

FLORIDA HOUSE OF REPRESENTATIVES

BILL ANALYSIS

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BILL #: [CS/CS/HB 229](#)

TITLE: Health Facilities

SPONSOR(S): Oliver

COMPANION BILL: [CS/SB 68](#) (Martin)

LINKED BILLS: None

RELATED BILLS: None

Committee References

[Health Care Facilities & Systems](#)

17 Y, 0 N, As CS



[Intergovernmental Affairs](#)

16 Y, 0 N



[Health & Human Services](#)

24 Y, 0 N, As CS

SUMMARY

Effect of the Bill:

The bill expands the types of health facility corporate structures authorized to pursue financing from a Health Facilities Authority (HFA), and expands the types of financial activities HFAs may engage in for the benefit of health care facilities and providers.

The bill requires a nonprofit hospital to provide notice, 120 days prior to closing a hospital, to the Chairman of the Board of County Commissioners and other health care facilities and health care professionals, and requires the notice to include specified information.

The bill prohibits a corporation from receiving a charitable property tax exemption, for all licensed hospitals under such corporate ownership, if the corporation closes one of its hospitals with an emergency department and does not open a new emergency department within 120 days, and within a 10-mile radius of the hospital closure. These provisions apply retroactively to January 1, 2025, and first apply to the 2025 tax roll.

Fiscal or Economic Impact:

To the extent hospital corporations are no longer eligible for charitable property tax exemptions, such hospitals will experience a significant, indeterminate, negative fiscal impact.

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ANALYSIS

EFFECT OF THE BILL:

[Health Facilities Authorities](#)

Health Facilities Authorities (HFAs) are special districts created by counties or municipalities pursuant to the [Health Facilities Authority Law](#) in ch. 154, F.S., to finance [health facility](#) projects if such local agency determines there will be a benefit or a cost savings to the health facility.

Current law allows HFAs to provide financial assistance only to not-for-profit corporations. As a result, a health facility or health care system that is organized as a not-for-profit limited liability company is precluded from receiving financing under the law. The bill authorizes not-for-profit limited liability companies and not-for-profit corporate parents of health systems to receive financing from a HFA. (Section [1](#)).

Current law allows HFAs to finance health facility projects only with lease agreements. Loan agreements are not permitted under the law.

The bill authorizes HFAs to structure their transactions as loan agreements. Specifically, the bill authorizes HFAs to make mortgages, or other secured or unsecured loans, to or for the benefit of a health facility, in accordance with

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an agreement between the HFA and the facility. The bill requires such loans to be used to finance the cost of a project, or to refund or refinance outstanding bonds, obligations, loans, indebtedness, or advances issued, made, given, or incurred by a health facility. Such loans may be made to any entity affiliated with a health facility that undertakes such financing, refinancing, or refunding, if the proceeds of such loan are made available to, or applied for, the benefit of the health facility. (Sections [2](#) and [3](#)).

The bill makes conforming changes throughout the bill to make the existing requirements for lease agreements applicable to loan agreements. (Multiple Sections)

[Florida Charitable Property Tax Exemption](#)

The bill prohibits a corporation from receiving a charitable property tax exemption, for all licensed hospitals under such corporate ownership, if the corporation closes one of its hospitals with an emergency department and does not open a new emergency department within 120 days, and within a 10-mile radius of the hospital closure. These provisions apply retroactively to January 1, 2025, and first apply to the 2025 tax roll.

[Notice of Closure of a Nonprofit Hospital](#)

The bill requires a nonprofit hospital to provide notice, 120 days prior to closing the hospital, to the Chairman of the Board of County Commissioners, municipalities within a 75-mile radius, and other health care facilities and health care professionals, including:

- Hospitals within a 75-mile radius;
- Emergency services transport operators within a 75-mile radius;
- All licensed physicians;
- All urgent care facilities;
- All assisted living facilities; and
- The state representative and the state senator whose district includes the facility.

The notice of closure must be published in a newspaper of general circulation, three times every 30 days, and must include the reason for the closure and location of alternative sites for emergency care, as well as any anticipated impacts to local health insurance and health plan provider networks and contracts.

Prior to the closure of a nonprofit hospital, the hospital must hold three public meetings within a 75-mile radius of the closing hospital, and the hospital must advertise the meetings in a newspaper of general circulation.

Upon the closure of a nonprofit hospital, the bill requires the hospital to release physicians from any contractual agreements that would prevent them from practicing at another hospital within a 75-mile radius of the closing hospital.

