

BILL ANALYSIS

Senate Research Center

S.B. 992
By: Nixon
Intergovernmental Relations
3-19-97
As Filed

DIGEST

Currently, the Tyler County Hospital District is governed by statute created by the 58th Legislature in 1963. Although the health care industry has undergone enormous change since 1963, this statute has undergone only minimal revision. In an effort to create a more viable entity while updating statutory law, this legislation allows the Board of Hospital Managers of the District to appoint a hospital manager who is a resident and voter in the district, authorizes the Commissioners Court of the County to fill vacancies by appointment, and provides for additional record-keeping oversight by the board. In addition, S.B. 992 gives the board greater latitude in the appointment of an administrator, assistant administrator, and attorney, as well as authority to recruit trained medical personnel to serve the district. Finally, the district would be able to expand its continuum of services to increase its fiscal viability, including the care of the aged and disabled through the use of nursing facilities, home health, and personal care facilities.

PURPOSE

As proposed, S.B. 992 establishes the operation of the Tyler County Hospital District.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 110, Acts of the 58th Legislature, Regular Session, 1963, by amending Sections 2-12, 15, and 17, and adding Sections 21 and 22, as follows:

Sec. 2. Requires the Tyler County Hospital District (district) to provide for the establishment, administration, maintenance, operation, and financing of a hospital or hospital system within its boundaries. Authorizes the district to provide any services or facilities necessary for certain hospital or medical care. Requires an election for creation of a hospital district to be initiated upon a petition of 50 resident qualified voters, rather than 50 resident qualified property taxpaying voters. Makes conforming changes.

Sec. 3. Deletes the existing provisions regarding tax collections on property subject to hospital district taxation. Sets forth the terms by which the Board of Hospital Managers of the District (board) is required to publish notice of tax rates, give notice of and conduct a public hearing, and enter an order levying taxes on certain property.

Sec. 4. Requires the district, in issuing bonds, to comply with Article 717k-3, V.T.C.S. Requires the district, in selling the refunding bonds and applying the proceeds to the payment of outstanding indebtedness, to comply with Article 717k, V.T.C.S. Deletes the existing provisions regarding the interest cost on refunding bonds. Sets forth the terms by which the district is authorized to issue revenue bonds, and by which the bonds are required to be payable, secured, and executed. Sets forth the terms by which bonds issued by the district, any transactions relating to the bonds, and profits made in their sale are free from taxation. Prohibits the district from imposing taxes to pay the principal of, or interest on, revenue bonds. Provides that the Tax Code governs the appraisal, assessment, and collection of district taxes. Authorizes the board to provide for the appointment of a tax assessor-collector

or contract for the assessment and collection of taxes. Sets forth the procedure governing the maturation and interest bearing rate of district bonds. Makes conforming and nonsubstantive changes.

Sec. 5. Makes a conforming change.

Sec. 6. Requires a hospital manager to be a resident and qualified voter of the district. Prohibits an employee of the district from serving as a hospital manager. Requires the Commissioners Court of the County (commissioners court) to fill a vacancy by appointment. Requires expenses reimbursed under this section to be reported in the district's minute book or other records. Authorizes the board to appoint an administrator, an assistant administrator, and an attorney to serve at the will of the board and receive compensation, rather than requiring the board to appoint a general manager, or administrator of the hospital district. Sets forth the terms by which the board is authorized to require the administrator to execute a bond payable to the district in an amount set by the board of not less than \$5,000, rather than requiring the administrator to execute a bond in an amount of not less than \$10,000. Deletes the requirement that the administrator be subject to removal by the board at any time. Sets forth the terms regarding the board's authority to appoint, remove, and hire employees. Sets forth the terms by which the board may spend district funds to recruit certain trained medical personnel; may contract with medical or health occupation students for employment; and may provide retirement benefits for employees. Establishes the procedure regarding the purchase, lease, mortgage, and contract of hospital property, facilities, and equipment. Authorizes the board to bring suit to enforce payment of taxes and to foreclose liens to secure the payment of taxes due the district. Sets forth the terms by which the board is required to seek reimbursement for care of certain sick, diseased, or injured persons. Deletes the provisions regarding employee retirement programs. Requires the board to elect, rather than choose, a president, rather than chairman, and a vice president. Authorizes the board to appoint a secretary. Sets forth the term of each officer, and the method of filling vacancies. Deletes the existing provisions regarding the chairman and secretary of the board.

