

Reprint 4/10/85

MAR 26 1985

Place On Calendar

HOUSE FILE 746

BY COMMITTEE ON HUMAN RESOURCES

(Formerly House Study Bill 361)

Passed House, Date 4-8-85 (p. 1347) Passed Senate, Date 4-22-85 (p. 1565)

Vote: Ayes 95 Nays 0 Vote: Ayes 45 Nays 0

Approved May 15, 1985

A BILL FOR

1 An Act relating to merged area hospitals.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 746

1 Section 1. Section 145A.2, unnumbered paragraph 1, Code
2 1985, is amended to read as follows:

3 As used in this chapter, unless the context indicates
4 otherwise:

5 Sec. 2. Section 145A.2, subsection 3, Code 1985, is
6 amended to read as follows:

7 3. "Merged area" means a public corporation formed by the
8 residents of two or more contiguous or noncontiguous political
9 subdivisions which have merged resources to establish and
10 operate an area hospital.

11 Sec. 3. Section 145A.3, Code 1985, is amended to read as
12 follows:

13 145A.3 OFFICIAL PLANNING -- MAXIMUM LEVY.

14 The officials of any a political subdivision are-hereby
15 authorized-to may plan for-the-merger-of-an the formation of a
16 public corporation as a merged area to establish and operate
17 an area hospital;-and-in. In planning for such-hospitals an
18 area hospital, a county board of supervisors may exclude from
19 the merged area any township of the county which the board of
20 supervisors determines would not sufficiently benefit by the
21 merger and the portion of the county not so excluded shall
22 constitute one public corporation for the purposes of this
23 chapter. Plans for an area hospital shall include the maximum
24 amount to be levied in for debt service and operation and
25 maintenance of the area hospital in the portion of the merged
26 area within each political subdivision taking part in the
27 merger;-and. However, the maximum tax rates for the various
28 political subdivisions may vary as the officials determine,
29 such-variance-to-be based upon the need for hospital service
30 of the residents of each political subdivision, the proximity
31 of such the residents to the proposed location of the
32 hospital, the property values within said the subdivision, and
33 the expected service benefits to the residents of each
34 subdivision by the proposed area hospital.

35 Sec. 4. Section 145A.5, Code 1985, is amended to read as

1 follows:

2 145A.5 ORDER OF APPROVAL.

3 When a plan is approved, the officials approving such the
4 plan shall jointly issue an order of approval. ~~Such~~ The order
5 shall specify the area to be merged, the maximum ~~levy-in~~ rate
6 of tax to be levied for debt service and operation and
7 maintenance of the proposed area hospital in the portion of
8 the merged area within each political subdivision, the
9 proposed location of the hospital building, the estimated cost
10 of the establishment of the hospital, and any other details
11 concerning the establishment and operation of the hospital
12 they the officials deem pertinent. The order shall then be
13 published in one or more newspapers which have general
14 circulation within the merged area ~~for~~ once each week for
15 three consecutive weeks, but the newspapers selected need not
16 be published in the merged area. ~~Such~~ The published order
17 shall ~~also~~ contain a notice to the residents of each
18 subdivision of the proposed merged area that if ~~they the~~
19 residents fail to protest as provided ~~herein, that~~ in this
20 chapter, the order shall be deemed approved upon the
21 expiration of a sixty-day period following the date of the
22 last published notice.

23 Sec. 5. Section 145A.12, Code 1985, is amended to read as
24 follows:

25 145A.12 OPERATION AND MANAGEMENT.

26 The board shall govern the operation and management of the
27 area hospital and ~~is hereby empowered to~~ may do all things
28 necessary to establish and operate ~~said the~~ hospital and shall
29 have. The board has all the general powers, duties, and
30 responsibilities of the trustees of county public hospitals as
31 set out in sections 347.13 and 347.14 and may enter into
32 contracts with nonprofit organizations for the operation and
33 management of area hospital facilities.

34 Sec. 6. Section 145A.13, Code 1985, is amended to read as
35 follows:

1 145A.13 POLITICAL STATUS.

