

## **BILL ANALYSIS**

Senate Research Center  
76R6777 MXM-F

S.B. 1782  
By: Fraser  
Intergovernmental Relations  
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As Filed

### **DIGEST**

The McCulloch County Hospital District (district) was created in 1989, and the Act creating the district has not been amended since. This bill would revise the enabling legislation for the district for the continued operation and growth of the district in order to provide vital health care services to the residents of the district and the surrounding communities.

### **PURPOSE**

As proposed, S.B. 1782 revises the enabling legislation for the McCulloch County Hospital District for the continued operation and growth of the district in order to provide vital health care services to the residents of the district and the surrounding communities.

### **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 successor directors on the McCulloch County Hospital District board of directors (board) to be elected for three-year terms, rather than two-year terms.

SECTION 2. Amends Section 4.04, Chapter 51, Acts of the 71st Legislature, Regular Session, 1989, to require notice to be published not earlier than 30 days or later than 10 days, rather than at least 35 days, before the date of an election of directors.

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 McCulloch County Hospital District (district) from serving as a director before a certain date.

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, as defined by Chapter 573B, Government Code, 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 when 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 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 make a conforming change.

SECTION 7. Amends Section 5.12(a), Chapter 51, Acts of the 71st Legislature, Regular Session, 1989, to make a conforming change.

SECTION 8. Amends Section 7.04(c), Chapter 51, Acts of the 71st Legislature, Regular Session, 1989, to make conforming changes.

SECTION 9. Amends 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 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 dissolution. Requires the board to order an election if the board receives a petition requesting an election that is signed by a certain percentage of the residents of the district. Requires the election to be held by a certain date. Provides that Section 41.001(a), Election Code, does not apply to an election ordered under this section. Sets forth certain required information to be in the order calling the election. Requires the board to give notice of the election by publishing the election order in a newspaper of general circulation in the district once a week for two consecutive weeks. Requires the first publication to appear by a certain date. Sets forth the required ballot language 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. Sets forth required actions for the board upon a vote for dissolution. Provides that if the district transfers the land, building, 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 determine the debt owed by the district and impose on the property included in the district's tax rolls a tax that is in proportion of the debt to the property value, 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 a taxpayer requests the credit. Requires the board to file a written report with the commissioners court of McCulloch 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 to enter an order dissolving the district and releasing the board from any further duty or obligation by a certain date. 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. Prohibits the dissolution of the district and the sale and transfer of the district's assets and liabilities to another person or entity 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 in a manner that protects the interests of the residents of the district. 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 10. Makes application of this Act prospective. 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 regardless of the date on which employment began. Requires a district employee who is related to a current director within the second degree by consanguinity or affinity to resign from employment.

SECTION 11. Effective date: September 1, 1999.

SECTION 12. Emergency clause.