

BILL ANALYSIS

Senate Research Center
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H.B. 2542
By: Hupp (Fraser)
Intergovernmental Relations
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Engrossed

DIGEST

Currently, the enabling legislation that created the McCulloch County Hospital District (district) during the 71st Legislature, has remained unamended since its passage. The board of directors of the district has approved changes in the district's enabling legislation to allow the district to incorporate revisions that correspond with current law. This bill would establish terms and procedures for elected officials, specify provisions for district employment, and establish procedures for the dissolution of the district.

PURPOSE

As proposed, H.B. 2542 establishes terms and procedures for elected officials, specifies provisions for district employment, and establishes procedures for the dissolution of the 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 Section 4.03(d), Chapter 51, Acts of the 71st Legislature, Regular Session, 1989, to require the appropriate number of directors of the McCulloch County Hospital District (directors) to be elected for three-year terms, rather than for two-year terms.

SECTION 2. Amends Section 4.04, Chapter 51, Acts of the 71st Legislature, Regular Session, 1989, to require that a notice of an election of directors be published in a newspaper in the McCulloch County Hospital District (district) not earlier than 30 days or later than 10 days before the date of the election, rather than at least 35 days before the election.

SECTION 3. Amends Section 4.06, Chapter 51, Acts of the 71st Legislature, Regular Session, 1989, by adding Subsection (d), to prohibit a person formerly employed by the district from serving as a director before the second anniversary of the date of the termination of that person's employment by the district.

SECTION 4. Amends Section 4.15, Chapter 51, Acts of the 71st Legislature, Regular Session, 1989, by adding Subsection (c), to prohibit the district from employing a person who is related to a director within the second degree by consanguinity or affinity, during that director's term of office. Requires a district employee who is related to a person elected as a director within the second degree by consanguinity or affinity to resign from employment with that director takes office.

SECTION 5. Amends Section 5.07(a), Chapter 51, Acts of the 71st Legislature, Regular Session, 1989, to authorize the board of directors of the district (board) to enter into construction contracts that involve spending more than \$15,000, rather than \$10,000, only after competitive bidding.

SECTION 6. Amends Section 5.11(c), Chapter 51, Acts of the 71st Legislature, Regular Session, 1989, to require an application procedure to determine eligibility for indigent health care to comply with Chapter 61, Health and Safety Code, rather than Section 10.03, Indigent Health Care and Treatment Act (Article 4438f, V.T.C.S.).

SECTION 7. Amends Section 5.12(a), Chapter 51, Acts of the 71st Legislature, Regular Session, 1989, to require the board to require reimbursement from governmental entities for the provision of care and treatment of a person of that entity as provided by Chapter 61, Health and Safety Code, rather than the

Indigent Health Care and Treatment Act (Article 4438f, V.T.C.S.).

SECTION 8. Amends Section 7.04(c), Chapter 51, Acts of the 71st Legislature, Regular Session, 1989, to require bonds to be issued in the manner provided by Sections 264.042, 264.043, 264.046, 264.047, 264.048, and 264.049, rather than Sections 8, 10, 11, 12, and 13, County Hospital Authority Act (Article 4494r, V.T.C.S.), for issuance of revenue bonds by county hospital authorities.

SECTION 9. Amends Chapter 51, Chapter 51, Acts of the 71st Legislature, Regular Session, 1989, by adding Article 10, as follows:

ARTICLE 10. DISSOLUTION

Sec. 10.01. DISSOLUTION. Authorizes the district to be dissolved only by approval from a majority of qualified voters of the district voting in an election held for that purpose. Authorizes the board to order an election in regards to dissolving the district and requires the board to order such an election if the board receives a petition requesting an election that is signed by at least 15 percent of the registered voters in the district. Requires the election, not applicable to Section 41.001(a), Election Code, to be held within 60 days of the order. Requires the order calling the election to state certain information. Requires the board to give notice of the election in a newspaper once a week for two consecutive weeks, not less than 35 days before the date set for the election. Sets forth required text for the ballot. Requires the board to find that the district is dissolved if a majority of the votes in the election favor dissolution. Requires the board to continue to administer the district if a majority of votes do not favor dissolution, and authorizes another election to be held before the first anniversary date of the most recent election to dissolve the district. Requires the board to transfer all real property and assets from the district to a county or a governmental entity in the county in which the district is located, and administer the property, assets, and debts until all funds have been disposed of and all debts have been settled, if a majority of the votes favor dissolution. Provides that a county or governmental entity that receives transferred property and assets from the district, assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved. Requires the board to determine the debt owed by the district and impose a property tax that is in proportion of the debt to the property value, after the board finds that the district is dissolved. Requires the secretary to return the pro rata share of all unused tax money to each taxpayer, who may request that their portion be credited to their county taxes, which if credited would require the board to direct the secretary to transmit the funds to the county tax assessor-collector, when all outstanding debts and obligations of the district are paid. Requires the board to file a written report with the Commissioners Court of McCulloch County (commissioners court) setting forth a summary of the board's actions taken in dissolving the district, after all debts have been paid and all assets disposed of. Requires the commissioners court to enter an order dissolving the district and releasing the board from any further duty or obligation, not later than 10 days after receiving the report and determining the requirements of this section have been met. Prohibits the district from being dissolved without the board's provision for the sale or transfer of the district's assets and liabilities. Prohibits the dissolution of the district and sale or transfer of its assets or liabilities from contravening a trust indenture or bond resolution relating to the outstanding bonds of the district. Provides that the dissolution and sale or transfer does not diminish the rights of a holder of an outstanding bond, warrant, or other obligation of the district. Requires the sale or transfer to satisfy the debt and bond obligation of the district in a manner that protects the interests of the residents. Provides that a grant from federal funds is an obligation to be repaid in satisfaction. Sets forth requirements for the transfer or disposition of the district's assets.

SECTION 10. Provides that changes in law made by this Act to Sections 4.03(d) and 4.06, Chapter 51, Acts of the 71st Legislature, Regular Session, 1989, do not apply to a director serving on the board immediately before September 1, 1999, but apply to a director appointed or elected on or after that date. Provides that this Act does not prohibit a director serving on September 1, 1999 from being reappointed or reelected if the person has the qualifications required for membership under Chapter 51, Chapter 51, Acts of the 71st Legislature, Regular Session, 1989, as amended by this Act. Provides that changes in law made by this Act to Section 4.15, Chapter 51, Acts of the 71st Legislature, Regular Session, 1989, apply to all employees and requires a district employee who is related to a current director within a second degree by consanguinity or affinity to resign from employment. Provides that changes in law made by this Act to Section 5.07(a), Chapter 51, Acts of the 71st Legislature, Regular Session, 1989, apply only to a request for competitive bids made by the board on or after the effective date of this Act. Makes application

of this Act, regarding competitive bids, prospective.

SECTION 11. Effective date: September 1, 1999.

SECTION 12. Emergency clause.