or
- Approves or can veto the budget of the district.⁶

A district is classified as “independent” if it does not meet any of the above criteria, or is located in more than one county, unless the district lies entirely within the boundaries of a single municipality.⁷

Special districts are governed generally by the Uniform Special District Accountability Act (USDAA).⁸ The USDAA centralizes provisions governing special districts and applies to the formation,⁹ governance,¹⁰ administration,¹¹ supervision,¹² merger,¹³ and dissolution¹⁴ of special districts, unless otherwise expressly provided in law.¹⁵ The USDAA requires notice and publication of tentative budgets and final budgets.¹⁶ Certain budget amendments are allowed up to 60 days following the end of the fiscal year.¹⁷

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.¹⁸

⁴ Intergovernmental Affairs Subcommittee, *Local Government Formation Manual*, p. 56 (last visited Feb. 12, 2026).

⁵ The method of financing a district must be stated in its charter. [Ss. 189.02\(4\)\(g\)](#) and [189.031\(3\)\(k\), F.S.](#) Independent special districts may be authorized to impose ad valorem taxes as well as non-ad valorem special assessments in the special acts comprising their charters. *See, e.g.,* [ch. 2023-335, s. 1\(6\), Laws of Fla.](#) (East River Ranch Stewardship District) and [ch. 2004-397, s. 3\(27\), Laws of Fla.](#) (South Broward Hospital District). *See also, e.g.,* [ss. 190.021](#) (community development districts), [191.009](#) (independent special fire control districts), [197.3631](#) (non-ad valorem assessments), [298.305](#) (water control districts), and [388.221, F.S.](#) (mosquito control districts).

⁶ [S. 189.012\(2\), F.S.](#)

⁷ [S. 189.012\(3\), F.S.](#)

⁸ [S. 189.01, F.S.](#), *but see* ch. 190, F.S. (community development districts), ch. 191, F.S. (independent special fire control districts), ch. 298, F.S. (water control districts), ch. 388, F.S. (mosquito control districts), and ch. 582, F.S. (soil and water conservation districts).

⁹ *See* [ss. 189.02](#) (creation of dependent special districts) and [189.031, F.S.](#) (creation of independent special districts).

¹⁰ *See* [s. 189.0311, F.S.](#) (charter requirements for independent special districts).

¹¹ *See* [s. 189.019, F.S.](#) (requiring codification of charters incorporating all special acts for the district).

¹² *See* [s. 189.0651, F.S.](#) (oversight for special districts created by special act of the Legislature).

¹³ [Ss. 189.071](#) (merger of dependent special districts) and [189.074, F.S.](#) (merger of independent special districts).

¹⁴ [Ss. 189.071](#) (dissolution of dependent special districts) and [189.072, F.S.](#) (dissolution of independent special districts).

¹⁵ *See, e.g.,* [s. 190.004, F.S.](#) (ch. 190, F.S., as “sole authorization” for creation of community development districts).

¹⁶ [S. 189.016\(4\), F.S.](#)

¹⁷ [S. 189.016\(6\), F.S.](#)

¹⁸ *See, e.g.,* [ch. 2006-354, Laws of Fla.](#) (Argyle Fire District may impose special assessments, but has no ad valorem tax authority).

Dissolution

A special district created by special act of the Legislature may only be dissolved by a further act of the Legislature unless otherwise provided by general law.¹⁹ If a special district is dissolved, all assets and liabilities of the district pass to the local general-purpose government in which the district is located.²⁰

Highlands County Hospital District

The Highlands County Hospital District (District) is a dependent special district created in 1961 for the purpose of constructing and operating a hospital in Highlands County.²¹ The District was responsible for constructing a hospital facility, known today as HCA Florida Highlands Hospital, that began operations in 1965.²² The charter for the District was recodified in 2004.²³

The District is governed by a five-member board appointed by the Highlands County Board of County Commissioners, with one member from each county commission district.²⁴ Members of the board serve four-year terms and no more than one board member may be a member of the medical profession.