2 A hospital merged area as a public corporation formed under
3 ~~the-provisions-of~~ this chapter ~~shall-be-a-body-politic-for-the~~
4 ~~purpose-of-exercising~~ may exercise the powers granted under
5 this chapter, and ~~as-such~~ may sue and be sued, purchase and
6 sell property, incur indebtedness in accordance with
7 constitutional limitations, and exercise all the powers
8 granted by law and ~~such~~ other powers ~~as-are~~ incident to public
9 corporations of like character and not inconsistent with the
10 laws of this state.

11 Sec. 7. Section 145A.14, Code 1985, is amended to read as
12 follows:

13 145A.14 BUDGET FOR OPERATION.

14 The board shall prepare an annual budget designating the
15 proposed expenditures for operation of the area hospital and
16 payment of bonded indebtedness, and the amount to be raised by
17 taxation, following the requirements of chapter 24. The board
18 shall prorate the amount to be raised for operations by local
19 taxation among the respective political subdivisions forming a
20 part of the merged area in the proportion that the product of
21 the value of taxable property and the maximum tax levy rate in
22 each political subdivision bears to the total product of the
23 value of taxable property and the maximum tax levy rate in the
24 entire merged area, but-not-in-an-amount-which-would-exceed
25 the-maximum-levy as set out in the published order of merger.
26 The board of hospital trustees shall certify the amount so
27 determined to the respective levying officials of the merged
28 area affected counties, and ~~said~~ the officials shall levy a
29 tax sufficient to raise the annual budget. Taxes collected
30 pursuant to ~~such~~ the levy shall be paid by the respective
31 ~~officials~~ county treasurers to the treasurer of the merged
32 area hospital in the same manner that school taxes are paid to
33 local school districts.

34 Sec. 8. Section 145A.17, Code 1985, is amended to read as
35 follows:

1 145A.17 INDEBTEDNESS AND BONDS.

2 Boards of hospital trustees may by resolution acquire sites
3 and ~~erect-and-equip~~ buildings by purchase, lease,
4 construction, or otherwise, for use by area hospitals and may
5 by resolution contract indebtedness on behalf of the merged
6 area and issue bonds bearing interest at a rate not exceeding
7 that the rate of interest permitted by chapter 74A, to raise
8 funds ~~for-such-purposes~~ in accordance with chapter 75 for the
9 purpose of acquiring the sites and buildings.

10 Sec. 9. Section 145A.18, Code 1985, is amended to read as
11 follows:

12 145A.18 TAXES.

13 Taxes for the payment of bonds issued under section 145A.17
14 shall be levied in accordance with chapter 76~~7~~-provided,
15 ~~however,-that-the-total-tax-levy-for-the-annual-budget-and-for~~
16 ~~bonds-issued-under-this-chapter,-shall-not-exceed-the-maximum~~
17 ~~for-each-political-subdivision-as-provided-in-the-published~~
18 order-of-merger and in the same proportion as provided in
19 section 145A.14. Any indebtedness incurred shall not be
20 considered an indebtedness incurred for general and ordinary
21 purposes.

22 Sec. 10. Section 145A.20, Code 1985, is amended to read as
23 follows:

24 145A.20 REVENUE BONDS.

25 In addition to any other provisions of this chapter and for
26 the purpose of acquiring, constructing, equipping, enlarging,
27 or improving a hospital building or any part thereof of a
28 hospital building, merged areas may issue revenue bonds and
29 the board has all the powers and duties of a county board of
30 supervisors as provided in chapter 331, division IV, part 4
31 and section 347A.3.

32 Sec. 11. NEW SECTION. 145A.21 AMENDMENT OF PLAN OF
33 MERGER -- PROCEDURES -- QUALIFICATIONS.

34 A plan of merger once approved may be amended. An
35 amendment shall be formulated and approved in the same manner

1 and subject to the same limitations as provided in sections
2 145A.3 through 145A.9 for the formulation and approval of an
3 original plan of merger. However, an amendment to a plan of
4 merger shall not in any way impair the obligation of or source
5 of payment for bonds or other indebtedness duly contracted
6 prior to the effective date of the amendment to the plan of
7 merger.