The bill provides an effective date of July 1, 2025. (Section [12](#))

FISCAL OR ECONOMIC IMPACT:

PRIVATE SECTOR:

To the extent hospital corporations are no longer eligible for charitable property tax exemptions, such hospitals will experience a significant, indeterminate, negative fiscal impact.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

[Health Facilities Authorities](#)

The [Health Facilities Authorities Law](#) was enacted in 1974 to assist health facilities with additional means and assistance in the development and maintenance of health care related facilities and services as determined to be needed by the community. A [health facility](#) is eligible for this assistance if it is a not-for-profit private corporation authorized by law to provide:¹

- Hospital services in accordance with ch. 395, F.S.;
- Nursing home care in accordance with ch. 400, F.S.;
- Continuing care services in accordance with ch. 651, F.S.;
- Services for the developmentally disabled under ch. 393, F.S., provided by intermediate care facilities for the developmentally disabled; and
- Services for the mentally ill under ch. 394, F.S., including crisis stabilization units, residential treatment facilities, and specialty psychiatric hospitals.

A health facility or health care system that is organized as a not-for-profit limited liability company is not eligible to receive financing under the law.

Health Facilities Authorities (HFAs) are the governing bodies that provide this assistance. A HFA is a public corporation created by [s. 154.207, F.S.](#); or any board, body, commission, or department of a county or municipality succeeding to the principal functions of the public corporation or to whom the powers and responsibilities authorized by the law are given by the county or municipality.² Current law authorizes a county or municipality to create a HFA, by adopting an ordinance or resolution, if their governing body determines there is a need for an authority. A governing body may abolish a HFA by ordinance or resolution if all its bonded debt has been paid.

An HFA consists of five individuals designated by the governing body of a county or municipality who are residents of the county or municipality, and serve 4-year terms. Members of an HFA annually elect a chair and a vice chair.

There are currently 22 HFAs operating in Florida, including 14 county HFAs and 8 municipal HFAs.³

Powers of HFAs

Section [154.247, F.S.](#), authorizes HFA to issue bonds to a not-for-profit health facility to finance projects within the geographical boundaries of their county or municipality, or for another not-for-profit corporation under common control with that health facility, if the HFA finds that there will be a benefit or a cost savings to the health facility. The bonds can be used to assist facilities in the acquisition, construction, financing, and refinancing of health facility projects.⁴

Health facility projects include any structure, facility, machinery, equipment, or other property suitable for use by a health facility in connection with its operations.⁵

Current law grants certain powers of authority to HFAs to complete health facility projects, including, among other things, the ability to:⁶

¹ S. [154.205\(8\), F.S.](#)

² S. [154.205\(2\), F.S.](#)

³ County HFAs: Alachua, Brevard, Collier, Escambia, Highlands, Martin, Miami-Dade, Orange, Osceola, Palm Beach, Pasco, Pinellas, Santa Rosa, and Sarasota. Municipal HFAs: Altamonte Springs, Cape Coral, Miami, South Miami, St. Petersburg, Jacksonville, Miami Beach, and Mount Dora. See Florida Department of Commerce, Official List of Special Districts, available at <https://specialdistrictreports.floridajobs.org/OfficialList/SpecialDistrictProfiles> (last visited February 28, 2025).

⁴ S. [154.209, F.S.](#)

⁵ S. [154.205\(10\), F.S.](#)

- Make and execute agreements of lease, contracts, deeds, mortgages, notes, and other instruments necessary or convenient in the exercise of its powers and functions;
- Pledge or assign any money, rents, charges, fees, or other revenues and any proceeds derived from sales of property, insurance, or condemnation awards;
- Fix, charge, and collect rents, fees, and charges for the use of any project;
- Acquire existing projects and to refund outstanding obligations, mortgages, or advances issued, made, or given by a health facility for the cost of such project;
- Participate in and issue bonds and other forms of indebtedness for the purpose of establishing and maintaining an accounts receivable program on behalf of a health facility, which may include the financing of accounts receivable acquired by a health facility from other not-for-profit health care corporations, regardless of location within or outside the geographical boundaries of Florida.

Lease Agreements

An HFA may lease a project to a health facility for operation and maintenance. Such lease agreements may include, among other provisions, that:⁷

- The lessee shall, at its own expense, operate, repair, and maintain the project;
- The rent payable under the lease shall not be less than an amount sufficient to pay all the interest, principal, and redemption premiums, if any, on the bonds that shall be issued by the authority to pay the cost of the project or projects leased thereunder;
- The bonds issued by the HFA to pay the cost of the project;
- The lessee shall pay all costs incurred by the HFA in connection with the acquisition, financing, construction, and administration of the project, except as may be paid out of the proceeds of bonds or otherwise, including, but not limited to:
 - Insurance costs;
 - The cost of administering the bond resolution authorizing such bonds and any trust agreement securing the bonds; and
 - The fees and expenses of trustees, agents, attorneys, consultants, and others.
- The terms of the lease shall terminate not earlier than the date all such bonds and all other obligations incurred by the HFA in connection with the project are to be paid in full; and
- The lessee's obligation to pay rent shall not be subject to cancellation, termination, or abatement by the lessee until payment of the bonds or provision for such payment are made.