Sec. 7. Sets forth the terms by which the board is required to cause an annual audit to be made of the financial condition, rather than books and records, of the district.

Sec. 8. Establishes the conditions under which the district is required to operate on a fiscal year established by the board. Deletes the provisions regarding designation of an assistant to the administrator.

Sec. 9. Sets forth the terms by which the board is required to publish notice of a public hearing on the proposed budget preceding the date of the hearing. Establishes the conditions under which the board is required to adopt a budget. Makes conforming changes.

Sec. 10. Requires the hospital district organized in pursuance of this Act to have the right and power of eminent domain for the purpose of acquiring by condemnation certain property provided that the said district shall not be required to make deposits in the registry of the trial court of the sum required by Section 21.021(a), Property Code, rather than Paragraph numbered 2 in Article 3268, V.T.C.S., 1925. Deletes the provision prohibiting the district from being required, in condemnation proceedings, to give bond for any appeal or writ of error proceeding to any Court of Civil Appeals, or to the Supreme Court.

Sec. 11. Authorizes the board to purchase, sell, and invest the district funds in investments authorized by Chapter 225b, Government Code. Deletes the provision requiring the board to select a depository which shall be one or the same depository selected by the county.

Sec. 12. Requires all records, reports, books, papers, and accounts pertaining to the district to be made available as required by Chapter 552, Government Code. Deletes the provision regarding the inspection of a hospital district.

Sec. 15. Requires the district, without charge, to provide care to a patient for which the patient or a relative of the patient cannot pay. Sets forth the terms by which the district is

required to adopt an application procedure to determine eligibility for assistance. Sets forth the terms by which the administrator is required to inquire as to the financial circumstances of a patient or relative who is legally responsible for the patient's support. Establishes the conditions under which the board is required to issue an order directing the patient or relative to pay the hospital district; and by which the hospital district is required to pay, if the patient or relative is unable.

Sec. 17. Sets forth the terms by which all bonds issued by or assumed by the district are legal and authorized investments for savings and loan associations, rather than building and loan associations.

Sec. 21. Authorizes the board to borrow money at a certain rate if the board declares that funds are unavailable to meet lawfully authorized obligations and that an emergency exists. Authorizes the board to secure a loan by pledging certain district revenues, district taxes, and district bonds. Sets forth the terms by which a loan must mature. Prohibits the board from spending money obtained from a loan except for the originally specified purpose.

Sec. 22. Sets forth the terms by which the district is authorized to be dissolved only if the dissolution is approved by a majority of the qualified voters. Sets forth the terms by which the board is authorized to order an election on the question of dissolving the district and disposing of its assets and obligations, and is required to give notice of the election. Establishes the conditions under which the board is required to find that the district is dissolved and shall transfer the land, buildings, equipment, and assets or administer the property, assets, and debts. Requires the board, after finding that the district is dissolved, to determine the debt owed and impose a tax on the property. Sets forth the terms by which another dissolution election may not be held if the board finds that the election results are unfavorable. Establishes the conditions by which the board is required to order the secretary to return the pro rata share of unused tax money to each district taxpayer, and file a written report. Requires the commissioners court to enter an order dissolving the district and disbanding the board at a certain date. Sets forth the certain prohibitions regarding the dissolution of a district and the sale or transfer of a district's assets and liabilities. Establishes the conditions under which the sale or transfer of the district's assets and liabilities are required to satisfy its debt and bond obligations in a manner that protects the interests of district residents.

SECTION 2. Repealer: Section 13, Chapter 110, Acts of the 58th Legislature, Regular Session, 1963.

SECTION 3. Effective date: September 1, 1997.

SECTION 4. Emergency clause.