8 Sec. 12. NEW SECTION. 145A.22 ACTIONS SUBJECT TO CONTEST
9 OF ELECTIONS -- FILING ACTIONS -- LIMITATION.

10 A special election called to approve or reject an original
11 plan of merger or an amendment to an approved plan of merger
12 is subject to the provisions for contest of elections for
13 public measures set forth in chapter 57. Except as provided
14 with respect to election contests, after one hundred twenty
15 days following the third and final publication of the order of
16 approval of the plan or amendment to the plan of merger, an
17 action shall not be filed to contest the regularity of the
18 proceedings with respect to a plan of merger or amendment to a
19 plan of merger. After one hundred twenty days the
20 organization of the merged area is conclusively presumed to
21 have been lawful.

22 Sec. 13. Section 347A.3, Code 1985, is amended by adding
23 the following new unnumbered paragraph:

24 NEW UNNUMBERED PARAGRAPH. A tax levied under this section
25 for paying the expenses of operation and maintenance of a
26 merged area hospital pursuant to the authority granted a
27 merged area under section 145A.20, shall only be levied on the
28 assessed value of property in that portion of a county which
29 is part of the merged area, in accordance with the plan or
30 merger established, approved, and implemented under sections
31 145A.3, 145A.4, 145A.5, and 145A.14.

32 EXPLANATION

33 The bill provides that a merged area which results from the
34 process of planning and approval contemplated by chapter 145A
35 for the purpose of establishing a merged area hospital is a

1 public corporation of this state with attendant powers. Bonds
2 issued are the obligations of the public corporation rather
3 than a promise of the board of trustees to repay from future
4 taxes or revenues.

5 If a board of supervisors excludes one or more townships
6 from the county for purposes of planning the formation of a
7 merged area, the portion of the county not so excluded
8 constitutes one public corporation. The rate of tax for the
9 merged area is applicable only to those portions of each
10 political subdivision which are located within the merged
11 area, with a separate tax for operations and debt service.

12 The bill specifies that in planning, different tax rates
13 are applicable to each participating political subdivision,
14 with the taxes proportioned by valuation and in proportion to
15 the tax levy rates as determined in the plan of merger.

16 Provision is made for the operation of a merged area
17 hospital by contract with a nonprofit organization.

18 New sections are added to chapter 145A providing for the
19 amendment of a plan of merger following the same process as
20 used in approval of the initial plan of merger, and providing
21 for the contest of elections to approve a plan following the
22 same process as used in election contests for public measures.
23 Actions for the contest of organizational procedures are also
24 limited to a 120-day period.

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HOUSE FILE 746

FISCAL NOTE

REQUESTED BY REPRESENTATIVE STURGEON

In compliance with a written request received March 21, 1985, a fiscal note for HOUSE FILE 746 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 746 provides that a merged area which results from the process of planning and approval contemplated by Chapter 145A for the purpose of establishing a merged area hospital is a public corporation of Iowa with attendant powers. Therefore, bonds issued are the obligations of the public corporation rather than a promise of the board of trustees to repay from future taxes or revenues.

If a board of supervisors excludes one or more townships from the county for purposes of planning the formation of a merged area, the portion of the county not so excluded constitutes one public corporation. The rate of tax for the merged area is applicable only to those portions of each political subdivisions which are located within the merged area, with a separate tax for operation and debt service.

House File 746 specifies that in planning, different tax rates are applicable to each participating political subdivision, with the taxes proportioned by valuation and in proportion to tax levy rates as determined in the plan of merger.

House File 746 also provides for the operation of a merged area hospital by contract with a nonprofit organization.

FISCAL EFFECT: There is no apparent programmatic nor fiscal effect under House File 746.

Source: Department of Health
FILED MARCH 28, 1985

(LSB 2506H, RRS)
BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 746

H-3595

- 1 Amend House File 746 as follows:
- 2 1. Page 2, line 32, by inserting after the word
- 3 "nonprofit" the following: "or profit".