A lease agreement may also contain provisions for extensions of the term, renewals of the lease, and vesting in the lessee an option to purchase the project. An option to purchase a project may not be exercised unless all bonds issued for such project, including all principal, interest, and redemption premiums, and all other obligations incurred by the HFA have been paid in full or deposited in trust for payment. The purchase price of such project must be sufficient to pay in full all the bonds, including all principal, interest, and redemption premiums issued for the project, and all other obligations incurred by the HFA in connection with the project.⁸

Loan agreements are not permitted under the law.

Revenues

Section [154.225, F.S.](#), authorizes an HFA to fix and collect fees, rents, and charges for the use of any project. A HFA may require a lessee to operate, repair, and maintain a project as provided in a lease agreement or other contract. The fees, rents, and charges must be fixed to pay the principal of, and interest on such bonds, as they become due and payable. If deemed necessary to pay the principal and interest for such bonds, the fees, rents, and charges must also be fixed to create reserves.

⁶ S. 154.209(6), (8), (9), (13), F.S.

⁸ S. [154.213\(2\), F.S.](#)

The fees, rents, charges, and all other revenues derived from a project in which a bond has been issued must be set aside at regular intervals in a sinking fund. The sinking fund is pledged to, and charged with, the payment of the principal and interest from such a bond, and the redemption price or the purchase price of bonds retired by call or purchase. Such pledge must be valid and binding from the time it was made.⁹

Section [154.235, F.S.](#), authorizes a HFA to issue revenue bonds to refund any of its outstanding revenue bonds, including the payment of any redemption premium and any interest accrued.

Section [154.219, F.S.](#), authorizes any resolution used by an HFA to issue a revenue bond to include contractual provisions to address rentals and other charges, the amounts to be raised each year, and the use and disposition of revenues.

Trust Agreements

Section [154.221, F.S.](#), authorizes any bonds issued under the law to be secured by a trust agreement between the HFA and a corporate trustee, which may be any trust company or bank. The trust agreement providing for the issuance of such bonds may pledge or assign the fees, rents, charges, or proceeds from the sale of any project, insurance proceeds, condemnation awards, or other funds and revenues. Such a trust agreement may also provide for the mortgaging of any project as security for repayment of bonds and must contain provisions for protecting and enforcing the rights and remedies of the bondholders.

Section [154.229, F.S.](#), authorizes a bond-holder and a trustee to enforce and compel the performance of all duties to be performed by any lessee or HFA required under ch. 154 or a trust agreement, including the fixing, charging, and collecting of fees, rents, and charges.

Florida Charitable Property Tax Exemption

The Florida Constitution requires that all property be assessed at just value for ad valorem tax purposes,¹⁰ and provides for specified assessment limitations, property classifications and exemptions.¹¹ After the local property appraiser considers any assessment limitation or use classification affecting the just value of a property, an assessed value is produced. The assessed value is then reduced by any exemptions to produce the taxable value.¹² Such exemptions include, but are not limited to, exemptions for such portions of property used predominately for educational, literary, scientific, religious or charitable purposes.¹³

The Legislature implemented these constitutional exemptions and set forth the criteria to determine whether property is entitled to an exemption for use as a charitable, religious, scientific, or literary purpose.¹⁴ Specific provisions apply to property for hospitals, nursing homes, and homes for special services.¹⁵

In determining whether the use of a property qualifies the property for an ad valorem tax exemption, the property appraiser must consider the nature and extent of the qualifying activity compared to other activities performed by the organization owning the property, and the availability of the property for use by other qualifying entities.¹⁶ Only the portions of the property used predominantly for qualified purposes may be exempt from ad valorem taxation. If the property owned by an exempt organization is used exclusively for exempt purposes, it shall be totally exempt from ad valorem taxation.¹⁷

Charitable Organizations

⁹ *Id.*

¹⁰ Art VII, s. 4, Fla. Const.

¹¹ Art. VII, ss. 3, 4, and 6, Fla. Const.

¹² S. 196.031, F.S.

¹³ Art. VII, s. 3, Fla. Const.

