

**CHAPTER 123**  
**MERGED AREA HOSPITALS**  
*H.F. 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 76, 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 or merger established, approved, and implemented under sections 145A.3, 145A.4, 145A.5, and 145A.14.

Approved May 15, 1985