H-3595 FILED APRIL 2, 1985 BY SPEAR of Lee

Placed 4/6 4/8/85 (p. 1396)

HOUSE FILE 746

H-3633

- 1 Amend House File 746 as follows:
- 2 1. Page 5, by inserting after line 21 the
- 3 following:
- 4 "Sec. ____ . Section 347.9, Code 1985, is amended to
- 5 read as follows:
- 6 347.9 TRUSTEES -- APPOINTMENT --TERMS OF OFFICE.
- 7 When it has been determined by the voters of a
- 8 county to establish a county public hospital, the
- 9 board shall appoint seven trustees chosen from among
- 10 the resident citizens of the county with reference to
- 11 their fitness for such office, and not more than four
- 12 of such the trustees shall be residents of the city or
- 13 village at which such the hospital is located. Such
- 14 The trustees shall hold office until the following
- 15 general election, at which time their successors shall
- 16 be elected, two for a term of two years, two for four
- 17 years, and three for six years, and they shall
- 18 determine by lot their respective terms, and
- 19 thereafter their successors shall be elected for
- 20 regular terms of six years each, none of whom shall be
- 21 physicians or licensed practitioners. A trustee or
- 22 spouse of the trustee shall not receive direct
- 23 compensation from the county public hospital or from a
- 24 person contracting for services with the hospital."

H-3633 FILED APRIL 3, 1985 BY ZIMMERMAN of Dallas

Revised not German 4/8 (p. 1397)

HOUSE FILE 746

H-3632

- 1 Amend House File 746 as follows:
- 2 1. Page 2, by striking line 32, and inserting the
- 3 following: "contracts for the operation and".

BY SPEAR of Lee

H-3632 FILED APRIL 3, 1985 ZIMMERMAN of Dallas

Adopted 4/8 (p. 1396)

HOUSE FILE 746

BY COMMITTEE ON HUMAN RESOURCES

(As Amended and Passed by the House April 8, 1985)

Substituted for S.F. 491 H/1/85

Passed House, Date 4-8-85 (p. 1397) Passed Senate, Date 4-22-85 (p. 1565)

Vote: Ayes 95 Nays 0 Vote: Ayes 45 Nays 0

Approved May 15, 1985

A BILL FOR

1 An Act relating to merged area hospitals.

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House Amendments _____

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4 otherwise:

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8 residents of two or more contiguous or noncontiguous political
9 subdivisions which have merged resources to establish and
10 operate an area hospital.

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12 follows:

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14 The officials of any a political subdivision are hereby
15 authorized to may plan for the merger of an the formation of a
16 public corporation as a merged area to establish and operate
17 an area hospital; and in. In planning for such hospitals an
18 area hospital, a county board of supervisors may exclude from
19 the merged area any township of the county which the board of
20 supervisors determines would not sufficiently benefit by the
21 merger and the portion of the county not so excluded shall
22 constitute one public corporation for the purposes of this
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24 amount to be levied in for debt service and operation and
25 maintenance of the area hospital in the portion of the merged
26 area within each political subdivision taking part in the
27 merger; and. However, the maximum tax rates for the various
28 political subdivisions may vary as the officials determine,
29 such variance to be based upon the need for hospital service
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 4 plan shall jointly issue an order of approval. Such The order
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 8 the merged area within each political subdivision, the
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 10 of the establishment of the hospital, and any other details
 11 concerning the establishment and operation of the hospital
 12 they the officials deem pertinent. The order shall then be
 13 published in one or more newspapers which have general
 14 circulation within the merged area for once each week for
 15 three consecutive weeks, but the newspapers selected need not
 16 be published in the merged area. Such The published order
 17 shall also contain a notice to the residents of each
 18 subdivision of the proposed merged area that if they the
 19 residents fail to protest as provided herein, that in this
 20 chapter, the order shall be deemed approved upon the
 21 expiration of a sixty-day period following the date of the
 22 last published notice.

23 Sec. 5. Section 145A.12, Code 1985, is amended to read as
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 27 area hospital and ~~is hereby empowered to~~ may do all things
 28 necessary to establish and operate ~~said the~~ the hospital ~~and shall~~
 29 have. The board has all the general powers, duties, and
 30 responsibilities of the trustees of county public hospitals as
 31 set out in sections 347.13 and 347.14 and may enter into
 32 contracts for the operation and management of area hospital
 33 facilities.

