

BILL ANALYSIS

Senate Research Center
82R27480 CJC-D

C.S.H.B. 811
By: Darby (Duncan)
Intergovernmental Relations
5/17/2011
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

C.S.H.B. 811 updates the enabling legislation for Scurry County Hospital District (district). Specifically, C.S.H.B. 811 provides authority for the district to borrow funds through a secured loan, updates the district's means of securing repayment of bonds and establishes how the district may use bond proceeds.

C.S.H.B. 811 amends current law relating to the powers and duties of the Scurry County 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 Subtitle A, Title 3, Special District Local Laws Code, by adding Chapter 1119, as follows:

CHAPTER 1119. SCURRY COUNTY HOSPITAL DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1119.001. DEFINITIONS. Defines, in this chapter, "board" and "district."

[Reserves Sections 1119.002-1119.050 for expansion.]

SUBCHAPTER B. DISTRICT ADMINISTRATION

Sec. 1119.051. EMPLOYMENT OF HEALTH CARE PROVIDERS. (a) Authorizes the board of directors of the Scurry County Hospital District (district; board) to employ health care providers other than physicians as the board considers necessary for the efficient operation of the district.

(b) Authorizes the board to delegate to the administrator of the district the authority to employ health care providers under Subsection (a).

[Reserves Sections 1119.052-1119.100 for expansion.]

SUBCHAPTER C. GENERAL FINANCIAL PROVISIONS

Sec. 1119.101. 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:

- (1) district revenue that is not pledged to pay the district's bonded indebtedness;
- (2) a district tax to be imposed by the district during the 12-month period following the date of the pledge that is not pledged to pay the principal of or interest on district bonds; or
- (3) district bonds that have 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. Requires that a loan for which district revenue is pledged mature not later than the fifth anniversary of the date the loan is made.

[Reserves Sections 1119.102-1119.150 for expansion.]

SUBCHAPTER D. BONDS

Sec. 1119.151. **ADDITIONAL MEANS OF SECURING REPAYMENT OF BONDS.** Authorizes the board, in addition to the authority to issue general obligation bonds and revenue bonds under Subchapter G (Bonds), Chapter 286 (Hospital Districts Created by Voter Approval), Health and Safety Code, to provide for the security and repayment of district bonds from a pledge of a combination of taxes as authorized by Section 286.142 (Taxes to Pay Bonds), Health and Safety Code, and revenue and other sources as authorized by Section 286.144 (Revenue Bonds), Health and Safety Code.

Sec. 1119.152. **USE OF BOND PROCEEDS.** Authorizes the district to use the proceeds of bonds issued under Chapter 286, Health and Safety Code, to pay:

- (1) any expense the board determines is reasonable and necessary to issue, sell, and deliver the bonds;
- (2) interest payments on the bonds during a period of acquisition or construction of a project or facility to be provided through the bonds, not to exceed five years;
- (3) costs related to the operation and maintenance of a project or facility to be provided through the bonds, during an estimated period of acquisition or construction, not to exceed five years; and for one year after the project or facility is acquired or constructed;
- (4) costs related to the financing of the bond funds, including debt service reserve and contingency funds;
- (5) costs related to the bond issuance;
- (6) costs related to the acquisition of land or interests in land for a project or facility to be provided through the bonds; and
- (7) costs of construction of a project or facility to be provided through the bonds, including the payment of related professional services and expenses.

SECTION 2. Effective date: upon passage or September 1, 2011.