

BILL ANALYSIS

C.S.H.B. 795
By: Springer
County Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties note that many hospital districts have the authority to issue revenue bonds, which often price better from the perspective of a hospital district compared to general obligation bonds. The parties contend that the Haskell County Hospital District should be granted such authority and that some modernization of the district's governing statutes is needed. C.S.H.B. 795 seeks to address these needs.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 795 amends the Special District Local Laws Code to remove as a qualification for appointment as a director of the Haskell County Hospital District ownership of land in the district subject to taxation and to prohibit a person from being appointed as a director if the person is a district employee or an employee of Haskell County. The bill changes from a district taxpayer to a district resident the person entitled to appear and be heard at a public hearing on the district's proposed budget. The bill changes the nature of the fiscal year on which the district operates from a fiscal year beginning on October 1 and ending on September 30 to a fiscal year established by the district's board of directors. The bill requires the district's annual audit to be open to inspection during regular business hours at the district's principal office and removes the requirement that the audit be filed with the comptroller of public accounts and at the district office not later than December 31 each year. The bill removes the requirement that a bank or banks designated as the district's depository be in Haskell County, removes language providing for the alternative designation of a bank or banks as the district's treasurer, and removes language establishing that a designated bank serves for two years and until a successor is designated.

C.S.H.B. 795 authorizes the board to issue revenue bonds to purchase, construct, acquire, repair, renovate, or equip buildings or improvements for hospitals and the hospital system or to acquire sites to be used for hospital purposes. The bill requires the bonds to 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 and authorizes the bonds to be additionally secured by a mortgage or deed of trust on all or part of the district's property. The bill requires the bonds to be issued in the manner and in accordance with the procedures and requirements prescribed by specified provisions of the County Hospital Authority Act. The bill authorizes the board, in addition to the authority to issue general obligation bonds and revenue bonds, to provide for the security and payment of district

bonds from a pledge of a combination of authorized district property taxes and authorized revenue and other sources.

C.S.H.B. 795 authorizes the district to use bond proceeds to pay the following: any expense the board determines is reasonable and necessary to issue, sell, and deliver the 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; 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 construction costs of a project or facility to be provided through the bonds.

C.S.H.B. 795 repeals Section 1040.053(b), Special District Local Laws Code, requiring each director's bond and constitutional oath or affirmation of office to be deposited with the district's depository bank for safekeeping.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 795 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Sec. 1040.052, Special District Local Laws Code, is amended to read as follows:

Sec. 1040.052. QUALIFICATIONS FOR OFFICE. A person may not be appointed as a director unless the person:

- (1) is a district resident; and
- (2) is not an employee of the district or Haskell County [~~owns land in the district subject to taxation~~].

SECTION 2. Sec. 1040.053, Special District Local Laws Code, is amended by deleting subsection (b).

SECTION 3. Sec. 1040.152(c), Special District Local Laws Code, is amended.

SECTION 4. Sec. 1040.153, Special

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 1040.052, Special District Local Laws Code, is amended to read as follows:

Sec. 1040.052. QUALIFICATIONS FOR OFFICE. (a) A person may not be appointed as a director unless the person[:

- [~~(1)~~] is a district resident[; ~~and~~
[~~(2)~~] ~~owns land in the district subject to taxation~~].

(b) A person may not be appointed as a director if the person is:

- (1) a district employee; or
- (2) an employee of Haskell County.

SECTION 7. Section 1040.053(b), Special District Local Laws Code, is repealed.

SECTION 2. Same as introduced version except for recitation.

SECTION 3. Section 1040.153, Special

District Local Laws Code, is amended to read as follows:
Sec. 1040.153. FISCAL YEAR. The district operates on a fiscal year established by the Board [~~that begins on October 1 and ends on September 30~~].

SECTION 5. Sec. 1040.154(b), Special District Local Laws Code, is revised to read as follows:
(b) The audit shall be available for inspection at all times [~~Not later than December 31 each year, the audit shall be filed:~~
(1) ~~with the comptroller; and~~
(2)] at the district office.

SECTION 6. Sec. 1040.155(a), Special District Local Laws Code, is revised to read as follows:
(a) The board by resolution shall designate a bank or banks [~~in Haskell County~~] as the district's depository [~~or treasurer~~]. [~~A designated bank serves for two years and until a successor is designated.~~]

SECTION 7. Chapter 1040, Special District Local Laws Code, is amended by adding Section 1040.207 to read as follows:

Sec. 1040.207. REVENUE BONDS. (a) The board may issue and sell revenue bonds in the name and on the faith and credit of the district to:
(1) purchase, construct, acquire, repair, renovate, or equip buildings or improvements for hospitals and the hospital system; or
(2) acquire sites to be used for hospital purposes.
(b) The bonds must 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.
(c) The bonds may be additionally secured by a mortgage or deed of trust on all or part of the district's property.
(d) The bonds must be issued in the manner provided by Sections 264.042, 264.043, and 264.046-264.049, Health and Safety Code, for issuance of revenue bonds by a county

District Local Laws Code, is amended to read as follows:
Sec. 1040.153. FISCAL YEAR. The district operates on a fiscal year established by the board [~~that begins on October 1 and ends on September 30~~].

SECTION 4. Section 1040.154(b), Special District Local Laws Code, is amended to read as follows:
(b) The audit shall be open to inspection during regular business hours [~~Not later than December 31 each year, the audit shall be filed:~~
(1) ~~with the comptroller; and~~
(2)] at the district's principal [~~district~~] office.

SECTION 5. Section 1040.155(a), Special District Local Laws Code, is amended to read as follows:
(a) The board by resolution shall designate a bank or banks [~~in Haskell County~~] as the district's depository [~~or treasurer~~]. [~~A designated bank serves for two years and until a successor is designated.~~]

SECTION 6. Subchapter E, Chapter 1040, Special District Local Laws Code, is amended by adding Sections 1040.207, 1040.208, and 1040.209 to read as follows:
Sec. 1040.207. REVENUE BONDS. (a) The board may issue revenue bonds to:

(1) purchase, construct, acquire, repair, renovate, or equip buildings or improvements for hospitals and the hospital system; or
(2) acquire sites to be used for hospital purposes.
(b) The bonds must 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.
(c) The bonds may be additionally secured by a mortgage or deed of trust on all or part of the district's property.
(d) The bonds must be issued in the manner and in accordance with the procedures and requirements prescribed by Sections 264.042, 264.043, 264.046, 264.047,

hospital authority.

264.048, and 264.049, Health and Safety Code, for issuance of revenue bonds by a county hospital authority.

SECTION 8. Chapter 1040, Special District Local Laws Code, is amended by adding Section 1040.208 to read as follows:

Sec. 1040.208. ADDITIONAL MEANS OF SECURING REPAYMENT OF BONDS. In addition to the authority to issue general obligation bonds and revenue bonds under this subchapter, the board may provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes as authorized by Section 1040.202 and revenue and other sources as authorized by Section 1058.207.

Sec. 1040.208. ADDITIONAL MEANS OF SECURING REPAYMENT OF BONDS. In addition to the authority to issue general obligation bonds and revenue bonds under this subchapter, the board may provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes as authorized by Section 1040.202 and revenue and other sources as authorized by Section 1040.207.

SECTION 9. Chapter 1040, Special District Local Laws Code, is amended by adding Section 1040.209.

Section 1040.209. Same as introduced version.

SECTION 10. This act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this act does not receive the vote necessary for immediate effect, this act takes effect September 1, 2015.

SECTION 8. Same as introduced version.