

## **BILL ANALYSIS**

Senate Research Center

H.B. 3661  
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Intergovernmental Relations  
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Engrossed

### **DIGEST AND PURPOSE**

The Act creating the Reagan Hospital District (district) was passed by the 65th Legislature in 1977. The district's enabling legislation requires updating to conform with current laws. H.B. 3661 updates the enabling legislation of the Reagan Hospital District.

### **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 5, Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, as follows:

Sec. 5. (a) Sets forth guidelines regarding the composition of the board of directors of the Reagan Hospital District (board of directors). Provides that a director elected from a commissioners precinct is not required to be a resident of that commissioners precinct. Provides that the directors serve three-year staggered terms. Deletes text regarding temporary directors.

(b) Deletes text regarding temporary directors. Provides that a redistricting or other change in the boundaries of the commissioners precincts of Reagan County does not affect the service or term of a member of the district's board of directors in office when the change occurs. Provides that the change in the commissioners precincts applies to each election of directors occurring after the change takes effect as the terms of directors then in office expire.

(c) Deletes text regarding the temporary directors becoming permanent directors. Requires each permanent director and the director's successor in office to qualify by executing the constitutional oath of office. Prohibits a person from being appointed or elected as a member of the board of directors of the hospital district unless the person is a resident of the district and a qualified voter.

(d) Deletes text requiring a member of the board of directors to own property subject to taxation therein and requiring a member at the time of such election or appointment to be more than 18 years of age.

(d) Makes a nonsubstantive change. Requires all vacancies in the office of director to be filled for the unexpired term by appointment by the remainder of the board of directors and provides that each appointee holds office for the unexpired term for which the person was appointed. Requires that, if the number of directors is reduced to less than five, the remaining directors immediately call a special election to fill the vacancies, and requires the district court, upon their failure to do so and on application of any

resident (rather than elector or taxpayer) of the district, to order the election.

(e) Makes a nonsubstantive change. Requires a regular election of directors to be held on the first (rather than the third) Saturday in May of each year, and requires it to be ordered by the board in accordance with the applicable provisions of Chapter 3 (Ordering Election), Election Code. Requires notice of the election to be published in a newspaper of general circulation in the district (rather than county) one time in accordance with Chapter 4 (Notice of Election), Election Code (rather than at least 10 days prior to the date of election). Requires any person desiring the person's name to be printed on the ballot as a candidate for director to file an application with the secretary of the board in accordance with Chapter 144 (Candidate of Office of Political Subdivision other than County or City), Election Code, asking that the person's name be printed on the ballot. Sets forth requirements for the application. Deletes text requiring the application to be filed not later than 5 p.m. of the 45th day before the date on which the election is held.

SECTION 2. Amends Section 6, Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, as follows:

Sec. 6. (a) Makes a nonsubstantive change. Requires the board of directors to manage, control, and administer the hospital system and all funds and resources of the district, but prohibits operating, depreciation, or building fund reserves from being invested in any funds or securities other than those specified in Chapter 2256 (Public Funds Investment), Government Code (rather than Articles 836 and 837, Revised Civil Statutes of Texas, 1925, as amended).

(b) - (c) Make nonsubstantive changes.

(d) Makes nonsubstantive changes. Authorizes the board to pay for the bond with district funds.

(e) - (g) Make nonsubstantive changes.

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

(i) Authorizes the board of directors to spend district funds, enter into agreements, and take certain other necessary actions to recruit physicians and other persons to serve as medical staff members or employees of the district.

(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 provide or contract for the provision of educational programs or courses for employees and medical staff of the district.

(l) Authorizes the board to institute a suit to collect amounts owed to the district by patients who have not been determined to be unable to pay under Section 18.

(m) Authorizes the district to sponsor and create a nonprofit corporation under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., V.T.C.S.) and to contribute funds to or solicit funds for the corporation. Authorizes the corporation to use its funds only to provide health care or other services the district is authorized to provide under this Act. Requires the board of directors of the hospital district to establish adequate controls to ensure that the corporation uses its funds as required by

this subsection. Authorizes the corporation to invest corporation funds in any manner in which the district may invest funds, including investing funds as authorized by Chapter 2256, Government Code.

(n) Authorizes the directors to participate in any group health insurance plan sponsored by the district for district employees.

SECTION 3. Amends Section 7, Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, as follows:

Sec. 7. (a) Makes a nonsubstantive change. Requires 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.

(b) Makes nonsubstantive changes. Deletes text regarding a time period beginning October 1 and ending on September 30. Requires the board to cause an independent audit to be made annually of the books and records (rather than financial condition) of the district. Makes a conforming change.

(c) Makes nonsubstantive changes. Deletes text regarding newspapers which individually or collectively provide general circulation. Makes a conforming change.

(d) Makes a nonsubstantive change.