The District's charter authorizes the board to enter into contracts with for-profit and not-for-profit corporations to manage and operate their District's hospital facilities.²⁵ The board may also lease the District's facilities to corporations. The terms of such a contract or lease are left to the discretion of the board. The District's board may transfer surplus funds to the Highlands County Board of County Commissioners to provide health services in the county.²⁶

Sale or Lease of Local Government Hospitals or Hospital Systems

Florida law authorizes the sale or lease of local government owned hospitals.²⁷ The governing board of the hospital or hospital system must find that the sale or lease is in the best interest of the affected community²⁸ and must state the basis of the finding.²⁹ The governing board is responsible for determining the terms of the lease, sale, or contract. The hospital or hospital system may be leased or sold to a for-profit or a not-for-profit Florida entity, but the lease, contract, or agreement must:

- Subject the articles of incorporation of the lessee or buyer to approval by the board of the hospital;
- Require that not-for-profit lessees or buyers become qualified under s. 501(c)(3) of the United States Internal Revenue Code;
- Provide for orderly transition of operations and management;
- Provide for return of the facility upon termination of the lease, contract, or agreement; and
- Provide for continued treatment of the indigent and sick.³⁰

¹⁹ [S. 189.071\(2\)](#) and [189.072\(1\), F.S.](#)

²⁰ [S. 189.076\(2\), F.S.](#)

²¹ Ch. 62-2232, Laws of Fla.

²² See HCA Florida Healthcare, [HCA Florida Highlands Hospital](#) (last visited Feb. 12, 2026).

²³ [Ch. 2004-458, Laws of Fla.](#)

²⁴ [Ch. 2004-458, s. 3\(2\), Laws of Fla.](#)

²⁵ [Ch. 2004-458, s. 3\(35\), Laws of Fla.](#)

²⁶ [Ch. 2004-458, s. 3\(36\), Laws of Fla.](#)

²⁷ [S. 155.40, F.S.](#)

²⁸ "Affected community" means those persons residing within the geographic boundaries defined by the charter of the county, district, or municipal hospital or health care system, or if the boundaries are not specifically defined by charter, by the geographic area from which 75 percent of the county, district, or municipal hospital's or health care system's inpatient admissions are derived. [S. 155.40\(4\)\(a\), F.S.](#)

²⁹ [S. 155.40\(1\), F.S.](#)

³⁰ [S. 155.40\(2\), F.S.](#) Continued treatment of the indigent sick must comply with the Florida Health Care Responsibility Act and ch. 87-92, Laws of Florida. [S. 155.40\(2\)\(e\), F.S.](#)

The lease, sale, or contract must be done through a public process that includes:

- Consideration of proposals by, and negotiations with, all qualified buyers or lessees following public notice to identify them;³¹
- Detailed, written board findings regarding the accepted proposal that meets specified requirements and disclosure of all information and documents relevant to the board's determination;³²
- A 120-day timeline for conclusion of the lease, sale, or agreement measured in advance of the anticipated closing date that:
 - Begins with publishing of all findings, information and documents specified by law and a public notice of the proposed transaction;³³
 - Allows receipt of public comment;³⁴
 - Is subject to approval by the Secretary of the Agency of Health Care Administration (AHCA), unless law requires approval by the registered voters of the local government where the hospital or hospital system is located;³⁵
 - Requires a petition for approval of and a final order by AHCA;³⁶
 - Provides an appeal right for any interested party;³⁷
 - Makes the costs the responsibility of the board, unless any interested party appeals, then the costs can be equitably assigned to the parties;³⁸ and
 - Allows voiding of the transaction by any party if specified provisions are not followed.³⁹

If a hospital is sold, all taxing authority associated with the hospital ceases.⁴⁰ Fifty percent of the proceeds from the sale or lease must be deposited into a health care economic development trust fund serving specified health care related purposes.⁴¹ The district board must appropriate the other 50 percent to fund care for the indigent and sick.⁴² Other taxing, financial, and liability considerations are provided by the law, including prohibitions on the transfer of government functions.⁴³ A streamlined process is provided if the property represents less than 20 percent of the hospital's net revenue.⁴⁴

