

## **BILL ANALYSIS**

Senate Research Center  
78R3789 KEG-F

S.B. 556  
By: Duncan  
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### **DIGEST AND PURPOSE**

The Act creating the Hardeman County Hospital District (district) was passed by the 66th Texas Legislature in 1979 and updated by the 76th Legislature in 1999. As proposed, S.B. 556 updates the district's enabling legislation; authorizes the district to use a combination of taxes and revenues to pay for and secure bonds approved by district voters; and validates previously issued notes, warrants, and other obligations of the district.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 214, Section 4, Acts of the 66th Legislature, Regular Session, 1979, by amending Subsection (a) and adding Subsection (j), as follows:

(a) Requires the board of the Hardeman County Hospital District (board) to invest any operating, depreciation, or building reserves in accordance with Chapter 2256, Government Code. Makes nonsubstantive changes.

(j) Authorizes the district to sponsor and create a nonprofit corporation under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., V.T.C.S.) and to contribute funds to or solicit funds on behalf of the corporation. Authorizes the corporation to use district funds only to provide health care or other services the district is authorized to provide under this Act. Requires the board to establish adequate controls to ensure that the corporation uses its funds in accordance with this subsection. Authorizes the corporation to invest corporation funds in any manner that the district may invest funds, including investments authorized under Chapter 2256, Government Code.

SECTION 2. Amends Chapter 214, Section 6, Acts of the 66th Legislature, Regular Session, 1979, as follows:

(a) Deletes text requiring that the board, in ordering a bond election, to specify the date of the election, the amount of bonds to be authorized, the maximum maturity of the bonds, the place or places where the election will be held, and the presiding judge and alternate judge for each voting place and to provide for clerks as in county elections. Provides that Section 41.001(a), Election Code, does not apply to a bond election ordered by the board. Requires a bond election to be conducted in accordance with Chapter 1251, Government Code, except as otherwise provided by this Act. Deletes text requiring the board to canvass the returns and declare the results.

(b) Deletes text requiring that, if the refunding bonds are to be sold and the proceeds applied to the payment of any outstanding indebtedness, the refunding bonds be issued and payments

made in the manner specified by Chapter 503, Acts of the 54th Legislature, 1955, as amended (Article 717k, V.T.C.S.). Requires refunding bonds to be issued in accordance with Chapter 1207, Government Code.

(c) Requires bonds of the district to mature within 40 years of their date, to be executed in the name of the hospital district and in its behalf by the president of the board, to be countersigned by the secretary in the manner provided by Chapter 618, Government Code, to bear interest at a rate not to exceed that prescribed by Chapter 1204, Government Code, and to be subject to the same requirements in the manner of approval by the attorney general and registration by the comptroller of public accounts as are by law provided for approval and registration of bonds issued by counties. Makes nonsubstantive changes.

SECTION 3. Amends Chapter 214, Acts of the 66th Legislature, Regular Session, 1979, by adding Sections 8A and 8B to read as follows:

**Sec. 8A. ADDITIONAL MEANS OF SECURING REPAYMENT OF BONDS.**

Authorizes the board, in addition to the power to issue bonds payable solely from and secured by taxes imposed by the district as authorized by Section 6 of this Act and the power to issue bonds payable from and secured by revenues and other sources as authorized by Section 8 of this Act, to provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes, as authorized by Section 6 of this Act, and the revenues and other sources authorized by Section 8 of this Act. Requires bonds, other than refunding bonds, that the board proposes to secure wholly or partly by an ad valorem tax to be approved at an election held in the district in accordance with Section 6 of this Act.

**Sec. 8B. USE OF CERTAIN PROCEEDS; PAYMENT OF EXPENSES.** (a) Authorizes the district to use the proceeds of bonds described by Section 6, 8, or 8A of this Act to make certain payments.

(b) Prohibits a “period of acquisition or construction,” as that term is used in Subsection (a) of this section, from exceeding five years.

SECTION 4. Amends Section 9(b), Chapter 214, Acts of the 66th Legislature, Regular Session, 1979, to authorize a contract for construction that requires expenditures in excess of the amount prescribed by Section 271.024, Local Government Code, to be made only after competitive bidding as provided by Chapter 271B, Local Government Code.

SECTION 5. Amends Chapter 214, Acts of the 66th Legislature, Regular Session, 1979, by adding Section 14B to read as follows:

**Sec. 14B. VALIDATION; REFUNDING OF VALIDATED OBLIGATIONS.** (a)

Provides that certain entities are validated in all respects as though they were originally and duly authorized, issued, accomplished, validated, ratified, approved, and confirmed.

(b) Authorizes notes, warrants, and other obligations evidencing borrowings of the district that are validated under this section to be refunded by refunding bonds payable from and secured by a source authorized by Section 6, 8, or 8A of this Act. Requires bonds to be issued in accordance with Chapter 1207, Government Code, and to mature not later than the 40th anniversary of the date of issuance.

SECTION 6. Effective date: upon passage or September 1, 2003.