HOUSE RESEARCH ORGANIZATION digest | 5/26/97 | SB 17 Fraser (Place)

SUBJECT: Authorizing emergency borrowing by county hospital districts

COMMITTEE: County Affairs — favorable, without amendment

VOTE: 6 ayes — R. Lewis, Christian, Denny, Flores, Gutierrez, G. Lewis

0 nays

3 absent — Kamel, Bonnen, Chisum

SENATE VOTE: On final passage, May 5 — voice vote

WITNESSES: No public hearing

BACKGROUND: County hospital districts may issue bonds for the construction, purchase, or operation of county hospitals. Districts may levy up to 0.75 cents per $100 valuation of taxable property within the district, with voter approval.

Sec. 264.030 of the Health and Safety Code authorizes the board of a county hospital district to sell real property acquired by gift or purchase that the board determines is not needed for hospital purposes and establishes bidding and notice requirements for such sales. Sec. 264.031 provides procedures for selling all or part of a district-owned hospital.

DIGEST: SB 17 would authorize county hospital district boards to borrow money in emergencies when funds were not available to meet lawfully authorized obligations. The interest rate on loans could be no more than the maximum annual percentage rate allowed by law for district obligations at the time the loan was made. To secure a loan, the board could pledge revenues not pledged to pay bond indebtedness or bonds that had been authorized and not sold. A loan for which bonds were pledged would have to be paid within one year; a loan pledged with district revenues would have to be paid within five years.

Loan funds could only be used for the declared emergency. If bonds were pledged for the loan, it could used for any purpose for which the pledged bonds were authorized.

SB 17 also would specify that sec. 264.030 of the Health and Safety Code would not apply to the sale or closing of a hospital by a county hospital district.

SB 17 would take effect September 1, 1997.