SECTION 4. Amends Section 8, Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, as follows:

Sec. 8. (a) Requires the board of directors to have the power to issue and sell general obligation bonds authorized by an election in the name and on the faith and credit of the hospital district for the purchase, construction, acquisition, repair, or renovation of buildings and improvements, equipping the buildings and improvements, and acquisition of sites to be used for district (rather than hospital) purposes. Makes conforming changes. Prohibits the tax, together with any other taxes levied for the district, from exceeding 75¢ on each \$100 valuation in any year (rather than the rate of tax approved under Section 4 of this Act). Deletes text regarding refunding bonds. Requires the election to be conducted in accordance with Chapter 1251 (Bond Elections), Government Code. Deletes text regarding the order for bond election. Deletes text regarding notice for and the conduction of a bond election.

(c) Requires the board to issue refunding bonds in accordance with Chapter 1207, Government Code. Deletes text regarding guidelines for the use of refunding bonds.

(d) Requires bonds of the district to bear interest at a rate not to exceed the rate provided by Chapter 1204, Government Code, to mature within 40 years of their date, and be executed in the name of the hospital district and in its behalf by the president of the board and countersigned by the secretary in the manner provided by Chapter 618, Government Code, as added by Chapter 227, Acts of the 76th Legislature, Regular Session, 1999 (rather than Chapter 204, Acts of the 57th Legislature, Regular Session, 1961 (Article 717j-1, V.T.C.S.)).

SECTION 5. Amends Section 9, Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, as follows:

Sec. 9. Provides that the board of directors is authorized to issue revenue bonds and refund any previously issued revenue bonds for purchasing, constructing, acquiring, repairing, equipping, or renovating buildings and improvements for district purposes, and for acquiring

sites for them, the bonds to be payable from and secured by a pledge of all or any part of the revenues of the district to be derived from the operation of its hospital system (rather than hospitals). Requires the bonds to be issued in the manner and in accordance with the procedures and requirements specified for the issuance of revenue bonds by county hospital authorities in Sections 264.042, 264.043, 264.044, 264.046, 264.047, 264.048, and 264.049, Health and Safety Code (rather than 8, 10, 11, 12, and 13 of Chapter 122, Acts of the 58th Legislature, 1963, as amended (Article 4494r, Vernon's Texas Civil Statutes).

SECTION 6. Amends Section 11, Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, as follows:

Sec. 11. Authorizes all contracts for construction in excess of the amount provided by Section 271.024, Local Government Code, to be made only after competitive bidding (rather than advertising) in the manner provided by Chapter 271B, Local Government Code. Deletes text regarding purchases involving the expenditure of more than \$5,000. Provides that the provisions of Chapter 2253, Government Code, relating to performance and payment bonds, applies to construction contracts let by the district. Deletes text regarding Chapter 163, General Laws, Acts of the 42nd Legislature, Regular Session, 1931 (Article 2368a, V.T.C.S.). Deletes text regarding the provisions of Article 5160, Revised Statutes. Authorizes the district, except as otherwise provided by this Act (rather than permitted in the preceding sentence and as permitted by Sections 8 and 9), to incur no obligation payable from any revenues of the district, taxes or otherwise, except those on hand or to be on hand within the current and following fiscal year of the district.

SECTION 7. Amends Section 12(a), Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, to delete text regarding the boundaries of the district.

SECTION 8. Amends Section 15(a), Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, to replace the text "Paragraph 2 of Article 3268, Revised Civil Statutes of Texas, 1925, as amended" with "Section 21.021, Property Code."

SECTION 9. Amends Section 16, Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, as follows:

Sec. 16. Makes a nonsubstantive change. Provides that the Tax Code governs the appraisal of property for and 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 text regarding taxes of the district being assessed and collected on county tax values as provided in Subsection (b) or Subsection (c) of this section. Deletes existing Subsections (b) and (c).

SECTION 10. Amends Section 18, Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, as follows:

Sec. 18. Makes nonsubstantive changes. Deletes text regarding the manager. Deletes text providing that appeals from the final order of the board lie to the district court and providing that the substantial evidence rule applies.

SECTION 11. Amends Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, by adding Section 18A, as follows:

Sec. 18A. Sets forth guidelines regarding the dissolution of the district.

SECTION 12. (a) Requires the board, before the date a person may file for a place on the ballot for election to the board of directors of the Reagan Hospital District of Reagan County, Texas, in 2002,

to establish staggered terms for the director positions and determine which director positions will be elected by place and which positions will be elected at-large. Authorizes the board, in establishing staggered terms for directors after the effective date of this Act, to provide for the term of a director then in office to continue as necessary until the first election after the effective date of this Act for that director position.

(b) Provides that the election of the members of the Board of Directors of the Reagan Hospital District of Reagan County, Texas, and any governmental acts and proceedings of the district occurring before the effective date of this Act are validated as of the dates they occurred. Prohibits the elections, acts, and proceedings from being held invalid because they were not performed in accordance with law.

(c) Provides that this Act does not apply to certain matters.

SECTION 13. Effective date: September 1, 2001.