

## **BILL ANALYSIS**

C.S.H.B. 1307  
By: Springer  
County Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties note that typically hospital districts have two options for financing projects. One option is to borrow money to be secured by operating revenue, but the parties note that a district is often limited in the amount of money it can earn through such revenue. The second option is to issue revenue bonds, which the parties note is a viable option for large projects but not for small or medium projects. The parties note, however, that some hospital districts have an additional option, which is the authority to mortgage or pledge certain buildings and improvements as security for the payment of the purchase price. The parties contend that this option allows hospital districts to utilize traditional mortgages to finance small and medium projects and that such option should be granted to the Gainesville Hospital District. Additionally, the parties note the need to revise the number of directors of the Nocona Hospital District needed for a quorum and other matters. C.S.H.B. 1307 seeks to address these issues.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 1307 amends the Special District Local Laws Code to authorize the Gainesville Hospital District to mortgage or pledge the buildings and improvements the district purchases, constructs, acquires, repairs, or renovates as security for the payment of the purchase price but caps the total amount of debt secured by the district's buildings and improvements at \$2.5 million.

C.S.H.B. 1307 decreases from five to four the number of directors of the Nocona Hospital District that constitute a quorum and the number of directors a concurrence of which is sufficient in any matter relating to district business.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 1307 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial

differences between the introduced and committee substitute versions of the bill.

#### INTRODUCED

SECTION 1. Sec. 1077.106(b), Special District Local Laws Code, is amended to read as follows:

(b) The district may:

(1) purchase, construct, acquire, repair, or renovate buildings and improvements;

(2) mortgage or pledge the buildings or improvements as security for payment of the purchase price; and

~~(3)~~ equip buildings and improvements for hospital purposes.

No equivalent provision.

SECTION 2. This act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this act does not receive the vote necessary for immediate effect, this act takes effect September 1, 2015.

#### HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 1077.106, Special District Local Laws Code, is amended by amending Subsection (b) and adding Subsection (c) to read as follows:

(b) The district may:

(1) purchase, construct, acquire, repair, or renovate buildings and improvements; ~~and~~

(2) mortgage or pledge the buildings and improvements as security for the payment of the purchase price, subject to Subsection (c); and

~~(3)~~ equip buildings and improvements for hospital purposes.

(c) The total amount of debt secured by the district's buildings and improvements may not exceed \$2.5 million.

SECTION 2. Sections 1081.056 and 1081.057, Special District Local Laws Code, are amended to read as follows:

Sec. 1081.056. QUORUM. Any four ~~five~~ directors constitute a quorum.

Sec. 1081.057. VOTING REQUIREMENT. A concurrence of four ~~five~~ directors is sufficient in any matter relating to district business.

SECTION 3. Substantially the same as introduced version.