

## **BILL ANALYSIS**

Senate Research Center  
81R4658 TJS-D

S.B. 606  
By: Hegar  
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### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The Act creating the Gonzales Healthcare Systems hospital district (district) was passed by the 64th Legislature in 1975, and codified as Chapter 1032 of the Texas Special District Local Laws Code in 2007, to be effective April 1, 2009.

As proposed, S.B. 606 provides that directors of the district serve staggered four-year terms and conforms the district's elections to the procedures in the Texas Election Code. S.B. 606 also authorizes the district to employ physicians and other health care providers and adds provisions regarding borrowing of funds, means to secure repayment of bonds, and procedures for dissolution of the 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 1032.051(b), Special District Local Laws Code, as effective April 1, 2009, to provide that directors of the Gonzales Healthcare Systems District (district) serve staggered four-year terms, rather than two-year terms unless four-year terms are established under Section 285.081 (Terms), Health and Safety Code.

SECTION 2. Amends Section 1032.052, Special District Local Laws Code, as effective April 1, 2009, as follows:

Sec. 1032.052. NOTICE OF ELECTION. Requires that notice of an election of directors be published in accordance with Section 4.003 (Method of Giving Notice), Election Code, in a newspaper or newspapers that individually or collectively have general circulation in the district. Deletes existing text providing that at least 45 days before the date of an election of directors, notice of the election is required to be published one time in a newspaper or newspapers that individually or collectively have general circulation in the district.

SECTION 3. Amends Section 1032.061, Special District Local Laws Code, as effective April 1, 2009, by adding Subsections (d) and (e), as follows:

(d) Authorizes the board of directors of the district (board) to employ physicians or health care providers as the board considers necessary for the efficient operation of the district.

(e) Prohibits this section from being construed as authorizing the board to supervise or control the practice of medicine, as prohibited by Subtitle B (Medical Practice Act), Title 3 (Health Professions), Occupations Code.

SECTION 4. Amends Section 1032.110, Special District Local Laws Code, as effective April 1, 2009, as follows:

Sec. 1032.110. CONSTRUCTION CONTRACTS. Authorizes a construction contract that involves the expenditure of more than the amount provided by Section 271.024 (Competitive Bidding Procedure Applicable to Contract), Local Government Code, to be

made only after competitive bidding in the manner provided by Subchapter B (Competitive Bidding on Certain Public Works Contracts), Chapter 271 (Purchasing and Contracting Authority of Municipalities, Counties, and Certain Other Local Governments), Local Government Code. Deletes existing text authorizing that a construction contract that involves the expenditure of more than \$10,000 be made only after advertising in the manner provided by Chapter 252 (Purchasing and Contracting Authority of Municipalities) and Subchapter C (County Purchasing Act), Chapter 262 (Purchasing and Contracting Authority of Counties), Local Government Code.

SECTION 5. Amends Subchapter C, Chapter 1032, Special District Local Laws Code, by adding Section 1032.116, as follows:

Sec. 1032.116. **BENEFITS FOR INJURED EMPLOYEES.** (a) Authorizes the district to establish a comprehensive program to provide income and medical benefits to a district employee who sustains an injury that arises out of and in the course and scope of employment.

(b) Exempts the district from Section 504.011 (Method of Providing Coverage), Labor Code, to the extent that the section requires the district to provide workers' compensation to its employees, if the district adopts a comprehensive program under Subsection (a).

SECTION 6. Amends Subchapter D, Chapter 1032, Special District Local Laws Code, as effective April 1, 2009, by adding Section 1032.161, as follows:

Sec. 1032.161. **GENERAL AUTHORITY TO BORROW MONEY; SECURITY.** (a) 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 the loan is made.

(b) Authorizes the board, to secure a loan, to pledge district revenue that is not pledged to pay the district's bonded indebtedness; a district tax to be imposed by the district in the next 12-month period following the date of the pledge that is not pledged to pay the principal of or interest on district bonds; or a district bond that has been authorized but not sold.

(c) Requires that a loan for which taxes or bonds are pledged mature not later than the first anniversary of the date the loan is made and requires that a loan for which district revenue is pledged mature not later than the fifth anniversary of the date the loan is made.

