

## **BILL ANALYSIS**

Senate Research Center  
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S.B. 1625  
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Intergovernmental Relations  
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As Filed

### **DIGEST**

Under the 59th Legislature, the Act creating the Childress County Hospital District (district) was passed. The Act has not been amended since its creation in 1965 and no longer accurately reflects the needs of the district. Changes are needed for the district to provide health care to the residents of the Childress County. S.B. 1625 would ensure the district's legislation corresponds with current Texas law, and ensure that the district spends funds to recruit physicians and other medical personnel; and broadens the financing option available to the district.

### **PURPOSE**

As proposed, S.B. 1625 updates legislation to correspond with the continued operation and growth of the Childress County Hospital District.

### **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 3, Chapter 647, Acts of the 59th Legislature, Regular Session, 1965, to create Subsections (a)-(c) from existing text.

SECTION 2. Amends Section 4, Chapter 647, Acts of the 59th Legislature, Regular Session, 1965, to require a regular election for directors to be held on the first Saturday in May, rather than April, of each year and to be ordered by the Childress County Hospital District (district) board of directors (board). Requires the election to be ordered at least 45 days, rather than 15 days, prior to the date on which it is to be held. Provides that any person desiring his name to be printed on the ballot as a candidate for director to file an application with the secretary of the board at least 31 days prior to the date of the election. Requires notice of such election to be published one time in a newspaper of general circulation in the areas of the district no earlier than the 30th day or later than the 10th day before the date of the election, rather than at least five days before the election. Entitles a director to receive actual expenses incurred in attending to district business, provided such expenses are reported in the district's minutes book or other district record. Requires any person who is a resident of the district and a qualified voter to be eligible to hold office as director of the district, except that an employee of the district may not serve as a director. Requires the board to appoint a secretary who is not required to be a director. Requires each officer to serve for a term of one year. Deletes text requiring the commissioners court to appoint seven persons to the board of the district. Deletes text regarding a petition signed by no less than 15 qualified voters asking that such name be printed on the ballot. Deletes text requiring a petition to be filed with the secretary at least 25 days prior to the election. Deletes text regarding failure of an original director. Deletes text regarding a property owning taxpaying voter of the district. Deletes text regarding other officers in judgment of the board. Deletes text requiring the president to be chief executive officer of the district. Makes conforming changes.

SECTION 3. Amends Section 5, Chapter 647, Act of the 59th Legislature, Regular Session, 1965, to require the board, with the assistance of the chief executive officer, to manage, control, and administer the hospital, hospital system, and the business, funds, and resources of the district. Requires the chief executive officer to execute a bond in an amount to be set by the board, but in no event less than \$25,000, conditioned on the faithful performance of the chief executive officer's duties. Authorizes the board to pay the bond with district funds. Authorizes the board to purchase or lease property for the district to use in the hospital system and to mortgage or pledge the property as security for the payment of the purchase

price. Authorizes the board to contract to provide administrative or other personnel for the operation of the hospital facilities. Prohibits a contract entered into under this subsection from having a term longer than 25 years. Authorizes the board to lease district hospital facilities to individuals, corporations, or other legal entities and to sell or otherwise dispose of the district's property. 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 for which the district is eligible. 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, each of whom is enrolled in and in good standing at an accredited medical school, college, or university, to pay the student's tuition or other expenses in consideration of the student's agreement to serve as an employee or independent contractor for the district. Authorizes the board to institute a suit to enforce the payment of taxes or to foreclose liens to secure the payment of taxes due to the district. Authorizes the board to provide or contract to provide educational programs or courses for employees and medical staff of the district. Deletes text regarding administrator or manager. Deletes text authorizing contracts or agreements with the State of Texas or the Federal Government. Makes conforming changes.

SECTION 4. Amends Section 6, Chapter 647, Acts of the 59th Legislature, Regular Session, 1965, to require the district to be operated on 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 has been given in the manner provided by Chapter 551C, Government Code. Deletes text regarding an audit on October 1 of each year and ending September 30 of the following year. Deletes text regarding notice of the hearing to have been published one time at least 10 days before the date set. Makes conforming changes.

