

## **BILL ANALYSIS**

Senate Research Center

S.B. 2093  
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Intergovernmental Relations  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The North Wheeler County Hospital District's (district) enabling statute contains provisions that are outdated and in need of change.

S.B. 2093 amends current law relating to the North Wheeler County Hospital 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 Section 4, Chapter 260, Acts of the 58th Legislature, Regular Session, 1963, as follows:

Sec. 4. DISTRICT MANAGEMENT. Requires the North Wheeler County Hospital District (district) to be governed by a board of directors to consist of five members, who are required to serve without pay. Provides that two directors are elected from each commissioners precinct included in the district, and one director is elected from the district at large. Provides that directors serve staggered two-year terms, unless four-year terms are established under Section 285.081 (Terms), Health and Safety Code. Requires each such director to be a resident of the district at the time of election or appointment, be a registered voter, and be more than 18 years of age. Requires a person who is elected from a commissioners precinct or who is appointed to fill a vacancy for a commissioners precinct to be a resident of that precinct. Prohibits a district employee from serving as a director. Requires that an election be held each year on the May uniform election date prescribed by Section 41.001 (Uniform Election Dates), Election Code, to elect the appropriate number of directors. Requires that notice of such election be published in a newspaper of general circulation in the county in accordance with Section 4.003 (Method of Giving Notice), Election Code. Requires any person desiring the person's name to be printed on the ballot as a candidate for director to file an application with the secretary of the board of directors of the district in accordance with Chapter 144 (Candidate for Office of Political Subdivision Other than County or City), Election Code. Deletes existing text requiring a commissioners court of a said county, within ten days after such election is held, to convene and canvass the returns thereof and in the event such election results favorably to the proposition specified in Section 3 hereof, such districts are required to be governed by a board of directors to consist of five members, who are required to serve without pay. Deletes existing text requiring each such director, at the time of his election or appointment hereunder, to be a resident of the district, own property subject to taxation therein, and be more than 21 years of age. Deletes existing text requiring the commissioners court, not less than 15 nor more than 25 days after the district is declared established and created, to call an election for the five directors who will serve as the district's first board of directors, this election to be held on a date not more than 30 days after the day of the passage of the commissioners court order calling same but on such date as will permit publication of an election notice in a newspaper of general circulation in Wheeler County one time not less than ten days prior to such election date. Deletes existing text requiring any candidate desiring to be voted upon as first director, no later than three days prior to the day of passage of the commissioners court order calling the election, to present a petition to the court signed by such candidate and not less than five

qualified voters residing in the candidate's voting precinct, requesting that his name be placed upon the official ballot. Deletes existing text requiring that the hospital district, for the purpose of electing directors, be divided into five voting precincts which are required to be made up of the parts of certain school districts which lie within the hospital district, using school district boundaries as of January 1, 1963. Deletes existing text requiring that any territory within the hospital district but not within one of the five school districts, be added to the nearest hospital district voting precinct by the action of the board of directors of the hospital district. Deletes existing text requiring each voting precinct of the hospital district to be represented by one director who is required to reside within the voting precinct. Deletes existing text requiring that the regular term of each director be for two years but after the first called election, the directors by lot are required to select three directors for two year terms, and two directors for one year terms. Deletes existing text requiring that the first year terms be ended on the date of the first annual election as hereinafter provided. Deletes existing text prohibiting any person from being appointed or elected as a member of the board of directors of said hospital district unless he is a resident of the voting precinct thereof and owns property subject to taxation therein and unless the time of such election or appointment he is required to be more than 21 years of age. Deletes existing text requiring that a regular election of directors be held on the same day that the election of trustees of public schools is held each year and notice of such election is required to be published in a newspaper of general circulation in the county one time at least ten days prior to the date of election. Deletes existing text requiring any person desiring his name to be printed on the ballot as a candidate for director to file a petition, signed by not less than five qualified voters residing in the candidate's voting precinct asking that such name be printed on the ballot, with the secretary of the board of directors of the district. Deletes existing text requiring that such a petition be filed with such secretary at least 25 days prior to the date of election. Deletes existing text requiring all qualified electors residing within the district to be eligible to vote for directors, provided, however, that such eligible elector can vote only to select a director from the hospital district voting precinct of the residence of such elector.

SECTION 2. Amends Section 6, Chapter 260, Acts of the 58th Legislature, Regular Session, 1963, as follows:

Sec 6. FISCAL YEAR-AUDIT-ACCOUNTING. Provides that the district operates on a fiscal year established by the board of directors. Prohibits the fiscal year from being changed if revenue bonds are outstanding or more than once in a 24-month period. Requires the board to cause an audit to be made of the financial condition of said district which is required at all times to be open to inspection at the principal office of the district. Deletes existing text requiring that the district be operated on a fiscal year commencing on October 1st of each year and ending on September 30th of the succeeding year and requiring an audit to be made of the financial condition of said district which is required at all times to be open to inspection at the principal office of the district.

SECTION 3. Amends Chapter 260, Acts of the 58th Legislature, Regular Session, 1963, by adding Sections 7A, 7B, and 7C, as follows:

Sec. 7A. REVENUE BONDS. (a) Authorizes the board to issue revenue bonds to purchase, construct, acquire, repair, renovate, or equip buildings or improvements for hospital system purposes, or acquire sites to be used for hospital system purposes.

