

## HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

**BILL #:** CS/HB 1239 South Lake County Hospital District, Lake County  
**SPONSOR(S):** Local, Federal & Veterans Affairs Subcommittee; Metz  
**TIED BILLS:** **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Local, Federal & Veterans Affairs Subcommittee	11 Y, 0 N, As CS	Darden	Miller
2) Health & Human Services Committee	19 Y, 0 N	Royal	Calamas
3) Government Accountability Committee			

### SUMMARY ANALYSIS

The South Lake County Hospital District (District) is an independent special district created in 1969 to provide health care services in Lake County.

Beginning on the effective date of the act, the bill prohibits the District not from incurring further obligations and requires the District to wind down its affairs by September 30, 2019, 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, 2019 paid to Lake County to satisfy liabilities of the District.

CS/HB 1239 repeals the District's enabling act and dissolves the district as of October 1, 2019. 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.

The bill provides the act is effective upon becoming law.

## 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. Special districts are created by general law,<sup>1</sup> special act,<sup>2</sup> local ordinance,<sup>3</sup> or by rule of the Governor and Cabinet.<sup>4</sup> 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.<sup>5</sup>

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.<sup>6</sup> 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.

##### South Lake County Hospital District

The South Lake County Hospital District (District) is an independent special district that was created in 1969.<sup>7</sup> The District's charter was codified in 2001.<sup>8</sup> The District is authorized to operate hospitals and other health care facilities within the District and to organize a staff of physicians and dentists to provide for the welfare and health of patients.<sup>9</sup> The District may levy one mill of ad valorem taxes to cover expenses.<sup>10</sup>

The District is governed by an eleven-member board, selected by the Governor, subject to Senate confirmation, from residents of the District.<sup>11</sup> Members of the board are unpaid, but may receive reimbursement for necessary expenses.<sup>12</sup>

The District may not transfer control of a hospital or other health care facility without a referendum.<sup>13</sup> This provision does not apply to health care facilities and business ventures in which the District or South Lake Memorial Hospital owns at least 50 percent of enterprise or has the right to appoint at least 50 percent of the board of directors.

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<sup>1</sup> Section 189.031(3), F.S.

<sup>2</sup> *Id.*

<sup>3</sup> Section 189.02(1), F.S.

<sup>4</sup> Section 190.005(1), F.S. See, generally, s. 189.012(6), F.S.

<sup>5</sup> *2017 – 2018 Local Gov't Formation Manual*, p. 67, available at

<http://www.myfloridahouse.gov/Sections/Committees/committeesdetail.aspx?Committeed=2911> (last viewed Jan. 22, 2018).

<sup>6</sup> Section 189.012(3), F.S.

<sup>7</sup> Ch. 69-1201, Laws of Fla.

<sup>8</sup> Ch. 2001-290, Laws of Fla.

<sup>9</sup> Ch. 2001-290, s. 3(4)(1)(e)-(f), Laws of Fla.

<sup>10</sup> Ch. 2001-290, s. 3(8), Laws of Fla.

<sup>11</sup> Ch. 2001-290, s. 3(2)(2)(a), Laws of Fla.

<sup>12</sup> Ch. 2001-290, s. 3(5)(1), Laws of Fla.

<sup>13</sup> Ch. 2001-290, s. 3(11), Laws of Fla.

## Effect of Proposed Changes

CS/HB 1239 prohibits the District from incurring additional obligations or indebtedness, other than those incurred in the ordinary course of business, and to avoid the wasting of 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, 2019.

The bill authorizes the District to continue levying taxes until September 30, 2019, with proceeds from those taxes collected after September 30, 2019 paid to Lake County to satisfy liabilities of the District.

The bill repeals the special act containing the charter of the District and dissolves the District.

The bill provides that any and all outstanding bond issues are transferred from the District to Lake County effective October 1, 2019, 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, 2019. 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 South Lake County Hospital District must wind down its affairs by September 30, 2018.
- Section 2:** Repeals 2001-290, Laws of Fla.
- Section 3:** Dissolves the South Lake County Hospital District.
- Section 4:** Transfers responsibilities for outstanding bond issues from the South Lake County Hospital District to Lake County, but provides the responsibilities are not a debt or obligation of the county.
- Section 5:** Transfers the remaining assets of the South Lake County Hospital District to Lake County.
- Section 6:** Provides that the bill shall take effect upon becoming a law.

## II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes  No

IF YES, WHEN? December 1, 2018

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, attached  No

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached  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 January 29, 2018, the Local, Federal & Veterans Affairs Subcommittee adopted a strike-all amendment and reported the bill favorably as a committee substitute. The amendment requires the District to wind down its affairs by September 30, 2019 subject to a dissolution plan and authorizes the District to continue to levy taxes until September 30, 2019 to satisfy liabilities of the District.

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