

BILL ANALYSIS

Senate Research Center
83R16445 CJC-F

H.B. 1969
By: Craddick (Duncan)
Intergovernmental Relations
4/26/2013
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The McCamey County Hospital District was created more than 40 years ago and, except for a recent codification, the enabling legislation that created the district has not been updated or revised since that time. Interested parties report that the district would like to make general updates to the law currently governing the district, including harmonizing provisions relating to terms of service on the district's board of directors, the district's elections, and the bidding of construction contracts to existing statute, granting the district authority to issue revenue or refunding bonds and to exercise alternative means of securing repayment of bonds, and the addition of procedures for the dissolution of the district. H.B. 1969 seeks to make the requested updates to the law currently governing the McCamey County Hospital District.

H.B. 1969 amends current law relating to the McCamey County Hospital District, and authorizes the issuance of bonds, and authorizes the imposition of a tax.

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 1058.051(b), Special District Local Laws Code, as effective April 1, 2013, as follows:

(b) Provides that directors serve staggered four-year terms with the terms of two or three directors expiring each odd-numbered year as appropriate. Deletes existing text providing that directors, unless four-year terms are established under Section 285.081 (Terms), Health and Safety Code, serve staggered two-year terms with the terms of two or three directors expiring each year as appropriate.

SECTION 2. Amends Section 1058.052, Special District Local Laws Code, as effective April 1, 2013, to require a notice of an election of directors of the board of directors of the McCamey County Hospital District (directors) to be published in accordance with Section 4.003 (Method of Giving Notice), Election Code, in a newspaper of general circulation in Upton County, rather than requiring notice of the election at least 30 days before the date of the directors' election to be published one time in a newspaper of general circulation in Upton County.

SECTION 3. Amends Section 1058.053(a), Special District Local Laws Code, as effective April 1, 2013, as follows:

(a) Requires a person, to qualify for election to the board of directors of the McCamey County Hospital District (board), to fulfill certain requirements, including being a qualified voter of the McCamey County Hospital District (district). Deletes existing Subdivision (4) requiring that the person own taxable property in the district and have duly rendered that property for taxation. Makes nonsubstantive changes.

SECTION 4. Amends Sections 1058.059(a) and (b), Special District Local Laws Code, as effective April 1, 2013, as follows:

(a) Requires the board to appoint a qualified person to serve as the district administrator, rather than requiring the board to appoint a qualified general manager to be known as the district administrator.

(b) Deletes existing text requiring the district administrator to be a qualified practitioner of medicine or be specifically trained for work of that type.

SECTION 5. Amends the heading to Section 1058.106, Special District Local Laws Code, as effective April 1, 2013, to read as follows:

Sec. 1058.106. CONSTRUCTION CONTRACTS.

SECTION 6. Amends Section 1058.106(a), Special District Local Laws Code, as effective April 1, 2013, to authorize the board, on behalf of the district to enter into a construction contract that exceeds the amount provided by Section 271.024 (Competitive Procurement Procedure Applicable to Contract), Local Government Code, only after advertising in the manner provided by Subchapter 271 (Purchasing and Contracting Authority Of Municipalities, Counties, and Certain Other Local Governments), Local Government Code, rather than authorizing the board, on behalf of the district, to enter into a contract that exceeds \$2,000 only with the lowest qualified bidder.

SECTION 7. Amends Section 1058.152(c), Special District Local Laws Code, as effective April 1, 2013, to provide that any district resident, rather than taxpayer, is entitled to certain privileges.

SECTION 8. Amends Section 1058.153, Special District Local Laws Code, as effective April 1, 2013, as follows:

Sec. 1058.153. FISCAL YEAR. (a) Creates this subsection from existing text. Provides that the district's fiscal year begins on October 1 and ends on September 30, unless otherwise established by the board.

(b) Prohibits the fiscal year from being changed during a period that revenue bonds of the district are outstanding or more than once in a 24-month period.

SECTION 9. Amends Sections 1058.156(a) and (b), Special District Local Laws Code, as effective April 1, 2013, as follows:

(a) Requires the board to designate one or more banks to serve as a depository for district money, rather than designating one or more banks in the district to serve as a depository for district money.

(b) Requires that all district money, other than money invested in accordance with Chapter 2256, Government Code, and money transmitted to a bank for payment of bonds or obligations issued or assumed by the district, be immediately deposited on receipt with a depository bank. Deletes existing text requiring that all district money be immediately deposited on receipt with a depository bank, except that sufficient money is required to be remitted to an appropriate bank to pay the principal of and interest on the district's outstanding bonds, or other obligations assumed by the district, on or before the maturity date of the principal and interest.

SECTION 10. Amends Subchapter E, Chapter 1058, Special District Local Laws Code, as effective April 1, 2013, by adding Sections 1058.206, 1058.207, 1058.208, and 1058.209, as follows:

Sec. 1058.206. REVENUE BONDS. (a) Authorizes the board to issue revenue bonds to purchase, construct, acquire, repair, renovate, or equip buildings and improvements for hospital purposes or acquire sites to be used for hospital 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 hospital system, including district facilities.

(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. 1058.207. REFUNDING BONDS. (a) Authorizes the board to issue refunding bonds to refund outstanding indebtedness issued or assumed by the district.

(b) Authorizes a refunding bond to be sold, with the proceeds of the refunding bond applied to the payment of the indebtedness to be refunded or exchanged wholly or partly for not less than a similar principal amount of outstanding indebtedness.

