

## **BILL ANALYSIS**

Senate Research Center

S.B. 1626  
By: Haywood  
Intergovernmental Relations  
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As Filed

### **DIGEST**

Currently, the Act creating the Chillicothe Hospital District of Hardeman County has not been revised since its passage by the 66th Legislature in 1979. This bill would revise the regulations governing the Chillicothe Hospital District.

### **PURPOSE**

As proposed, S.B. 1626 revises the regulations governing the Chillicothe 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 Subsections (f) and (g), Section 3, Chapter 74, Acts of the 66th Legislature, Regular Session, 1979, to require any person desiring to have his or her name printed on the ballot as a candidate for director on the board of directors of the Chillicothe Hospital District (board) to file an application with the secretary of the board of directors at least 45 days, rather than 25 days, before the election. Requires each member of the board to qualify by executing an oath of office and may be required to execute a bond for a certain amount, rather than being required to execute a bond for a certain amount. Deletes text requiring a person wishing to be elected to the board to file a petition signed by at least 15 qualified electors.

SECTION 2. Amends Sections 4 and 5, Chapter 74, Acts of the 66th Legislature, Regular Session, 1979, to authorize, rather than require, an administrator to execute a bond payable to the hospital district in a certain amount to assure the performance of the required duties for the office, upon assuming his or her duties. Authorizes the board to pay for the bond with district funds. Authorizes the board to purchase or lease property, facilities, and equipment for the Chillicothe Hospital District (district) to use in the hospital system and authorizes the board 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 district. Authorizes the board to enter into a contract or contracts to provide administrative and other personnel for the operation of the hospital facilities, but prohibits the contract to exceed a period of 25 years from the date the contract is entered into. Authorizes the board to transfer district hospital facilities by lease to individuals, corporations, or other legal entities and authorizes the board to sell or otherwise 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 any other statewide retirement system in which the district is eligible to participate. Authorizes the board to spend district funds to recruit physicians, nurses, and other trained medical personnel. Authorizes the board to contract with one or more full-time medical students or other students in a health occupation, with certain credentials, to pay the student's tuition or other expenses in consideration of the student's contractual agreement to serve as an employee or independent contractor for 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. 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, rather than a newspaper with general circulation in the district one time by a certain date. Makes conforming and nonsubstantive changes.

SECTION 3. Amends Section 6(a), Chapter 74, 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 payable by the district, sufficient to create an interest and sinking fund to pay the 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, rather than not exceeding 75 cents on each \$100 valuation of all taxable property located in the district in any one year. Makes conforming and nonsubstantive changes.

SECTION 4. Amends Section 8, Chapter 74, Acts of the 66th Legislature, Regular Session, 1979, to authorize the board to issue revenue bonds. Makes conforming and nonsubstantive changes.

SECTION 5. Amends Section 9(b), Chapter 74, Acts of the 66th Legislature, Regular Session, 1979, to make conforming changes.

SECTION 6. Amends Section 13(a), Chapter 74, Acts of the 66th Legislature, Regular Session, 1979, to make a conforming change.

SECTION 7. Amends Section 14(b), Chapter 74, 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 rate 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 authorizes the district to contract for the assessment and collection of taxes as provided by the Tax Code. Deletes certain language concerning the assessment and collection of district taxes.

SECTION 8. Amends Chapter 74, Acts of the 66th Legislature, Regular Session, 1929, 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 the board declares that funds are not available to meet the lawfully authorized obligations of the district and that an emergency exists. Authorizes the board to pledge certain revenues, taxes, and bonds to secure an emergency loan. Requires an emergency loan for which taxes or bonds are pledged to mature not later than the first anniversary of the date on which the loan is 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 is made. Prohibits the board from spending money obtained from a loan under this section for any purpose other than the purpose for which the board declared an emergency. 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, if taxes or bonds are pledged to pay the loan.

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. Authorizes the board to pledge certain revenues, taxes, and bonds to secure a loan. Requires a loan for which taxes or bonds are pledged to mature not later than the first anniversary of the date on which the loan is made. Requires a loan for which district revenues are pledged to mature not later than the fifth anniversary of the date on which the loan is made.

Sec. 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 on the question of dissolving the district and disposing of the district's assets and obligations. Requires the board to order an election if the board receives a petition requesting the election that is signed by a number of residents equal to at least 15 percent of the registered voters in the district. Requires the election to be held by a certain date after the election is ordered. Provides that Section 41.001(a), Election Code, does not apply to an election ordered under this section. Requires the order calling the election to state certain information about the election. Requires the board to give notice of the election by publishing a substantial copy of the election order in a newspaper with general circulation in the district once a week for two consecutive weeks. Requires the first publication

to appear not less than 35 days before the date set for the election. Sets forth the required language for the proposition on the ballot for the election. 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 the votes in the election do not favor dissolution, and prohibits another election on the question of dissolution from being held before the first anniversary of the most recent election to dissolve the district. Requires the board to transfer the land, buildings, improvements, equipment, and other assets that belong to the district to a county or another governmental entity in the county in which the district is located or administer the property, assets, and debts until all funds have been disposed of and all district debts have been paid or settled, if a majority of the votes favor dissolution. Provides that if the district transfers the land, buildings, improvements, equipment, and other assets to a county or other governmental entity, the county or entity assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved. Requires the board to perform certain actions 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, when all outstanding debts and obligations of the district are paid. Authorizes a taxpayer to request that the taxpayer's share of surplus tax money be credited to the taxpayer's county taxes. Requires the board to direct the secretary to transmit the funds to the county tax assessor-collector, if the taxpayer requests the credit. Requires the board to file a written report with the commissioners court of Hardeman County setting forth a summary of the board's actions in dissolving the district, after the district has paid all its debts and has disposed of all its assets and funds as prescribed by this section. Requires the commissioners court of Hardeman County to enter an order dissolving the district and releasing the board from any further duty or obligation, within a certain date after receiving the report and determining that the requirements of this section have been fulfilled. 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, notwithstanding any other provision of this Act. Provides that the dissolution of the district and the sale or transfer of the district's assets or liabilities may not contravene 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 in a manner that protects the interest of the district residents. 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 the district's residents.

SECTION 9. Effective date: September 1, 1999.

SECTION 10. Emergency clause.