34 Sec. 6. Section 145A.13, Code 1985, is amended to read as
35 follows:

1 145A.13 POLITICAL STATUS.

2 A ~~hospital~~ merged area as a public corporation formed under
3 ~~the provisions of~~ this chapter ~~shall be a body politic for the~~
4 ~~purpose of exercising~~ may exercise the powers granted under
5 this chapter, and ~~as such~~ may sue and be sued, purchase and
6 sell property, incur indebtedness in accordance with
7 constitutional limitations, and exercise all the powers
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15 proposed expenditures for operation of the area hospital and
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17 taxation, following the requirements of chapter 24. The board
18 shall prorate the amount to be raised for operations by local
19 taxation among the respective political subdivisions forming a
20 part of the merged area in the proportion that the product of
21 the value of taxable property and the maximum tax levy rate in
22 each political subdivision bears to the total product of the
23 value of taxable property and the maximum tax levy rate in the
24 entire merged area, but not in an amount which would exceed
25 the maximum levy as set out in the published order of merger.
26 The board of hospital trustees shall certify the amount so
27 determined to the respective levying officials of the merged
28 area affected counties, and ~~said~~ the officials shall levy a
29 tax sufficient to raise the annual budget. Taxes collected
30 pursuant to ~~such~~ the levy shall be paid by the respective
31 officials county treasurers to the treasurer of the merged
32 area hospital in the same manner that school taxes are paid to
33 local school districts.

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5 by resolution contract indebtedness on behalf of the merged
6 area and issue bonds bearing interest at a rate not exceeding
7 that the rate of interest permitted by chapter 74A, to raise
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9 purpose of acquiring the sites and buildings.

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13 Taxes for the payment of bonds issued under section 145A.17
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16 ~~bonds-issued-under-this-chapter,-shall-not-exceed-the-maximum~~
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18 order-of-merger and in the same proportion as provided in
19 section 145A.14. Any indebtedness incurred shall not be
20 considered an indebtedness incurred for general and ordinary
21 purposes.

22 Sec. 10. Section 145A.20, Code 1985, is amended to read as
23 follows:

24 145A.20 REVENUE BONDS.

25 In addition to any other provisions of this chapter and for
26 the purpose of acquiring, constructing, equipping, enlarging,
27 or improving a hospital building or any part thereof of a
28 hospital building, merged areas may issue revenue bonds and
29 the board has all the powers and duties of a county board of
30 supervisors as provided in chapter 331, division IV, part 4
31 and section 347A.3.

32 Sec. 11. NEW SECTION. 145A.21 AMENDMENT OF PLAN OF
33 MERGER -- PROCEDURES -- QUALIFICATIONS.

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35 amendment shall be formulated and approved in the same manner

1 and subject to the same limitations as provided in sections
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9 OF ELECTIONS -- FILING ACTIONS -- LIMITATION.

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Now
HP 7/4/6

SENATE/HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
HUMAN RESOURCES BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

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S.F. _____ H.F. _____

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S.F. _____ H.F. _____

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9 corporations of like character and not inconsistent with the
10 laws of this state.

11 Sec. 7. Section 145A.14, Code 1985, is amended to read as
12 follows:

13 145A.14 BUDGET FOR OPERATION.

14 The board shall prepare an annual budget designating the
15 proposed expenditures for operation of the area hospital and
16 payment of bonded indebtedness, and the amount to be raised by
17 taxation, following the requirements of chapter 24. The board
18 shall prorate the amount to be raised for operations by local
19 taxation among the respective political subdivisions forming a
20 part of the merged area in the proportion that the product of
21 the value of taxable property and the maximum tax levy rate in
22 each political subdivision bears to the total product of the
23 value of taxable property and the maximum tax levy rate in the
24 ~~entire merged area, but-not-in-an-amount-which-would-exceed~~
25 ~~the-maximum-levy as~~ set out in the published order of merger.
26 The board of hospital trustees shall certify the amount so
27 determined to the respective levying officials of the merged
28 area affected counties, and ~~said the~~ officials shall levy a
29 tax sufficient to raise the annual budget. Taxes collected
30 pursuant to ~~such the~~ levy shall be paid by the respective
31 ~~officials~~ county treasurers to the treasurer of the merged
32 area hospital in the same manner that school taxes are paid to
33 local school districts.

