

BILL ANALYSIS

Senate Research Center

S.B. 1624
By: Haywood
Intergovernmental Relations
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As Filed

DIGEST

The Act that created the Hardeman County Hospital District was passed by the 66th Texas Legislature in 1979, and has not been amended since its passage. Therefore, the Act no longer accurately reflects the needs of the district. S.B. 1624 would establish certain conditions regarding the Hardeman County Hospital District.

PURPOSE

As proposed, S.B. 1624 establishes provisions regarding the Hardeman 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 Sections 3(f) and (g), Chapter 214, Acts of the 66th Legislature, Regular Session, 1979, to provide that any person desiring to have his or her name printed on the ballot as a candidate for director of the Hardeman County Hospital District (district) shall file an application with the secretary of the board of directors (board) at least 45, rather than 25, days before the election. Requires each member of the board to qualify by executing the constitutional oath of office and may be required to execute good and sufficient bond to be approved by the commissioners court for \$5,000 payable to the district, conditioned upon the faithful performance of that director's duties as director. Deletes text requiring a signed petition. Makes a conforming change.

SECTION 2. Amends Sections 4 and 5, Chapter 214, Acts of the 66th Legislature, Regular Session, 1979, as follows:

Sec. 4. POWERS AND DUTIES. Authorizes, rather than requires, the administrator, on assuming his or her duties, to execute a bond payable to the hospital district in an amount to be set by the board, conditioned that he or she shall perform the required duties and conditions. Authorizes the board to purchase or lease property, facilities, and equipment for the district to use in the hospital system and to mortgage or pledge the property, facilities, or equipment as security for the payment of the purchase price. Authorizes the board to enter into an interlocal agreement with another political subdivision for the purpose of operating the hospital district. Authorizes the board to enter into a contract or contracts, not to exceed 25 years from the date it is entered into, to provide certain personnel for the operation of the hospital facilities. Authorizes the board to transfer district hospital facilities by lease to certain entities and to sell or dispose of the district's property, facilities, and equipment. Authorizes the board to provide retirement benefits for the employees of the district by establishing or administering a retirement program or electing to participate in the Texas County and District Retirement System or other retirement system in which the district is eligible. Authorizes the board to use district funds to recruit certain medical personnel. Authorizes the board to contract with certain medical students, to pay the student's tuition or other expenses in consideration of the students' contractual agreement to serve the district under terms provided in the contract. Authorizes the board to institute a suit to enforce the payment of taxes and to foreclose liens to secure the payment of taxes due the district.

Sec. 5. BUDGET. Requires a public hearing on the annual budget to be held by the board after notice of a hearing has been published in accordance with Chapter 551, Government Code. Deletes text regarding notice of the hearing in a newspaper before the date of the hearing.

SECTION 3. Amends Section 6(a), Chapter 214, Acts of the 66th Legislature, Regular Session, 1979, to require a tax to be levied, at the time of the issuance of any bonds payable from taxation, rather than by the district, by the board sufficient to create an interest and sinking fund to pay interest on and principal of the bonds as they mature, providing that the tax together with any other taxes levied for the district shall not exceed the limit approved by the voters at the election authorizing the levy of taxes. Provides that Section 41.001, Election Code, does not apply to a bond election. Deletes text regarding a tax exceeding 75 cents on each \$100 valuation of all taxable property located in the district subject to certain taxation. Makes conforming changes.

SECTION 4. Amends Section 8, Chapter 214, Acts of the 66th Legislature, Regular Session, 1979, to authorize the board to issue, in addition to issuance of certain other bonds, revenue bonds and refund any previously issued bonds regarding certain hospital improvements and expansions. Makes conforming changes.

SECTION 5. Amends Section 9(b), Chapter 214, Acts of the 66th Legislature, Regular Session, 1979, to make conforming changes.

SECTION 6. Amends Section 13(a), Chapter 214, Acts of the 66th Legislature, Regular Session, 1979, to make conforming changes.