Commission on Review of Taxpayer Funded Hospital Districts

In March 2011, the Governor issued Executive Order 11-63, creating the Commission on Review of Taxpayer Funded Hospital Districts (Commission).⁴⁵ This Commission was tasked with assessing and making recommendations as to the role of hospital districts, including what is in the public interest as to hospital operation

³¹ [S. 155.40\(6\), F.S.](#)

³² [S. 155.40\(7\)\(a\), F.S.](#)

³³ [S. 155.40\(8\), F.S.](#)

³⁴ [S. 155.40\(9\), F.S.](#)

³⁵ [S. 155.40\(10\), F.S.](#)

³⁶ [S. 155.40\(11\), F.S.](#) The AHCA final order is limited to whether the board complied with law and must require the board to approve or reject the proposal based on specified findings by AHCA.

³⁷ [S. 155.40\(12\), F.S.](#) "Interested party" includes a person submitting a proposal for sale or lease of the county, district, or municipal hospital or health care system, as well as the governing board. [S. 155.40\(4\)\(c\), F.S.](#)

³⁸ [S. 155.40\(13\), F.S.](#)

³⁹ [S. 155.40\(14\), F.S.](#) If any board member negligently or willfully violates specified provisions, they are subject to penalty by the Commission on Ethics.

⁴⁰ [S. 155.40\(15\), F.S.](#)

⁴¹ [S. 155.40\(16\)\(a\), F.S.](#) The trust fund is controlled by the local government where the leased or sold property is located. The net proceeds in trust fund shall be distributed, in consultation with the Department of Economic Opportunity, to promote job creation in the health care sector of the economy through new or expanded health care business development, new or expanded health care services, or new or expanded health care education programs or commercialization of health care research within the affected community.

⁴² [S. 155.40\(16\)\(b\), F.S.](#) Funding the delivery of indigent care, includes, but not limited to, primary care, physician specialty care, out-patient care, in-patient care, and behavioral health, to hospitals within the boundaries of the district with consideration given to the levels of indigent care provided.

⁴³ [S. 155.40\(17\)-\(21\), F.S.](#)

⁴⁴ [S. 155.40\(22\), F.S.](#)

⁴⁵ Fla. Exec. Order No. 11-63 (Mar. 23, 2011).

and an effective access model for the economically disadvantaged.⁴⁶ Specifically, the Governor ordered the following areas to be examined: quality of care; cost of care; access to care for the poor; oversight and accountability; physician employment; and changes in ownership and governance.⁴⁷ In a final report issued on December 30, 2011, the Commission recommended a transition from hospital districts to indigent health care districts, which would include decoupling district owned hospitals from the district, among other recommendations.⁴⁸

AHCA's Role in Regulating Change of Ownership (CHOW) of Health Care Facilities and Clinics

AHCA is the state agency responsible for licensing, regulating, and overseeing health care facilities and providers in Florida, including hospitals, clinics, and other licensed facility types.⁴⁹ AHCA administers these functions primarily through its Division of Health Quality Assurance and, within that division, the Bureau of Health Facility Regulation (Bureau), which conducts licensure review, renewal, modification, and enforcement activities.⁵⁰ The Hospital and Outpatient Services Unit and other licensure units under the Bureau carry out facility-specific licensing functions, including review and processing of CHOW applications.⁵¹

Under Florida law, CHOW occurs when a licensed health care clinic or facility sells or otherwise transfers ownership to a different individual or entity, as evidenced by a change in federal employer identification number or taxpayer identification number, or when 51 percent or more of the ownership, shares, membership interests, or controlling interest of the licensee is transferred or assigned in any manner.⁵²

Facilities undergoing a CHOW must submit a complete application, all required forms, supporting documentation, and applicable fees at least 60 days prior to the proposed effective date of the ownership transfer.⁵³ AHCA requires renewal and CHOW applications to be submitted through its online licensing system and an application is not considered for review until all required documentation and payment have been received.⁵⁴

A CHOW application must include the effective date of the ownership transfer, and the effective date may not be earlier than the date the application is received by AHCA. Failure to submit an application prior to the effective date of a change of ownership to a different legal entity constitutes unlicensed activity. The effective date may not be extended more than 60 days from the date reported on the application, and AHCA will deem the application withdrawn if the CHOW does not occur within 60 days of the reported effective date.⁵⁵