SECTION 5. Amends Section 7, Chapter 647, Acts of the 59th Legislature, Regular Session, 1965, to require the board of the district to have the power and authority to issue and sell revenue bonds for the purpose of purchasing, constructing, repairing, renovating, or acquiring buildings or improvements, and acquiring sites to be used for hospital purposes. Requires the board to be payable from and secured by a pledge of 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 district property. Requires revenue bonds to be issued as 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. Authorizes the board to issue and sell general obligation bonds authorized by an election in the name and on the faith and credit of the district to meet certain provisions. Prohibits any other taxes levied for the district from exceeding the limit approved by the voters at the election authorizing the levy of taxes. Authorizes the district to issue general obligations 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. Requires the order calling the election to state the nature and date of the election, the hours during which the polls will be open, the location of the polling places, the amounts of the bonds to be authorized, and the maximum maturity of the bonds. 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. Requires district bonds to mature no later than the 40th anniversary of the date of issuance and to bear a rate of interest that does not exceed the amount provided by Chapter 3, Acts of the 61st Legislature, Regular Session, 1969 (Article 717k-2, V.T.C.S.). Requires refunding bonds to be issued in the manner provided by Chapter 784, Acts of the 61st Legislature, Regular Session, 1969 (Article 717k-3, V.T.C.S.). Requires refunding bonds to be sold and the proceeds applied to the payment of outstanding bonds to be made in the manner specified by Chapter 503, Acts of 54th Legislature, Regular Session, 1955 (Article 717k, V.T.C.S.). Deletes text regarding 75 cents on each \$100 valuation of taxable property. Deletes text requiring the district to make provisions on the cost of bond elections. Makes conforming changes.

SECTION 6. Amends Section 11, Chapter 647, Acts of the 59th Legislature, Regular Session, 1965, to require the district to comply with the competitive bidding requirements contained in Chapter 252, Local Government Code, before the district enters into a contract that requires an expenditure of more than \$15,000. Deletes text regarding purchases involving the expenditure of more than \$2,000.

SECTION 7. Amends Section 12, Chapter 647, Acts of the 59th Legislature, Regular Session, 1965, to delete text regarding of the district boundaries.

SECTION 8. Amends Section 16, Chapter 647, Acts of the 59th Legislature, Regular Session, 1965, 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 for all purposes 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 to contract for the assessment and collection of taxes as provided by the Tax Code. Deletes existing section regarding hospital district taxes and the tax assessor-collector.

SECTION 9. Amends Section 18, Chapter 647, Acts of the 59th Legislature, Regular Session, 1965, to require the chief executive officer to cause inquiry to be made as to the patient's circumstances and those of the relatives of such patients legally liable for the patient's support. Makes conforming changes.

SECTION 10. Amends Chapter 647, Acts of the 59th Legislature, Regular Session, 1965, by adding Section 20A, as follows:

Sec. 20A. Authorizes the board to borrow money for district obligations at the time of the loan. Sets forth revenue the board may pledge to secure a loan. Requires a loan for which taxes or bonds are pledged to mature no later than the first anniversary of the date on which the loan was made.

SECTION 11. Amends Chapter 647, Acts of the 59th Legislature, Regular Session, 1965, by adding Section 25, to authorize the 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 number of residents of the district equal to at least 15 percent of the registered voters in the district. Requires the election to be held no later than the 60th day after the date the election is ordered. Provides that Section 41.001(a), Election Code, does not apply to an election ordered under this section. Requires the order calling the election to state certain information. Requires the board to give notice of the election by publishing the election order in a newspaper with general circulation in the district once a week for two consecutive weeks. Requires the first publication to appear no less than 35 days before the date set for the election. Sets forth standard language for the ballot to permit voting for or against the proposition. 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, and another election on the question of dissolution from being held before the first anniversary of the most recent election to dissolve the district, if a majority of the votes in the election do not favor dissolution. Requires the board to transfer or administer certain assets, if a majority of the votes in the election favor dissolution. Provides that the county or agency assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved, if the district transfers the land, buildings, improvements, equipment, and other assets to a county or other governmental agency. 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 Childress 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 of Childress County to enter an order dissolving the district and releasing the board of the district from any further duty or obligation, no later than the 10th day after the date it receives the report and determines that the requirements of this section have been fulfilled. 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. Provides that the dissolution of the district and the sale or transfer of the district's assets and liabilities may not contravene 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 a governmental agency that serves the district and the transferred assets are to be used for the benefit of the residents of the district.

SECTION 12. Emergency clause.

Effective date: upon passage.