SECTION 7. Amends Section 14, Chapter 214, Acts of the 66th Legislature, Regular Session, 1979, to authorize the board to annually impose property taxes in an amount not to exceed the limit approved by the voters at the election authorizing the levy of taxes. Prohibits the tax from exceeding 75 cents on each \$100 valuation of all taxable property in the district. Authorizes the taxes to be used to pay for indebtedness issued or assumed by the district and for the maintenance and operation expenses of the district. 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 of the district or to contract for the assessment and collection of taxes. Deletes text regarding the manner in which taxes shall be assessed and collected, and the duties and requirements of the assessor-collector of taxes who is appointed by the board.

SECTION 8. Amends Chapter 214, Acts of the 66th Legislature, Regular Session, 1979, by adding Sections 16a, 16b, and 16c, as follows:

Sec. 16a. EMERGENCY LOANS. Authorizes the board to borrow money at a rate not to exceed the maximum annual percentage rate allowed by law for district obligations at the time of the loan, if there are not enough funds to meet lawfully authorized obligations and that an emergency exists. Requires the board to make certain pledges in order to secure an emergency loan. Requires an emergency loan for which taxes are pledged to mature not later than the first anniversary of the date on which the loan was made. Requires an emergency loan for which district revenues are pledged to mature not later than the fifth anniversary of the date on which the loan was made. Prohibits the board from spending money obtained from an emergency loan for any other purpose than the purpose for which it was declared. Prohibits the board from spending the loan proceeds for a purpose other than the purpose for which the taxes were levied or the bonds were authorized.

Sec. 16b. OTHER LOANS. Authorizes the board to borrow money at a rate not to exceed the maximum annual percentage rate allowed by law for district obligations at the time of the loan. Requires the board to make certain pledges in order to secure a loan. Requires an emergency loan for which taxes are pledged to mature not later than the first anniversary of the date on which the loan was made. Requires an emergency loan for which district revenues are pledged to mature not later than the fifth anniversary of the date on which the loan was made.

16c. DISSOLUTION. Authorizes the district to be dissolved only if the dissolution is approved by a majority of the qualified voters of the district voting in an election called and held for that purpose. Authorizes the board to order an election if the board receives a petition requesting an election that is signed by a number of residents of a district equal to at least 15 percent of the registered voters in the district. Requires the election be held not later than the 60th day after the date the election is ordered. Provides that Section 41.001(a), Election Code, does not apply to an election ordered under this section. Sets forth requirements for which the order calling the

election shall state. Sets forth requirements of notification of the election. Sets forth the required language of the ballot to permit voting for or against the proposition. Requires the district to be dissolved, if the majority of votes call for dissolution. Establishes that if the majority of votes do not call for dissolution, the board shall continue to administer the district, and another election calling for the district's dissolution may not be called before the first anniversary of the most recent election to dissolve the district. Sets forth requirements of the board, if a majority of votes favor dissolution. Provides that if the county or entity transfers certain district assets to the county or entity, that county or entity assumes all debts and obligations of the district at the time of transfer, and the district is absolved. Sets forth requirements for the board after the board finds that the district is dissolved. Requires the board to order the secretary to return the pro rata share of all unused tax money to each district taxpayer, after all outstanding debts and obligations are paid. Authorizes a taxpayer to request the taxpayer's share of the surplus tax to be credited to his or her county taxes, and requires the board to transmit the funds to the county tax assessor-collector. Requires the board to file a written report to the Commissioners Court of Hardeman County setting forth a summary of the board's actions in dissolving the district, after all assets and funds are disposed of and debts are paid. Requires the commissioners court, not later than the 10th day after the date it receives the report and determines that all requirements have been fulfilled, to enter an order dissolving the district and releasing the boards from any further obligation. Prohibits the district from being dissolved unless the board provides for the sale or transfer of the district's assets and liabilities to another person or entity. Prohibits the dissolution and sale or transfer of the district's 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 or impair the rights of a holder of an outstanding bond, warrant, or other obligation of the district. Requires the sale or transfer of the district's assets and liabilities to satisfy the debt and bond obligations of the district, including certain residents' rights. Provides that a grant from federal funds is an obligation to be repaid in satisfaction. Prohibits the district from transferring or disposing of the district's assets except for due compensation unless the transfer is made to another governmental entity that serves the district and the transferred assets are to be used for the benefit of residents of the district.

SECTION 9. Effective date: September 1, 1999.

SECTION 10. Emergency clause.