If a CHOW application is submitted while a renewal licensure application is under review, the pending renewal application is administratively withdrawn if the CHOW is approved with an effective date prior to license expiration. If a license expires before AHCA approves the CHOW, and no renewal application has been submitted, the CHOW application will be denied. When the applicant has not been issued a license on the CHOW effective date, documentation must be submitted providing for continuation of operation of the licensee during the interim period.⁵⁶

As part of the CHOW review, AHCA requires disclosure of all controlling interests, including the applicant or licensee; any person or entity serving as an officer or board member; and any person or entity holding a five

⁴⁶ *Id.*

⁴⁷ Florida TaxWatch, [Report on the Commission of Review of Taxpayer Funded Hospitals](#) (last visited Jan. 26, 2026).

⁴⁸ *Id.*

⁴⁹ [S. 408.802, F.S.](#)

⁵⁰ Florida Agency for Health Care Administration, [Bureau of Health Facility Regulation](#), (last visited Feb. 12, 2026).

⁵¹ Florida Agency for Health Care Administration, Hospital & Outpatient Services Unit, available at <https://ahca.myflorida.com/health-quality-assurance/bureau-of-health-facility-regulation/hospital-outpatient-services-unit/hospitals> (last visited Feb. 4, 2026).

⁵² [S. 408.803\(5\), F.S.](#)

⁵³ [Ss. 408.807\(2\)](#) and [408.806, F.S.](#)

⁵⁴ Rule 59A-35.070, F.A.C.

⁵⁵ *Id.*

⁵⁶ *Id.*

percent or greater ownership interest in the applicant, licensee, or management company that contracts to manage the provider.⁵⁷

Local Bill Forms

The Florida Constitution prohibits the passage of any special act unless a notice of intention to seek enactment of the bill has been published as provided by general law or the act is conditioned to take effect only upon approval by referendum vote of the electors in the area affected.⁵⁸ A legal advertisement of the proposed bill must be placed in a newspaper of general circulation or published on a publicly accessible website⁵⁹ at least 30 days prior to the introduction of the local bill in the House or Senate.⁶⁰ The bill was noticed in the [Highlands News Sun on October 15, 2025](#).

The House local bill policy requires a completed and signed Local Bill Certification Form and Economic Impact Statement Form to be filed with the Clerk of the House at the time the local bill is filed or as soon thereafter as possible.⁶¹ Under the policy, a committee or subcommittee may not consider a local bill unless these forms have been filed. The following forms have been submitted for the bill:

- [Local Bill Certification Form](#)
- [Economic Impact Statement Form](#)

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Intergovernmental Affairs Subcommittee	13 Y, 0 N	1/28/2026	Darden	Darden
Health Care Facilities & Systems Subcommittee	14 Y, 0 N	2/5/2026	Lloyd	Augustine
State Affairs Committee	22 Y, 0 N, As CS	2/17/2026	Williamson	Darden

THE CHANGES ADOPTED BY THE COMMITTEE:

- Required the District to include the fair market value of the District’s assets as part of the evaluation report for a sale or lease and make specific findings if the sale or lease is for less than fair market value.
- Clarified the dissolution process if no change in ownership license is required and the distribution of proceeds in the event of a sale.

THIS BILL ANALYSIS HAS BEEN UPDATED TO INCORPORATE ALL OF THE CHANGES DESCRIBED ABOVE.

⁵⁷ [S. 408.803\(7\), F.S.](#)

⁵⁸ [Art. III, s. 10, Fla. Const.](#)

⁵⁹ [S. 50.0311\(2\), F.S.](#)

⁶⁰ [S. 11.02, F.S.](#) If there is no newspaper circulated throughout or published in the county and no publicly accessible website has been designated, notice must be posted for at least 30 days in at least three public places in the county, one of which must be at the courthouse.

⁶¹ Intergovernmental Affairs Subcommittee, [Local Bill Policies and Procedures Manual](#), p. 11 (last visited Feb. 12, 2026).