

BILL ANALYSIS

C.S.H.B. 797
By: Flynn
County Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties note the need for statutory changes regarding the Hunt Memorial Hospital District. C.S.H.B. 797 seeks to address this need.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 797 amends the Special District Local Laws Code to require notice of an election of directors of the Hunt Memorial Hospital District to be published in a newspaper of general circulation in the district in accordance with Election Code provisions governing methods of giving notice of an election and to remove the specification that such notice be published in such a newspaper at least 10 days before the date of the election and the specification that such notice be published at least once. The bill requires a person who wants to have the person's name printed on the ballot as a candidate for director to file with the board secretary an application in accordance with Election Code provisions relating to a candidate for office of a political subdivision other than a county or city and removes the requirement that such a person file a petition that meets certain requirements requesting that action. The bill removes the district's authority to provide a medical facility in the city of Commerce and in other areas of Hunt County on a finding of the district's board that providing a facility is feasible and in the best interest of district residents and instead authorizes the district to locate a medical or related facility in Commerce, in another area of Hunt County, or in another county on such a finding.

C.S.H.B. 797 authorizes the district's board to issue revenue bonds to acquire, purchase, construct, repair, renovate, or equip buildings or improvements for hospital purposes or to acquire sites to be used for hospital purposes. The bill requires the bonds 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, including district facilities, and authorizes the bonds to be additionally secured by a mortgage or deed of trust lien on all or part of the district property. The bill requires the bonds to be issued in the manner and in accordance with the procedures and requirements prescribed by the County Hospital Authority Act for issuance of revenue bonds by county hospital authorities. The bill authorizes the board to issue refunding bonds to refund outstanding indebtedness issued or assumed by the district and authorizes a refunding bond to be sold, with the proceeds of the refunding bond applied to the payment of the outstanding indebtedness, or to be exchanged wholly or partly for not less than a similar principal amount of outstanding indebtedness.

C.S.H.B. 797 authorizes the district's board, in addition to the authority to issue general obligation bonds and revenue bonds, to provide for the security and payment of district bonds from a pledge of a combination of authorized property taxes and authorized revenue and other sources. The bill authorizes the district to use bond proceeds to pay the following: any expense the board determines is reasonable and necessary to issue, sell, and deliver the bonds; 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; costs related to the financing of the bond funds; costs related to the bond issuance; costs related to the acquisition of land or interests in land for a project or facility to be provided through the bonds; and costs of construction of a project or facility to be provided through the bonds.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 797 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 1044.052, Special District Local Laws Code, is amended to read as follows:

Sec. 1044.052. NOTICE OF ELECTION. ~~Notice [At least 10 days before the date of an election of directors, notice]~~ of the election shall be published ~~at least one time~~ in a newspaper of general circulation in the district in accordance with Section 4.003, Election Code.

SECTION 2. Section 1044.053, Special District Local Laws Code, is amended.

SECTION 3. Section 1044.103, Special District Local Laws Code, is amended to read as follows:

Sec. 1044.103. MEDICAL FACILITIES; LEGISLATIVE INTENT. It is the intent of the legislature that the people of Hunt County be provided with the best and most modern health care available. To achieve that intent, the district may ~~provide~~ a medical ~~or medical-related~~ facility ~~or facilities~~ in the city of Commerce and in ~~other areas~~ of Hunt County ~~or other counties~~ if the board finds that providing a facility is feasible and in the best interest of district residents.

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 1044.052, Special District Local Laws Code, is amended to read as follows:

Sec. 1044.052. NOTICE OF ELECTION. ~~Notice [At least 10 days before the date]~~ of an election of directors~~[, notice of the election]~~ shall be published in accordance with Section 4.003, Election Code, [at least one time] in a newspaper of general circulation in the district.

SECTION 2. Same as introduced version.