SECTION 7. Amends Subchapter E, Chapter 1032, Special District Local Laws Code, as effective April 1, 2009, by adding Sections 1032.209 and 1032.210, as follows:

Sec. 1032.209. **ADDITIONAL MEANS OF SECURING REPAYMENT OF BONDS.** Authorizes the board to provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes as authorized by Section 1032.202 (Tax to Pay General Obligation Bonds) and revenue and other sources authorized by Section 1032.206 (Revenue Bonds), in addition to the authority to issue general obligation bonds and revenue bonds under this subchapter.

Sec. 1032.210. **USE OF BOND PROCEEDS.** Authorizes the district to use the proceeds of bonds issued under this subchapter to pay certain costs related to the bonds.

SECTION 8. Amends Chapter 1032, Special District Local Laws Code, as effective April 1, 2009, by adding Subchapter G, as follows:

#### SUBCHAPTER G. DISSOLUTION

Sec. 1032.301. **DISSOLUTION; ELECTION.** (a) Authorizes the district to be dissolved only on approval of a majority of the district voters voting in an election held for that purpose.

(b) Authorizes the board to order an election on the question of dissolving the district and disposing of the district's assets and obligations.

(c) Requires the board to order an election if the board receives a petition requesting an election that is signed by at least 15 percent of the registered voters in the district.

(d) Requires that the order calling the election state the nature of the election, including the proposition to appear on the ballot, the date of the election, the hours during which the polls will be open, and the location of the polling places.

(e) Provides that Section 41.001(a) (regarding uniform election dates), Election Code, does not apply to an election ordered under this section.

Sec. 1032.302. NOTICE OF ELECTION. (a) Requires the board to give notice of an election under this subchapter by publishing once a week for two consecutive weeks a substantial copy of the election order in a newspaper with general circulation in the district.

(b) Requires that the first publication of the notice appear not later than the 35th day before the date of the election.

Sec. 1032.303. BALLOT. Sets forth the required language of the ballot.

Sec. 1032.304. ELECTION RESULTS. (a) Requires the board to find that the district is dissolved if a majority of the votes in an election under this subchapter favor dissolution.

(b) Requires the board to continue to administer the district, and provides that another election on the question of dissolution is prohibited from being held, before the first anniversary of the date of the most recent election on the question of dissolution, if a majority of the votes in the election do not favor dissolution.

Sec. 1032.305. TRANSFER OF ADMINISTRATION OF ASSETS. (a) Requires the board to transfer the land, buildings, improvements, equipment, and other assets that belong to the district to Gonzales County or another governmental entity therein; or to administer the property, assets, and debts until all money has been disposed of and all district debts have been paid or settled, if a majority of the votes in the election held under this subchapter favor dissolution.

(b) Provides that if the district makes the transfer under Subsection (a)(1), the county or entity assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved.

(c) Provides that if Subsection (a)(1) does not apply and the board administers the property, assets, and debts of the district under Subsection (a)(2), the district is dissolved when all money has been disposed of and all district debts have been paid or settled.

Sec. 1032.306. IMPOSITION OF TAX AND RETURN OF SURPLUS TAXES. (a) 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.

(b) Requires the board to order the secretary to return to each district taxpayer the taxpayer's pro rata share of all unused tax money, on the payment of all outstanding debts and obligations of the district.

(c) Authorizes a taxpayer to request that the taxpayer's share of surplus tax money be credited to the taxpayer's county taxes and if so requested, the board is required to direct the secretary to transmit the money to the county tax assessor-collector.

Sec. 1032.307. REPORT; DISSOLUTION ORDER. (a) Requires the board to file a written report with the Commissioners Court of Gonzales County summarizing the board's actions in dissolving the district, after the district has paid all its debts and has disposed of all its money and other assets as prescribed by this subchapter.

(b) Requires the Commissioners Court of Gonzales County to enter an order dissolving the district and releasing the board from any further duty or obligation not later than the 10th day after the date the commissioners court receives the report and determines that the requirements of this subchapter have been fulfilled.

SECTION 9. Repealer: Section 1032.053 (Ballot Petition), Special District Local Laws Code, as effective April 1, 2009.

SECTION 10. (a) Provides that all elections for directors of Gonzales Healthcare Systems held before the effective date of this Act, and all governmental and proprietary actions of Gonzales Healthcare Systems taken before the effective date of this Act, are validated, ratified, and confirmed in all respects as if the actions had been taken as authorized by law.

(b) Provides that this section does not apply to any matter that on the effective date of this Act is involved in litigation if the litigation ultimately results in the matter being held invalid by a final judgment of a court or has been held invalid judgment of a court.

SECTION 11. Effective date: upon passage or September 1, 2009.