34 Sec. 8. Section 145A.17, Code 1985, is amended to read as
35 follows:

1 145A.17 INDEBTEDNESS AND BONDS.

2 Boards of hospital trustees may by resolution acquire sites
3 and ~~erect-and-equip~~ buildings by purchase, lease,
4 construction, or otherwise, for use by area hospitals and may
5 by resolution contract indebtedness on behalf of the merged
6 area and issue bonds bearing interest at a rate not exceeding
7 that the rate of interest permitted by chapter 74A, to raise
8 funds ~~for-such-purposes~~ in accordance with chapter 75 for the
9 purpose of acquiring the sites and buildings.

10 Sec. 9. Section 145A.18, Code 1985, is amended to read as
11 follows:

12 145A.18 TAXES.

13 Taxes for the payment of bonds issued under section 145A.17
14 shall be levied in accordance with chapter 76, ~~provided,~~
15 ~~however, that the total tax levy for the annual budget and for~~
16 ~~bonds issued under this chapter, shall not exceed the maximum~~
17 ~~for each political subdivision as provided in the published~~
18 ~~order of merger and in the same proportion as provided in~~
19 section 145A.14. Any indebtedness incurred shall not be
20 considered an indebtedness incurred for general and ordinary
21 purposes.

22 Sec. 10. Section 145A.20, Code 1985, is amended to read as
23 follows:

24 145A.20 REVENUE BONDS.

25 In addition to any other provisions of this chapter and for
26 the purpose of acquiring, constructing, equipping, enlarging,
27 or improving a hospital building or any part thereof of a
28 hospital building, merged areas may issue revenue bonds and
29 the board has all the powers and duties of a county board of
30 supervisors as provided in chapter 331, division IV, part 4
31 and section 347A.3.

32 Sec. 11. NEW SECTION. 145A.21 AMENDMENT OF PLAN OF
33 MERGER -- PROCEDURES -- QUALIFICATIONS.

34 A plan of merger once approved may be amended. An
35 amendment shall be formulated and approved in the same manner

1 and subject to the same limitations as provided in sections
2 145A.3 through 145A.9 for the formulation and approval of an
3 original plan of merger. However, an amendment to a plan of
4 merger shall not in any way impair the obligation of or source
5 of payment for bonds or other indebtedness duly contracted
6 prior to the effective date of the amendment to the plan of
7 merger.

8 Sec. 12. NEW SECTION. 145A.22 ACTIONS SUBJECT TO CONTEST
9 OF ELECTIONS -- FILING ACTIONS -- LIMITATION.

10 A special election called to approve or reject an original
11 plan of merger or an amendment to an approved plan of merger
12 is subject to the provisions for contest of elections for
13 public measures set forth in chapter 57. Except as provided
14 with respect to election contests, after one hundred twenty
15 days following the third and final publication of the order of
16 approval of the plan or amendment to the plan of merger, an
17 action shall not be filed to contest the regularity of the
18 proceedings with respect to a plan of merger or amendment to a
19 plan of merger. After one hundred twenty days the
20 organization of the merged area is conclusively presumed to
21 have been lawful.

22 Sec. 13. This Act is applicable to merged areas and area
23 hospitals in existence on the effective date of this Act,
24 except for the provisions of this Act which apply to the
25 procedure for the formation of a merged area.

26 EXPLANATION

27 The bill provides that a merged area which results from the
28 process of planning and approval contemplated by chapter 145A
29 for the purpose of establishing a merged area hospital is a
30 public corporation of this state with attendant powers. Bonds
31 issued are the obligations of the public corporation rather
32 than a promise of the board of trustees to repay from future
33 taxes or revenues.

