

BILL ANALYSIS

Senate Research Center
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H.B. 2477
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Intergovernmental Relations
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Engrossed

DIGEST AND PURPOSE

The Garza County Hospital District has been a source of controversy for the citizens of the county. The hospital changed its mode of operation from a hospital district to a health care center, which caused concern for the citizens of Garza County because they were being taxed by a hospital district but the hospital was not operating as a hospital. Some of the people in the county would like the Garza County Hospital District dissolved. To solve the controversy, a citizen advisory committee was formed to make recommendations to the board of directors of the hospital district. The committee submitted a list of recommendations to fix the existing problems of the hospital district. H.B. 2477 provides a means for the dissolution of the Garza County Hospital District and amends enabling legislation to meet current needs in the event that the vote to dissolve the district fails.

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 1, Chapter 502, Acts of the 60th Legislature, Regular Session, 1967, to rename the Garza Hospital District as the Garza County Health Care District (district).

SECTION 2. Amends Section 3, Chapter 502, Acts of the 60th Legislature, Regular Session, 1967, as follows:

- (a) Provides that to be eligible to serve as a member of the board of directors of the district, a person is required to be at least 21 years of age and a resident of the district. Further requires a person to have resided in the district for at least six months immediately preceding the date on which the person files for election or is appointed or elected to fill a vacancy in the office of director, as appropriate. Deletes text regarding eligibility for board service. Authorizes a board member to be required to execute a certain bond, rather than requiring the board member to execute the bond. Authorizes the board of directors to pay for the bonds if required of the directors with district funds.
- (b) Makes conforming changes regarding a bond required of a district administrator.
- (c) Requires the appointment, rather than election, of a board secretary. Requires notice of the time and place of any board meeting to be given to all the directors at least 72 hours before, rather than not less than seven days prior to, the time of the meeting.
- (d) Requires a regular election of directors to be held on the first Saturday in May, rather than April, of each year. Requires the election to be held in accordance with the Election Code. Requires a prospective board member to file an application, rather than petition with a certain number of signatures, with the secretary of the board, at least 45, rather than 25, days before the date of election.

SECTION 3. Amends Section 4, Chapter 502, Acts of the 60th Legislature, Regular Session, 1967, to make a conforming change.

SECTION 4. Amends Section 5, Chapter 502, Acts of the 60th Legislature, Regular Session, 1967, as follows:

- (a) Requires all taxes of the district to be assessed and collected as provided by Subsections (b) and (c). Deletes text regarding taxes.
- (b) Authorizes 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 a certain amount. Authorizes the taxes to be used for certain purposes. 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.
- (c) Sets forth purposes for which the taxes may be used. Deletes text regarding levying and collecting the tax.
- (d) Makes a conforming change and deletes a reference regarding the purpose of levying the tax.

SECTION 5. Amends Section 6, Chapter 502, Acts of the 60th Legislature, Regular Session, 1967, as follows:

- (a) Sets forth purposes for which the board is authorized to issue general obligation bonds. Makes conforming changes.
- (b) Requires voter approval before the issuance of general obligation bonds. Sets forth provisions regarding a bond election. Makes conforming changes.
- (c) Authorizes the district to issue revenue bonds for certain purposes, contingent on voter approval. Sets forth provisions regarding revenue bonds. Deletes text regarding bonds. Makes conforming changes.
- (d) Deletes text regarding bond elections. Makes a conforming change.
- (e) Requires bonds of the district to mature not 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 1204, Government Code.
- (f) Makes conforming changes.
- (g) Deletes text regarding board powers and authority. Prohibits the district from making any contract calling for or requiring the expenditure or payment of \$15,000, rather than \$1,000, or more out of any fund or funds of the district creating or imposing an obligation or liability upon the district without first submitting such contracts to competitive bids.

SECTION 6. Amends Section 7, Chapter 502, Acts of the 60th Legislature, Regular Session, 1967, to make conforming changes.

SECTION 7. Amends Section 8, Chapter 502, Acts of the 60th Legislature, Regular Session, 1967, by amending Subsection (a) and adding Subsections (d) through (l), as follows:

(a) Makes a conforming change.

(d) Authorizes the board to purchase or lease property, facilities, or equipment for the district to use in the health care system and to mortgage or pledge the property, facilities, or equipment as security for the payment of the purchase price.

(e) Authorizes the board to enter into one or more contracts to provide administrative and other personnel for the operation of the health care facilities for a term not to exceed five years.