(b) Requires that the bonds be payable from and secured by a pledge of all or part of the revenue derived from the operation of the district's hospitals.

(c) Authorizes the bonds to be additionally secured by a mortgage or deed of trust lien on all or part of district property.

(d) Requires that the bonds be issued in the manner and in accordance with the procedures and requirements prescribed by Sections 264.042 (Form and Procedure), 264.043 (Terms), 264.046 (Junior Lien Bonds; Parity Bonds),

264.047 (Bond Proceeds; Investment of Funds), 264.048 (Refunding Bonds), and 264.049 (Approval and Registration of Bonds), Health and Safety Code, for issuance of revenue bonds by a county hospital authority.

Sec 7B. **ADDITIONAL MEANS OF SECURING REPAYMENT OF BONDS.** (a) Authorizes the board, in addition to the authority to issue general obligation bonds and revenue bonds under 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 7 (Authorization of Bonds and Levy of Tax) of this Act and revenue and other sources as authorized by Section 7A of this Act.

(b) Requires that bonds, other than refunding bonds, that the board proposes to secure wholly or partly by an ad valorem tax, be approved at an election held in the district in accordance with Section 7 of this Act.

Sec. 7C. **USE OF BOND PROCEEDS.** Authorizes the district to use the proceeds of bonds issued under this Act to pay any expense the board determines is reasonable and necessary to issue, sell, and deliver bonds; interest payments on the bonds during a period of acquisition or construction of a project or facility to be provided through the bonds, not to exceed five years; costs related to the operation and maintenance of a project or facility to be provided through the bonds during an estimated period of acquisition or construction, not to exceed five years, and for one year after the project or facility is acquired or constructed; costs related to the financing of the bond funds, including debt service reserve and contingency funds; costs related to the bond issuance; costs related to the acquisition of land or interests in land for a project or facility to be provided through the bonds; and costs of construction of a project or facility to be provided through the bonds, including the payment of related professional services and expenses.

**SECTION 4.** Amends Chapter 260, Acts of the 58th Legislature, Regular Session, 1963, by adding Section 22, as follows:

Sec. 22. **DISSOLUTION; ELECTION.** (a) Authorizes the district to be dissolved only if the dissolution is approved by a majority of the registered voters of the district voting in an election held for that purpose.

(b) Authorizes the board of directors 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 an election that is signed by a number of registered voters of the district equal to at least 15 percent of the registered voters in the district.

(c) Provides that Section 41.001, Election Code, does not apply to an election ordered under this section.

(d) Requires that the order calling an election under this section state the nature of the election, including the proposition that is to appear on the ballot, the date of the election, the hours during which the polls will be open, and the location of the polling places.

(e) Requires the board of directors 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 that the first publication appear not later than the 35th day before the date set for the election.

(f) Requires that the ballot for the election be printed to permit voting for or against a certain stated proposition.

(g) Requires the board of directors, if the majority of the votes in the election favor dissolution, to find that the district is dissolved. Requires the board, if a majority of the votes in the election do not favor dissolution, to continue to administer the district, 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.

(h) Requires the board of directors, if a majority of the votes in the election favor dissolution, to transfer the land, buildings, improvements, equipment, and other assets that belong to the district to Wheeler County or another governmental entity in Wheeler County or administer the property, assets, and debts until all money has been disposed of and all district debts have been paid or settled.

(i) Provides that the county or entity, if the district transfers the land, buildings, improvements, equipment, and other assets to Wheeler County or another governmental entity, assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved.

(j) Requires the board of directors, if the district does not transfer the land, buildings, improvements, equipment, and other assets to Wheeler County or another governmental entity, to administer the property, assets, and debts of the district until all funds have been disposed of and all district debts have been paid or settled, at which time the district is dissolved.

(k) Requires the board, after the board of directors finds that the district is dissolved, to determine any 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.

(l) Requires the board of directors, when all outstanding debts and obligations of the district are paid, to order the secretary to return to each district taxpayer the taxpayer's pro rata share of all unused tax money.

(m) 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 of directors, if a taxpayer requests the credit, to direct the secretary to transmit the money to the county tax assessor-collector.

(n) Requires the board of directors, after the district has paid all its debts and has disposed of all its assets and money as prescribed by this section, to file a written report with the commissioners court of Wheeler County summarizing the board's actions in dissolving the district.

(o) Requires the commissioners court of Wheeler County, not later than the 10th day after the date it receives the report and determines that the requirements of this section have been fulfilled, to enter an order dissolving the district and releasing the board of directors of the district from any further duty or obligation.

SECTION 5. (a) Requires that the election of three directors of the North Wheeler County Hospital District scheduled before the effective date of this Act be held in May 2010, and that two directors be elected from Precinct 2 and one be elected from the district at large. Requires the directors elected at the election to serve two-year terms.

(b) Requires that the election of two directors of the district scheduled before the effective date of this Act be held in May 2011, and that two directors be elected from Precinct 1. Requires the directors elected at the election to serve two-year terms.

SECTION 6. Effective date: upon passage or September 1, 2009.