

BILL ANALYSIS

Senate Research Center
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S.B. 1405
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Intergovernmental Relations
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As Filed

DIGEST

The North Runnels County Hospital District (district) was created in 1969, 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. 1405 revises the enabling legislation for the North Runnels 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 2, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to require the North Runnels County Hospital District (district) to provide for the administration, maintenance, operation, and financing of a hospital system within its boundaries that includes a medical care system, rural health clinics, outpatient clinics, nursing homes, and home health services, and authorizes the district to provide any services or facilities necessary for hospital agencies, extended care facilities, and assisted living or personal care facilities by the purchase, construction, acquisition, repair, or renovation of buildings and equipment.

SECTION 2. Amends Section 4, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to provide that the board of directors of the district (board) consists of seven directors. Requires a regular election for directors to be held on a certain date. Requires notice of each election to be published by a certain date. Requires the directors to order the regular election for directors by a certain date. Requires the election order to contain certain information. Requires a person desiring to have his or her name printed on the ballot as a candidate for director to file an application, rather than a petition, with the secretary of the board of directors by a certain date. Authorizes, rather than requires, the directors to require all officers and employees charged with handling funds to furnish good bonds for faithful performance of their duties. Authorizes the board to pay for the bond with district funds. Requires the secretary of the board to be appointed, rather than elected. Deletes text requiring the commissioners court to appoint the original directors until an election, and setting the terms of the directors. Deletes text requiring successors to be elected by vote of the electors of the entire district. Deletes text providing for the number of directors which constitutes a quorum. Makes conforming and nonsubstantive changes.

SECTION 3. Amends Section 5, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to authorize the board to require the administrator, before assuming the administrator's duties, to execute a bond for the faithful performance of the administrator's duties. Requires the board, with the administrator, to have the authority to appoint or dismiss staff. Authorizes the board to purchase or lease property, facilities, or equipment for the district to use in the hospital system, and authorizes the board to mortgage or pledge the property, facilities, or equipment as security for the payment of the purchase price. Authorizes the board to enter into one or more contracts to provide administrative and other personnel for the operation of the hospital facilities. Prohibits the term of the contract from exceeding 25 years from the date on which the contract was entered. Authorizes the board to transfer district hospital facilities by lease to individuals, corporations, or other legal entities, and authorizes the district to sell or otherwise dispose

of the district's property, facilities, and equipment. Authorizes the board to provide retirement benefits for district employees by establishing or administering a retirement program or electing to participate in the Texas County and District Retirement System or any other statewide retirement system in which the district is eligible to participate. Authorizes the board to spend district funds to recruit physicians, nurses, and other trained medical personnel. Authorizes the board to contract with one or more full-time medical students or other students in a health occupation who are enrolled in good standing in an accredited medical school to pay the student's tuition or other expenses in consideration of the student's contractual agreement to serve as an employee or independent contractor for the district. Authorizes the district to institute a suit to enforce the payment of taxes and to foreclose liens to secure the payment of taxes due to the district. Authorizes the district to provide services outside the boundaries of the district. Makes conforming and nonsubstantive changes.

SECTION 4. Amends Section 6, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to require the district to be operated on the basis of a fiscal year established by the board. Prohibits the fiscal year from being changed when revenue bonds are outstanding or more than one time in a 24-month period. Requires the board to cause an annual audit. Requires a public hearing on the annual budget to be held by the board after notice of such hearing has been published in accordance with the open meetings law. Requires any resident, rather than property taxpayer, to have the right to be present and participate in the budget hearing. Deletes text stating the commencement and ending date of the fiscal year. Deletes text regarding the coverage of the audit and the requirement of filing the audit. Deletes text regarding notice of the budget hearing. Makes conforming and nonsubstantive changes.

SECTION 5. Amends Section 9, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to authorize the board to issue general obligation bonds for certain actions of the board. Authorizes the district to issue general obligation bonds only if the bonds are authorized by a majority of the qualified voters of the district voting at an election called and held for that purpose. Authorizes the board to order a bond election. Sets forth the required information to be included in the order calling the election. Requires the notice of a bond election to be given as provided for by Article 704, V.T.C.S. Requires the board to canvass the returns and declare the results of the election. Authorizes the district to issue revenue bonds for a purpose described in Subsection (a). Requires the bonds to be payable from and secured by a pledge or all or part of the revenues derived from the operation of the district's hospital system. Authorizes the bonds to be additionally secured by a mortgage or deed of trust on all or part of the district's property. Requires the revenue bonds to be issued in the manner provided by Sections 264.042, 264.043, 264.046, 264.047, 264.048, and 264.049, Health and Safety Code, for the issuance of revenue bonds by county hospital authorities. Requires bonds to bear interest not to exceed the amount provided by Article 717k-2, V.T.C.S. Deletes certain board actions for which bonds may be issued. Deletes text authorizing refunding bonds to be issued without voter approval, and certain requirements for bond elections. Deletes text concerning a separate proposition for the creation or confirmation of the district as to whether the board is authorized to issue bonds for certain purposes. Makes conforming and nonsubstantive changes.

SECTION 6. Amends Section 10, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to make conforming changes.

SECTION 7. Amends Section 11, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to authorize the hospital system to include pharmacies, rather than dispensaries.

SECTION 8. Amends Section 12, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to require the district to comply with the bidding requirements prescribed by Chapter 271, Local Government Code. Deletes text concerning certain construction and purchasing contracts. Makes conforming changes.

SECTION 9. Amends Section 13, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to require the board to name one or more banks, rather than banks within the district's boundaries to serve as depository banks for district funds.

SECTION 10. Amends Section 14, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to make a nonsubstantive change.

SECTION 11. Amends Section 16, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to make conforming and nonsubstantive changes.

SECTION 12. Amends Section 17, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to authorize the board to annually impose property taxes in an amount not to exceed the limit approved by the voters at the election authorizing the levy of taxes. Prohibits the tax rate from exceeding 75 cents on each \$100 valuation of all taxable property in the district. Authorizes the taxes to be used to pay for indebtedness issued or assumed by the district and for the maintenance and operating expenses of the district. Prohibits the district from imposing taxes to pay the principal of or interest on revenue bonds. Provides that the Tax Code governs the appraisal, assessment, and collection of district taxes. Authorizes the board to provide for the appointment of a tax assessor-collector for the district or may contract for the assessment and collection of taxes as provided by the Tax Code. Deletes text regarding taxes assessed and collected on county tax values. Deletes text regarding district taxes.

SECTION 13. Amends Section 19, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to make conforming and nonsubstantive changes.

SECTION 14. Amends Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, by adding Sections 20a and 20b, as follows:

Sec. 20a. Authorizes the board to borrow money at a rate not to exceed the maximum annual percentage rate allowed by law for district obligations at the time of the loan. Authorizes the board to pledge certain revenues, taxes, and bonds, to secure a loan. Requires a loan for which taxes or bonds are pledged to mature by a certain date. Requires a loan for which district revenues are pledged to mature by a certain date.

Sec. 20b. Authorizes a 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 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 certain percentage of registered voters in 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 a substantial copy of 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 Runnels 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 15. Emergency clause.

Effective date: upon passage.