(f) Authorizes the board to transfer district health care facilities by lease to individuals, corporations, or other legal entities for a term not to exceed 20 years.

(g) Authorizes the board to sell or otherwise dispose of the district's property, facilities, and equipment.

(h) Authorizes the board to provide retirement benefits for the employees of the district by establishing or administering a retirement program or participating in the Texas County and District Retirement System or any other statewide retirement system in which the district is eligible to participate.

(i) 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 good standing in an accredited medical school, college, or university, 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 under terms prescribed by the contract.

(j) Authorizes the board to institute a suit to enforce the payment of taxes and to foreclose liens to secure the payment of taxes due to the district.

(k) Authorizes the board to spend district funds to support emergency medical services in the county.

(l) Authorizes the board to provide access to medical care to nonindigent residents of Garza County if the nonindigent residents are charged the reasonable and customary cost of services.

SECTION 8. Amends Section 9, Chapter 502, Acts of the 60th Legislature, Regular Session, 1967, as follows:

(a) Deletes text regarding an audit being filed with the comptroller of public accounts. Makes a conforming change.

(b) Adds a statutory reference. Deletes text regarding notice of hearing of the budget. Provides that any person who is a resident, rather than taxpayer, of the district has the right to appear and be heard with reference to any item shown in the proposed budget.

SECTION 9. Amends Section 10, Chapter 502, Acts of the 60th Legislature, Regular Session, 1967, to make conforming changes.

SECTION 10. Amends Section 11, Chapter 502, Acts of the 60th Legislature, Regular Session, 1967, to provide that the district is subject to inspection by any duly authorized representative of the Texas Department of Health, rather than the State Board of Health or any State Board of Charities (or Public Welfare). Makes conforming changes.

SECTION 11. Amends Section 12, Chapter 502, Acts of the 60th Legislature, Regular Session,

1967, to make conforming changes.

SECTION 12. Amends Section 13, Chapter 502, Acts of the 60th Legislature, Regular Session, 1967, to make conforming and nonsubstantive changes.

SECTION 13. Amends Section 14, Chapter 502, Acts of the 60th Legislature, Regular Session, 1967, to make conforming changes.

SECTION 14. Amends Section 16, Chapter 502, Acts of the 60th Legislature, Regular Session, 1967, to make a conforming change.

SECTION 15. Amends Chapter 502, Acts of the 60th Legislature, Regular Session, 1967, by adding Sections 16A and 16B, as follows:

Sec. 16A. (a) Authorizes the board of directors 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.

(b) Authorizes the board of directors, in order to secure a loan, to pledge certain revenues.

(c) Requires a loan for which taxes or bonds are pledged to mature not later than the first anniversary of the date on which the loan is made. Requires a loan for which district revenues are pledged to mature not later than the fifth anniversary of the date on which the loan is made.

Sec. 16B. (a) Authorizes 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.

(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 of directors 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 10 percent of the registered voters in the district.

(c) Requires the election to be held not 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 make certain statements.

(d) Requires the board of directors 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 not fewer than 35 days before the date set for the election. Requires the ballot for the election to be printed to permit voting for or against the proposition: "The dissolution of the Garza County Health Care District."

(e) Requires the board, if a 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.

(f) Requires the board, 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 Garza County or another governmental entity in Garza County; sell the assets and liabilities to another person or entity; or administer the property, assets, and debts until all funds have been disposed of and all district debts have been paid or settled.

(g) Provides that if the district transfers the land, buildings, improvements, equipment, and other assets to Garza County or another governmental entity in Garza County, the county or entity assumes all debts and obligations of the district at the time of the transfer, at which time the district is dissolved. Provides that if the district does not transfer the land, buildings, improvements, equipment, and other assets to Garza County or another governmental entity in Garza County, or sell those assets and the liabilities to another person or entity, the board of directors is required 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.

(h) Requires the board, after it 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.

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

(j) 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 funds to the county tax assessor-collector.

(k) Requires the board, after the district has paid all its debts and has disposed of all its assets and funds as prescribed by this section, to file a written report with the Commissioners Court of Garza County setting forth a summary of the board of directors' actions in dissolving the district.

(l) Requires the Commissioners Court of Garza 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 from any further duty or obligation.

(m) Authorizes the district to provide for the sale or transfer of the district's assets and liabilities to another person or entity and the district's subsequent dissolution. Prohibits the dissolution of the district and the sale or 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.

(n) 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, including the residents' collective property rights in the district's assets. 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 residents of the district.

SECTION 16. Effective date: September 1, 2001.

