

BILL ANALYSIS

Senate Research Center

H.B. 2416
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Intergovernmental Relations
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Engrossed

DIGEST

The North Runnels County Hospital District (district) was created by an Act which was passed by the 61st Legislature and has not been amended since that time. There is concern that the original Act may no longer accurately reflect the needs of the district. The district's board of directors has approved changes in the district's enabling legislation which will allow the district and its hospital to provide new services to the residents of the district and the surrounding areas. H.B. 2416 would set forth provisions regarding the North Runnels County Hospital District.

PURPOSE

As proposed, H.B. 2416 sets forth provisions regarding the North Runnels County Hospital District.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 2, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to require the North County Hospital District (district) herein authorized to be created to take over and there to be transferred to it certain titles, and thereafter it shall provide for the establishment, administration, maintenance, operation, and financing of a hospital system that may include a medical care system, rural health clinics, outpatient clinics, nursing homes, and home health services, and may provide any services or facilities necessary for hospital agencies, extended care facilities, and assisted living or personal care facilities, including retirement benefits, housing, and medical office buildings by the purchase, construction, acquisition, repair, or renovation of buildings and equipment.

SECTION 2. Amends Section 4, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to provide that the board of directors of North Runnel County Hospital District (board) consists of seven members. Requires all directors to serve for a period of two years and until their successors have been duly elected and have qualified. Requires any election for directors to be held on the first Saturday in May of each year. Requires notice of each such election to be published in a newspaper or newspapers which individually or collectively provide general circulation in the district one time not earlier than the 30th day or later than the 10th day, rather than at least 30 days, prior to the date of the election. Requires the directors to order the regular election for directors not later than the 45th day before election day. Requires the election order to state the time, place, and purpose of the election. Requires any person desiring to have his name printed on the ballot as a candidate for director to file an application, rather than a petition signed by at least 10 qualified property taxpaying electors asking that such name be printed on the ballot, with the secretary of the board of directors at least 31 days, rather than 10 days, prior to the date of the election. Requires directors of the district to subscribe to the constitutional oath of office and the directors may, rather than shall, require all offices and employees charged with handling funds to furnish good bonds payable to the district. Authorizes the board to pay for the bond with district funds. Prohibits any person from being appointed as a member of the board of directors unless that person is a resident of the district and a qualified voter. Requires a secretary to be appointed, rather than elected. Deletes text requiring any four members of the board to constitute a quorum and a concurrence of four shall be sufficient in all matter pertaining to the business of the district. Deletes existing subdivision (a). Deletes text requiring successors to be elected by vote of the electors of the entire district. Deletes text requiring such petition to be file with the secretary.

SECTION 3. Amends Section 5, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to

require the board to manage, control, and administer the hospital and the hospital system and the business, funds, and resources of the district, but in no event shall any operating, depreciation, or building fund reserves be invested in any funds or securities other than those specified in Articles 835 or 837, V.T.C.S., or Chapter 2256, Government Code. Authorizes the board to appoint a qualified person to be known as the administrator of the hospital district and may in its discretion appoint an assistant or assistants to the administrator. Authorizes the board to require the administrator before assuming the administrator's duties to execute a bond payable to the hospital district in an amount to be set by the board, in no event less than \$5,000 conditioned on the faithful performance of the administrator's duties. Requires the board, with the administrator, to have the authority to appoint to or dismiss from the staff such doctors as it may be deemed necessary. Authorizes the board to purchase or lease property, facilities, or equipment for the district to use in the hospital system and may mortgage or pledge the property, facilities, or equipment as security for the payment of the purchase price. Authorizes the board to enter into one or more contracts to provide administrative and other personnel for the operation of the hospital facilities. Prohibits the term of a contract from exceeding 25 years from the date on which the contract is entered. Authorizes the board to transfer district hospital facilities by lease to individuals, corporations, or other legal entities and may sell or otherwise dispose of the district's property, facilities, and equipment. Authorizes the board to provide retirement benefits for the employees of the district by establishing or administering a retirement program or electing to participate in the Texas COUNTY and District Retirement System or any other state wide retirement system in which the district is eligible to participate. 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 who are enrolled in good standing in an accredited medical school, college, or university, to pay the student's contractual agreement to serve as an employee or independent contractor for the district under terms prescribed by the contract. 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. Authorizes the hospital to provide services outside the boundaries of the district. Deletes text requiring the administrator or manager, upon assuming his duties, to execute a bond payable to the hospital district in an amount to be set by the board of directors, in no event less than \$5,000 conditioned that he shall perform the duties required of him. Makes conforming changes.

SECTION 4. Amends Section 6, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to require 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. Requires the board to cause an annual audit, rather than independent audit, to be made of the financial condition of said district, which, together with other records of the district, shall be open to inspection at the principal office of the district. Requires a public hearing on the annual budget to be held by the board after notice of such hearing has been published in accordance with the open meetings law, Chapter 551, Government Code, rather than one time at least 10 days before the date set therefore. Requires any resident of the district, rather than any property taxpayer of the district, to have the right to be present and participate in said hearing. Requires the board to have authority to make such changes in the budget as in their judgment the law warrants and the interest of the residents demand, rather than taxpayers demand. Requires the administrator to prepare a full sworn statement of all money, rather than moneys, belonging to the district and a full account of the disbursements of same for the board, as soon as practicable. Deletes text regarding commencing on July 1 of each year and ending on June 30 of the following year. Deletes text regarding such audit to be made covering such fiscal year, and the same shall be filed at the office of the district as soon as it is completed. Deletes text requiring notice of the budget hearing to be published in a newspaper or newspapers which individually or collectively provide general circulation in the hospital district.