¹⁴ SS. 196.195 and 196.196, F.S.

¹⁵ S. 196.197, F.S.

¹⁶ S. 196.196(1)(a)-(b), F.S.

¹⁷ S. 196.196(2), F.S.

Under federal law, an organization may only be tax-exempt if it is organized and operated for exempt purposes, including charitable and religious purposes.¹⁸ None of the organization's earnings may benefit any private shareholder or individual, and the organization may not attempt to influence legislation as a substantial part of its activities. Charitable purposes include relief of the poor, the distressed or the underprivileged, the advancement of religion, and lessening government burdens. Florida law defines a charitable purpose as a function or service which is of such a community service that its discontinuance could legally result in the allocation of public funds for the continuance of the function or the service.¹⁹

Determining Profit vs. Non-Profit Status of an Entity

Current law outlines the criteria a local property appraiser must consider in determining whether an applicant for a religious, literary, scientific, or charitable exemption is a nonprofit or profit-making venture for the purposes of receiving an exemption.²⁰ An applicant must provide the property appraiser with “such fiscal and other records showing in reasonable detail the financial condition, record of operations, and exempt and nonexempt uses of the property...for the immediately preceding fiscal year.”²¹

The applicant must show that “no part of the subject property, or the proceeds of the sale, lease, or other disposition thereof, will inure to the benefit of its members, directors, or officers or any person or firm operating for profit or for a nonexempt purpose.”²²

Based on the information provided by the applicant, the property appraiser must determine whether the applicant is a nonprofit or profit-making venture or if the property is used for a profit-making purpose. In doing so, the property appraiser must consider the reasonableness of various payments, loan guarantees, contractual arrangements, management functions, capital expenditures, procurements, charges for services rendered, and other financial dealings.²³

A charitable exemption may not be granted until the property appraiser, or value adjustment board on appeal, determines the applicant to be nonprofit.²⁴

Additional Criteria for Hospitals, Nursing Homes, and Homes for Special Services

In addition to the above criteria, hospitals²⁵, nursing homes²⁶ and homes for special services²⁷ must be Florida non-profit corporations that are exempt organizations under the provisions of s. 501(c)(3) of the Internal Revenue Code to qualify for a property tax exemption.²⁸

In determining the extent of the exemption to be granted to hospitals, nursing homes, and homes for special services, portions of the property leased as parking lots or garages operated by private enterprise are not exempt from taxation.²⁹ Property or facilities which are leased to a nonprofit corporation which provides direct medical services to patients in a nonprofit or public hospital and qualify under s. 196.196, F.S., are exempt from taxation.³⁰

¹⁸ 26 U.S.C. § 501(c)(3).

¹⁹ S. 196.012(7), F.S.

²⁰ S. 196.195, F.S.

²¹ S. 196.195(1), F.S.

²² S. 196.195(3), F.S.

²³ S. 196.195(2)(a)-(e), F.S.

²⁴ S. 196.195(4), F.S.

²⁵ S. 196.012(8), F.S., “Hospital” means an institution which possesses a valid license granted under chapter 395 on January 1 of the year for which exemption from ad valorem taxation is requested.

²⁶ S. 196.012(8), F.S., “Nursing home” or “home for special services” means an institution that possesses a valid license under chapter 400 or part I of chapter 429 on January 1 of the year for which exemption from ad valorem taxation is requested.

²⁷ *Id.*; See also s. 400.801, F.S. “Home for special services” means a site licensed by AHCA prior to January 1, 2006, where specialized health care services are provided, including personal and custodial care, but not continuous nursing services.

²⁸ S. 196.197, F.S.

²⁹ *Id.*

³⁰ *Id.*

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Health Care Facilities & Systems Subcommittee	17 Y, 0 N, As CS	3/4/2025	Calamas	Guzzo
THE CHANGES ADOPTED BY THE COMMITTEE:	Clarified that a limited liability company that has been organized as a not-for-profit entity may receive financing from a health facilities authority.			
Intergovernmental Affairs Subcommittee	16 Y, 0 N	3/12/2025	Darden	Darden
Health & Human Services Committee	24 Y, 0 N, As CS	3/31/2025	Calamas	Guzzo
THE CHANGES ADOPTED BY THE COMMITTEE:	<ul style="list-style-type: none">Required a nonprofit hospital to provide notice, 120 days prior to closing the hospital, to the Chairman of the Board of County Commissioners and other health care facilities and health care professionals, and required the notice to include specified information.Prohibited corporations from receiving exemptions from ad valorem property taxes, for all licensed hospitals under such corporate ownership, if the corporation closes one of its hospitals.			

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