

STORAGE NAME: h0855.fpr.doc
DATE: April 9, 2001

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
FISCAL POLICY AND RESOURCES
ANALYSIS – LOCAL LEGISLATION**

BILL #: HB 855
RELATING TO: Citrus County Hospital Board
SPONSOR(S): Representative Argenziano
TIED BILL(S): None.

ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:

- (1) LOCAL GOVERNMENT & VETERANS AFFAIRS (SGC) YEAS 6 NAYS 0
 - (2) FISCAL POLICY AND RESOURCES
 - (3)
 - (4)
 - (5)
-

I. SUMMARY:

This bill revises the enabling act for the Citrus County Hospital Board (Board). The bill reduces the terms of office for the Board's officers from two years to one year, and revises provisions governing the Board's financing of public improvements and indebtedness.

The attached "Economic Impact Statement" indicates the bill has no direct fiscal impact, but will assist the Board in accessing the public debt financing market for needed public improvements.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

The Citrus County Hospital and Medical Nursing and Convalescent Home Act was passed as chapter 65-1371, L.O.F.. It was amended by chapter 69-944 and chapter 70-1001, L.O.F. The act provided for a five-member Citrus County Hospital Board (Board) to administer the act. The members were to be known as trustees to be appointed by the Governor, and confirmed by the Senate. The Board was authorized by the Legislature to issue bonds and levy a hospital tax of up to 3 mills. The total amount of indebtedness was not to exceed an amount equal to six times the annual hospital tax. The Board is authorized to fund building, maintenance, and operation of hospitals, nursing homes, and convalescent homes in Citrus County by ad valorem taxation. The Board currently operates Citrus Memorial Hospital.

Chapter 99-442, L.O.F., codified all prior special acts relating to the Citrus County Hospital Board in Citrus County into a single act.

Section 3 of chapter 99-442, L.O.F., creates the Citrus County Hospital Board, provides powers of the Board, provides that the Board is a public nonprofit corporation with no stock, provides membership of Board (five trustees), declares the Board is an agency of the county, provides purposes of the Board, provides that the Governor appoints the trustees, provides 4-year terms for trustees, provides for the Governor to fill vacancies, and requires each appointee to be confirmed by the Florida Senate. Paragraph (b) of section 3 provides for the election of board officers, including a chair, vice chair, and a secretary-treasurer and provides for each to hold office two years.

Section 14 of Chapter 99-442, L.O.F., grants the authority to borrow money for Board purposes and provides that the Board is not required to have a validation suit or court approval to borrow money when the loan does not exceed an amount equal to two times the annual hospital tax, assuming said tax is based upon the yearly millage of three mills, and the term of the loan does not exceed five years.

Section 15 of chapter 99-442, L.O.F., authorizes the issuance of bonds if approved by referendum, authorizes the issuance of Revenue Certificates without referendum approval, and specifies proceeds utilization.

Section 16 of chapter 99-442, L.O.F., states bond maturity terms; restricts the total amount of outstanding debt that the Board may incur; limits the amount of millage from the total allowed millage that can be used to pay bonds and interest; provides for payment of debt from the gross receipts of the hospital or other Board facilities; provides for the full faith and credit of Citrus County for the repayment of bonds; prohibits the pledge of the county for the repayment of the other debts; provides that after the Board approves the issuance of bonds and passes a resolution, the board of county commissioners shall pass a resolution and call a referendum; prohibits the issuance of bonds or certificates until approved in a validation suit; provides for the Board's determination of form of the debts and bonds, and the manner of their execution; declares that the bonds and notes have negotiable instruments qualities; provides for the selling of bonds or revenue certificates; limits payment of interest to 6 percent, or 6 percent or 1 percent less than the prime interest rate established by specific financial institutions if the debt's maturity date is more than 2 years.

Section 17 of chapter 99-442, L.O.F., provides that the total amount outstanding indebtedness of the hospital at any one time may not exceed an amount equal to six times the annual hospital tax, assuming said tax is based upon the yearly millage of three mills.

C. EFFECT OF PROPOSED CHANGES:

This bill revises the enabling act for the Citrus County Hospital Board. The bill reduces the terms of office for the Board's officers from two years to one year, and revises provisions governing the Board's financing of public improvements and indebtedness. The most significant changes are to delete a requirement to validate bonds under specified conditions, and to substitute a limitation on total hospital indebtedness payable from ad valorem taxation for an existing limitation on all hospital indebtedness.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Paragraph (b) of s. 3 of chapter 99-442, L.O.F., is amended to change the terms of office for the Board's chair, vice chair, and secretary-treasurer from two years to one year.

Section 2. Section 14 of chapter 99-442, L.O.F., is amended to delete language providing that the Board is not required to have a validation suit or court approval to borrow money when the loan does not exceed an amount equal to two times the annual hospital tax, assuming said tax is based upon the yearly millage of three mills, and the term of the loan does not exceed five years.

Section 3. Section 16 of chapter 99-442, L.O.F., is amended to change from 20 to 30 years the number of years in which the hospital's bonds, federal and state hospital loans, notes, or revenue certificates must mature and to provide that these shall be payable in such years and amounts as are approved by the Board. Language is added to provide that whenever the Board passes a resolution approving the issuance bonds, the Board of County Commissioners must immediately thereafter pass a resolution approving the bond issue and calling an election and, subject to said election, permitting the repayment of the bonds out of an annual levy not to exceed one and one-half (1 1/2) mills per year. This millage is to be included in the maximum millage of three (3) mills per year, and subject to such limitations, the bonds are to be payable from the full faith and credit of Citrus County. The language also provides that the loans, notes, and revenue certificates, together with the interest, are to be payable from gross or net receipts of the hospital board or any portion thereof, and the section limits the interest on such loans, notes, bonds, or revenue certificates to the rate permitted by the laws of the State of Florida. The Board's authority to sell bonds or revenue certificates in the manner and at the price it determines is expanded to include selling loans and notes. Current language restricting the sell price is deleted.

The section deletes current language relating to bond maturity terms; total amount of outstanding debt that the Board may incur; the amount of millage from the total allowed millage that can be used to pay bonds and interest; the payment of debt from the gross receipts of the hospital or other Board facilities; pledging the full faith and credit of Citrus County for the repayment of bonds; prohibiting the pledge of the county for the repayment of the other debts; providing that after the Board approves the issuance of bonds and passes a resolution, the board of county commissioners must pass a resolution and call a referendum; prohibiting the issuance of bonds or certificates until approved in a validation suit.

Section 4. Section 17 of chapter 99-442, L.O.F., is amended to revise current language providing that the total amount outstanding indebtedness of the hospital at any one time may not exceed an amount equal to six times the annual hospital tax, assuming said tax is based upon the yearly millage of three mills. As amended, the section provides that the total amount of outstanding bonds of said hospital payable from ad valorem taxation at any one time shall not exceed an amount equal to six (6) times the annual hospital tax, assuming said tax is based upon the yearly millage of three mills.

Section 5. Section 18 of chapter 99-442, L.O.F., is amended to delete obsolete language.

Section 6. An effective date of upon becoming a law is provided.

III. NOTICE/REFERENDUM AND OTHER REQUIREMENTS:

A. NOTICE PUBLISHED? Yes No

IF YES, WHEN?

February 2, 2001

WHERE? Citrus County Chronicle, Crystal River, Citrus County

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

IV. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

N/A

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V. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VI. SIGNATURES:

COMMITTEE ON LOCAL GOVERNMENT & VETERANS AFFAIRS:

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