SECTION 5. Amends Section 9, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to authorize the board to issue general obligation bonds in the name and upon the faith and credit of such hospital district to use for certain financial reasons. Requires, at the time of issuances of any general obligation bonds by the district, a tax to be levied by the board sufficient to create an interest and sinking fund to pay the interest on and principal of said bonds as same mature, providing such tax, together with any other taxes levied for said district, shall not exceed the rate of tax approved by the voters at the election authorizing the levy of taxes. Requires the election to be conducted in accordance with the general laws of Texas. Authorizes the district to issue revenue bonds for a purpose described by Subsection (a) of this section. Requires the bonds to be payable from and secured by a pledge or all or apart of the revenues derived from the operation of the district's hospital system. Authorizes the bonds to be additionally secured by a mortgage or deed of trust on all or part of the district's property. Requires the revenue bonds to be issued in the manner provided by Sections 264.042, 264.043, 264.046, 264.047, 264.048, and

264.049, Health and Safety Code, for the issuance of revenue bonds by county hospital authorities. Requires district bonds to bear interest not to exceed the amount provided by Chapter 3, Acts of the 61st Legislature, Regular Session, 1969 (Article 717-k-2, V.T.C.S.), rather than six and one-half percent a year. Deletes text requiring the board to have the power and authority to issue and sell its bonds in the name and upon the faith and credit of such hospital district for certain financial uses. Deletes text requiring, at the time of issuances of any bonds by the district, a tax to be levied by the board sufficient to create an interest and sinking fund to pay the interest on and principal of said bonds as same mature, providing such tax, together with any other taxes levied for said district, shall not exceed the rate of tax voted under the provisions of Section 3 of this Act; prohibiting any bonds from being issued by such hospital district except refunding bonds until authorized; requiring the order of bond election to specify certain information; and requiring notice of any bond election to be given as provided in Article 704, V.T.C.S., 1925, as amended. Deletes existing Subdivision (b).

SECTION 6. Amends Section 10, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to require 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, 264.046, 264.047, 264.048, Health and Safety Code, rather than Sections 8, 10, 11, 12, and 13 of Chapter 122, Acts of the 58th Legislature, 1963 (Article 4494r, V.T.C.S.).

SECTION 7. Amends Section 11, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to authorize a hospital system to include certain facilities, including pharmacies, rather than dispensaries.

SECTION 8. Amends Section 12, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to require a hospital district to comply with the bidding requirements prescribed by Chapter 271, Local Government Code. Requires the provisions of Chapter 2253, Government Code, rather than the provisions of Article 5160, V.T.C.S., 1925, as amended, relating to performance and payment of bonds to apply to construction contracts let by the district. Deletes text authorizing all contracts for construction or purchase involving the expenditure of more than \$2,000 to be made only after advertising in a certain manner.

SECTION 9. Amends Section 13, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to require the board to name one or more banks to serve as depository for the funds of the district.

SECTION 10. Amends Section 14, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to make a nonsubstantive change.

SECTION 11. Amends Section 16, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to require the district to have the right and power of eminent domain for the purpose of acquiring by condemnation any and all property of any kind and character in fee simple, provided that the district shall not be required to make deposits in the registry of the trial court of the sum required by Section 21.021, Property Code, rather than paragraph 2 of Article 3268, V.T.C.S., 1925, as amended.

SECTION 12. Amends Section 17, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to require all taxes of the district to be assessed and collected as provided by Subsection (b), rather than Subsection (1), hereof. 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 75 cents on each \$100 valuation of all taxable property in the district. Authorizes the taxes to be used to pay for indebtedness issued or assumed by the district and for the maintenance and operating expenses of the district. 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 may contract for the assessment and collection of taxes as provided by the Tax Code. Deletes text requiring all taxes of the district to be assessed and collected on county tax values unless certain action is taken by the directors; and authorizing such election to be made prior to December 1 annually and shall govern the manner in which taxes are thereafter assessed and collected. Deletes existing subdivisions (1) and (2).

SECTION 13. Amends Section 19, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, to make conforming and nonsubstantive changes.

SECTION 14. Amends Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, by adding

Sections 20a and 20b, as follows:

Sec. 20a. 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 of the loan. Sets forth the board's authorized pledges used for securing a loan. 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. 20b. 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. Authorizes the board to order an election on the question of dissolving the district and disposing of the district's assets and obligations. Requires the board to order an election if the board receives a petition requesting an election that is signed by a number of residents of the district equal to at least 15 percent of the registered voters in the district. 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 order under this section. Sets forth the statements to be included in the order calling the election. Requires the board to give notice of an 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 of the election. Requires the ballot for the election to be printed to permit voting for or against the proposition: "The dissolution of the North Runnels County Hospital District." Requires the board to find that the district is dissolved, if a majority of the votes in the election favor dissolution. Requires the board to continue to administer the district and another election on the question of dissolution may not be held before the first anniversary of the most recent election to dissolve the district, if a majority of the votes in the election do not favor dissolution. Sets forth the required actions of the board, if a majority of the votes in the election favor dissolution. Provides that if the district transfers the land, buildings, improvements, equipment, and other assets to a county or other governmental entity, the county or entity assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved. Sets forth the required actions of the board after the board finds that the district is dissolved. Requires the board to order the secretary to return the pro rata share of all unused tax money to each district taxpayer when all outstanding debts and obligations of the district are paid. 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 to direct the secretary to transmit the funds to the county tax assessor-collector, if a taxpayer requests the credit. Requires the commissioners court of Runnels 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 it receives the report and determines that the requirements of this section have been fulfilled. Prohibits the district, notwithstanding any other provision of this Act, from being dissolved unless the board provides for the sale or transfer of the district's assets and liabilities to another person or entity. 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. 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. 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 15. Emergency clause.

Effective date: upon passage.