SECTION 3. Section 1044.103, Special District Local Laws Code, is amended to read as follows:

Sec. 1044.103. MEDICAL FACILITIES; LEGISLATIVE INTENT. It is the intent of the legislature that the people of Hunt County be provided with the best and most modern health care available. To achieve that intent, the district may ~~locate [provide]~~ a medical ~~or related~~ facility in the city of Commerce, ~~[and]~~ in ~~another area [other areas]~~ of Hunt County, ~~or in another county~~ if the board finds that providing a facility is feasible and in the best interest of district residents.

SECTION 4. Subchapter E, Chapter 1044, Special District Local Laws Code, is amended by adding Section 1044.206 to read as follows:

Sec. 1044.206. REVENUE BONDS. (a) The board may issue revenue bonds to:
(1) purchase, construct, acquire, repair, renovate, or equip buildings or improvements for hospital purposes; or
(2) acquire sites to be used for hospital purposes.
(b) The bonds must be payable from and secured by a pledge of all or part of the revenue derived from the operation of the district's hospitals.

(c) The bonds may be additionally secured by a mortgage or deed of trust lien on all or part of district property.
(d) The bonds must be issued in the manner and in accordance with the procedures and requirements prescribed by Sections 264.042, 264.043, 264.046, 264.047, 264.048, and 264.049 for issuance of revenue bonds by county hospital authorities.

SECTION 5. Subchapter E, Chapter 1044, Special District Local Laws Code, is amended by adding Section 1044.207.

SECTION 6. Subchapter E, Chapter 1044, Special District Local Laws Code, is amended by adding Section 1044.208 to read as follows:

Sec. 1044.208. ADDITIONAL MEANS OF SECURING REPAYMENT OF BONDS. In addition to the authority to issue general obligation bonds and revenue bonds under this subchapter, the board may provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes as authorized by Section 1044.201 and revenue and other sources as authorized by Section 1044.206.

SECTION 7. Subchapter B, Chapter 1044, Special District Local Laws Code, is amended by adding Section 1044.209 to read as follows:

Sec. 1044.209. USE OF BOND PROCEEDS. The district may use the

SECTION 4. Subchapter E, Chapter 1044, Special District Local Laws Code, is amended by adding Sections 1044.206, 1044.207, 1044.208, and 1044.209 to read as follows:

Sec. 1044.206. REVENUE BONDS. (a) The board may issue revenue bonds to:
(1) acquire, purchase, construct, repair, renovate, or equip buildings or improvements for hospital purposes; or
(2) acquire sites to be used for hospital purposes.
(b) The bonds must 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, including district facilities.

(c) The bonds may be additionally secured by a mortgage or deed of trust lien on all or part of the district property.
(d) The bonds must be issued in the manner and in accordance with the procedures and requirements prescribed by Sections 264.042, 264.043, 264.046, 264.047, 264.048, and 264.049, Health and Safety Code, for issuance of revenue bonds by county hospital authorities.

Section 1044.207. Same as introduced version.

Sec. 1044.208. ADDITIONAL MEANS OF SECURING REPAYMENT OF BONDS. In addition to the authority to issue general obligation bonds and revenue bonds under this subchapter, the board may provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes as authorized by Section 1044.202 and revenue and other sources authorized by Section 1044.206.

Sec. 1044.209. USE OF BOND PROCEEDS. The district may use the

proceeds of bonds issued under this subchapter 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 financing of the bond funds, including debt service reserve and contingency funds;

(4) costs related to the issuance of the bonds;

(5) costs related to the acquisition of land or interests in land for a project or facility to be provided through the bonds; and

(6) costs of construction of a project or facility to be provided through the bonds, including the payment of related professional services and expenses.

SECTION 8. This act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this act does not receive the vote necessary for immediate effect, this act takes effect September 1, 2015.

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(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 financing of the bond funds, including debt service reserve and contingency funds;

(4) costs related to the bond issuance;

(5) costs related to the acquisition of land or interests in land for a project or facility to be provided through the bonds; and

(6) costs of construction of a project or facility to be provided through the bonds, including the payment of related professional services and expenses.

SECTION 5. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2015.