34 If a board of supervisors excludes one or more townships
35 from the county for purposes of planning the formation of a

1 merged area, the portion of the county not so excluded
2 constitutes one public corporation. The rate of tax for the
3 merged area is applicable only to those portions of each
4 political subdivision which are located within the merged
5 area, with a separate tax for operations and debt service.

6 The bill specifies that in planning, different tax rates
7 are applicable to each participating political subdivision,
8 with the taxes proportioned by valuation and in proportion to
9 the tax levy rates as determined in the plan of merger.

10 Provision is made for the operation of a merged area
11 hospital by contract with a nonprofit organization.

12 New sections are added to chapter 145A providing for the
13 amendment of a plan of merger following the same process as
14 used in approval of the initial plan of merger, and providing
15 for the contest of elections to approve a plan following the
16 same process as used in election contests for public measures.
17 Actions for the contest of organizational procedures are also
18 limited to a 120-day period.

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HOUSE FILE 746

AN ACT
RELATING TO MERGED AREA HOSPITALS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 145A.2, unnumbered paragraph 1, Code 1985, is amended to read as follows:

As used in this chapter, unless the context indicates otherwise:

Sec. 2. Section 145A.2, subsection 3, Code 1985, is amended to read as follows:

3. "Merged area" means a public corporation formed by the residents of two or more contiguous or noncontiguous political subdivisions which have merged resources to establish and operate an area hospital.

Sec. 3. Section 145A.3, Code 1985, is amended to read as follows:

145A.3 OFFICIAL PLANNING -- MAXIMUM LEVY.

The officials of any a political subdivision are hereby ~~authorized to may plan for the merger of an~~ the formation of a public corporation as a merged area to establish and operate an area hospital; and in. In planning for such hospitals an area hospital, a county board of supervisors may exclude from the merged area any township of the county which the board of supervisors determines would not sufficiently benefit by the merger and the portion of the county not so excluded shall constitute one public corporation for the purposes of this chapter. Plans for an area hospital shall include the maximum amount to be levied in for debt service and operation and maintenance of the area hospital in the portion of the merged area within each political subdivision taking part in the merger; and. However, the maximum tax rates for the various political subdivisions may vary as the officials determine,

~~such variance to be~~ based upon the need for hospital service of the residents of each political subdivision, the proximity of such the residents to the proposed location of the hospital, the property values within said the subdivision, and the expected service benefits to the residents of each subdivision by the proposed area hospital.

Sec. 4. Section 145A.5, Code 1985, is amended to read as follows:

145A.5 ORDER OF APPROVAL.

When a plan is approved, the officials approving such the plan shall jointly issue an order of approval. Such The order shall specify the area to be merged, the maximum levy in rate of tax to be levied for debt service and operation and maintenance of the proposed area hospital in the portion of the merged area within each political subdivision, the proposed location of the hospital building, the estimated cost of the establishment of the hospital, and any other details concerning the establishment and operation of the hospital they the officials deem pertinent. The order shall then be published in one or more newspapers which have general circulation within the merged area for once each week for three consecutive weeks, but the newspapers selected need not be published in the merged area. Such The published order shall also contain a notice to the residents of each subdivision of the proposed merged area that if they the residents fail to protest as provided herein, that in this chapter, the order shall be deemed approved upon the expiration of a sixty-day period following the date of the last published notice.

Sec. 5. Section 145A.12, Code 1985, is amended to read as follows:

145A.12 OPERATION AND MANAGEMENT.

The board shall govern the operation and management of the area hospital and ~~is hereby empowered to may~~ do all things necessary to establish and operate said the hospital and shall

have. The board has all the general powers, duties, and responsibilities of the trustees of county public hospitals as set out in sections 347.13 and 347.14 and may enter into contracts for the operation and management of area hospital facilities.

Sec. 6. Section 145A.13, Code 1985, is amended to read as follows:

145A.13 POLITICAL STATUS.

A hospital merged area as a public corporation formed under the provisions of this chapter shall be a body politic for the purpose of exercising may exercise the powers granted under this chapter, and as such may sue and be sued, purchase and sell property, incur indebtedness in accordance with constitutional limitations, and exercise all the powers granted by law and such other powers as are incident to public corporations of like character and not inconsistent with the laws of this state.