Sec. 1058.208. ADDITIONAL MEANS OF SECURING REPAYMENT OF BONDS. Authorizes the board, in addition to the authority to issue general obligation bonds and revenue bonds under this subchapter, to provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes as authorized by Section 1058.202 and revenue and other sources as authorized by Section 1058.206.

Sec. 1058.209. USE OF BOND PROCEEDS. Authorizes the district to use the proceeds of bonds issued under this subchapter to pay:

(1) any expense the board determines is reasonable and necessary to issue, sell, and deliver the bonds;

(2) 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;

(3) costs related to the operation and maintenance of a project or facility to be provided through the bonds:

(A) during an estimated period of acquisition or construction, not to exceed five years; and

(B) for one year after the project or facility is acquired or constructed;

(4) costs related to the financing of the bond funds, including debt service reserve and contingency funds;

(5) costs related to the bond issuance;

(6) costs related to the acquisition of land or interests in land for a project or facility to be provided through the bonds; and

(7) construction costs of a project or facility to be provided through the bonds, including the payment of related professional services and expenses.

SECTION 11. Amends Section 1058.253, Special District Local Laws Code, as effective April 1, 2013, as follows:

Sec. 1058.253. New heading: TAX ASSESSOR-COLLECTOR. Authorizes the board to appoint a tax assessor-collector for the district or contract for the assessment and collection of taxes as provided by the Tax Code. Deletes existing text authorizing the tax assessor-collector of Upton County, unless an election is held under Section 1058.254 (Election for Separate Tax Assessor and Tax Collector), to assess and collect taxes imposed by the district.

SECTION 12. Amends Chapter 1058, Special District Local Laws Code, as effective April 1, 2013, by adding Subchapter G, as follows:

SUBCHAPTER G. DISSOLUTION

Sec. 1058.301. DISSOLUTION; ELECTION. (a) Authorizes the district to be dissolved only on approval of a majority of the district voters voting in an election held for that purpose.

(b) Authorizes the board to order an election on the question of dissolving the district and disposing of the district's assets and obligations.

(c) Requires the board to order an election if the board receives a petition requesting an election that is signed by at least 15 percent of the registered voters in the district.

(d) Requires the order calling the election to state the nature of the election, including the proposition 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.

Sec. 1058.302. NOTICE OF ELECTION. (a) Requires the board to give notice of an election under this subchapter by publishing once a week for two consecutive weeks a substantial copy of the election order in a newspaper with general circulation in the district.

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

Sec. 1058.303. BALLOT. Requires that the ballot for an election under this subchapter be printed to permit voting for or against the proposition: "The dissolution of the McCamey County Hospital District."

Sec. 1058.304. ELECTION RESULTS. (a) Requires the board, if a majority of the votes in an election under this subchapter favor dissolution, to find that the district is dissolved.

(b) 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 date of the most recent election on the question of dissolution.

Sec. 1058.305. TRANSFER OR ADMINISTRATION OF ASSETS. (a) Requires the board, if a majority of the votes in the election held under this subchapter favor dissolution, to:

(1) transfer the land, buildings, improvements, equipment, and other assets that belong to the district to Upton County or another governmental entity in Upton County; or

(2) administer the property, assets, and debts until all money has been disposed of and all district debts have been paid or settled.

(b) Provides that the county or entity assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved, if the board makes the transfer under Subsection (a)(1).

(c) Provides that the district, if Subsection (a)(1) does not apply and the board administers the property, assets, and debts of the district under Subsection (a)(2), is dissolved when all money has been disposed of and all district debts have been paid or settled.

Sec. 1058.306. IMPOSITION OF TAX AND RETURN OF SURPLUS TAXES. (a) Requires the board, after the board finds that the district is dissolved, 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.

(b) Requires the board, on the payment of all outstanding debts and obligations of the district, to order the secretary to return to each district taxpayer the taxpayer's pro rata share of all unused tax money.

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

Sec. 1058.307. REPORT; DISSOLUTION ORDER. (a) Requires the board, after the district has paid all district debts and has disposed of all district money and other assets as prescribed by this subchapter, to file a written report with the Commissioners Court of Upton County summarizing the board's actions in dissolving the district.

(b) Requires the commissioners court, not later than the 10th day after the date of the Commissioners Court of Upton County receives the report and determines that the requirements of this subchapter have been fulfilled, to enter an order approving dissolution of the district and releasing the board from any further duty or obligation.

SECTION 13. Repealers: Sections 1058.106(b) (relating to certain requirements before awarding a contract), 1058.106(c) (relating to certain provisions the board is required to give a person on application who wants to bid on a contract), 1058.106(d) (relating to certain requirements of the delivery and formatting of the bid), 1058.106(e) (relating to the forfeiture of the bid if the accepted bid's bidder refuses a proper contract with the board), 1058.106(f) (relating to the authorization of the board to reject a bid that the board considers too high), 1058.254 (Election for Separate Tax Assessor and Tax Collector), and 1058.255 (Appointment of Separate Tax Assessor and Collector), Special District Local Laws Code.

SECTION 14. (a) Requires that the election of the board scheduled before the effective date of this Act to be held in May 2014 be held, and requires the three directors elected at that election to serve three-year terms.

(b) Requires that the election of the board scheduled to be held in May 2015 be held, and requires the directors elected at that election to serve four-year terms.

(c) Requires the directors elected at the elections to be held in May 2017 and May 2019 to serve four-year terms.

SECTION 15. Effective date: upon passage or September 1, 2013.