Sec. 7. Section 145A.14, Code 1985, is amended to read as follows:

145A.14 BUDGET FOR OPERATION.

The board shall prepare an annual budget designating the proposed expenditures for operation of the area hospital and payment of bonded indebtedness, and the amount to be raised by taxation, following the requirements of chapter 24. The board shall prorate the amount to be raised for operations by local taxation among the respective political subdivisions forming a part of the merged area in the proportion that the product of the value of taxable property and the maximum tax levy rate in each political subdivision bears to the total product of the value of taxable property and the maximum tax levy rate in the entire merged area, but not in an amount which would exceed the maximum levy as set out in the published order of merger. The board of hospital trustees shall certify the amount so determined to the respective levying officials of the merged area affected counties, and said the officials shall levy a

tax sufficient to raise the annual budget. Taxes collected pursuant to such the levy shall be paid by the respective officials county treasurers to the treasurer of the merged area hospital in the same manner that school taxes are paid to local school districts.

Sec. 8. Section 145A.17, Code 1985, is amended to read as follows:

145A.17 INDEBTEDNESS AND BONDS.

Boards of hospital trustees may by resolution acquire sites and erect and equip buildings by purchase, lease, construction, or otherwise, for use by area hospitals and may by resolution contract indebtedness on behalf of the merged area and issue bonds bearing interest at a rate not exceeding that the rate of interest permitted by chapter 74A, to raise funds for such purposes in accordance with chapter 75 for the purpose of acquiring the sites and buildings.

Sec. 9. Section 145A.18, Code 1985, is amended to read as follows:

145A.18 TAXES.

Taxes for the payment of bonds issued under section 145A.17 shall be levied in accordance with chapter 767 provided; however, that the total tax levy for the annual budget and for bonds issued under this chapter, shall not exceed the maximum for each political subdivision as provided in the published order of merger and in the same proportion as provided in section 145A.14. Any indebtedness incurred shall not be considered an indebtedness incurred for general and ordinary purposes.

Sec. 10. Section 145A.20, Code 1985, is amended to read as follows:

145A.20 REVENUE BONDS.

In addition to any other provisions of this chapter and for the purpose of acquiring, constructing, equipping, enlarging, or improving a hospital building or any part thereof of a hospital building, merged areas may issue revenue bonds and

the board has all the powers and duties of a county board of supervisors as provided in chapter 331, division IV, part 4 and section 347A.3.

Sec. 11. NEW SECTION. 145A.21 AMENDMENT OF PLAN OF MERGER -- PROCEDURES -- QUALIFICATIONS.

A plan of merger once approved may be amended. An amendment shall be formulated and approved in the same manner and subject to the same limitations as provided in sections 145A.3 through 145A.9 for the formulation and approval of an original plan of merger. However, an amendment to a plan of merger shall not in any way impair the obligation of or source of payment for bonds or other indebtedness duly contracted prior to the effective date of the amendment to the plan of merger.

Sec. 12. NEW SECTION. 145A.22 ACTIONS SUBJECT TO CONTEST OF ELECTIONS -- FILING ACTIONS -- LIMITATION.

A special election called to approve or reject an original plan of merger or an amendment to an approved plan of merger is subject to the provisions for contest of elections for public measures set forth in chapter 57. Except as provided with respect to election contests, after one hundred twenty days following the third and final publication of the order of approval of the plan or amendment to the plan of merger, an action shall not be filed to contest the regularity of the proceedings with respect to a plan of merger or amendment to a plan of merger. After one hundred twenty days the organization of the merged area is conclusively presumed to have been lawful.

Sec. 13. Section 347A.3, Code 1985, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. A tax levied under this section for paying the expenses of operation and maintenance of a merged area hospital pursuant to the authority granted a merged area under section 145A.20, shall only be levied on the assessed value of property in that portion of a county which

is part of the merged area, in accordance with the plan of merger established, approved, and implemented under sections 145A.3, 145A.4, 145A.5, and 145A.14.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 746, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House
Approved May 15, 1985

TERRY E. BRANSTAD
Governor