

## **BILL ANALYSIS**

Senate Research Center  
77R5405 JMG-F

S.B. 739  
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### **DIGEST AND PURPOSE**

Current Texas law does not authorize certain joint municipal and county hospitals to issue revenue bonds for construction and renovation. As proposed, S.B. 739 gives city/county owned hospitals the authority to issue bonds to finance the acquisition and installation of necessary property and equipment.

### **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 Chapter 265B, Health and Safety Code, to add Sections 265.017-265.019, as follows:

Sec. 265.017. ISSUANCE OF REVENUE BONDS. Authorizes the board of managers of joint city/county hospitals to issue and sell revenue bonds in the name of the hospital to finance the acquisition of real property, the construction of hospital facilities, or the acquisition or installation of necessary equipment or supplies. Provides that the board of managers has the powers of an issuer under Chapter 1371 (Obligations for Certain Public Improvements), Government Code, and is authorized to enter into a credit agreement under that chapter. Provides that a bond issued under this subchapter is an obligation under Chapter 1371, Government Code, but is not required to be rated as required by that chapter. Provides that in this subsection, “credit agreement,” “obligation,” and “issuer” have the meanings assigned by Section 1371.001 (Definitions), Government Code.

Sec. 265.0171. REPAYMENT OF BONDS. Authorizes the board of managers to provide for the payment of principal of and interest on the bonds by pledging all or part of the hospital’s revenue derived from the operation of the hospital or from other sources.

Sec. 265.0172. ADDITIONAL SECURITY FOR BONDS. Authorizes the bonds to be additionally secured by a deed of trust or mortgage lien on part or all of the physical properties of the hospital and rights appurtenant to those properties.

Sec. 265.0173. MATURITY. Requires that a bond under this subchapter mature not later than 40 years after its date.

Sec. 265.0174. BONDS NOT PAYABLE FROM TAXES. Requires a bond issued under this subchapter to contain a certain provision.

Sec. 265.0175. SALE OF BONDS. Authorizes the board of managers to sell bonds issued under this subchapter at public or private sale in the manner and on the terms approved by the board.

Sec. 265.0176. REFUNDING BONDS. (a) Authorizes the board of managers to refund bonds issued under this subchapter by issuing refunding bonds under terms approved by the board.

(b) Provides that all appropriate provisions of this subchapter apply to the refunding bonds. Requires that the refunding bonds be issued in the manner provided by this subchapter for issuing other bonds.

(c) Authorizes the refunding bonds to be sold and delivered in amounts sufficient to pay the principal of and interest and any redemption premium on the bonds to be refunded, at maturity or on any other redemption date.

(d) Authorizes the refunding bonds to be issued to be exchanged for the bonds being refunded by them. Requires the comptroller, in that case, to register the refunding bonds and deliver them to the holder of the bonds being refunded as approved by the board. Authorizes the exchange to be made in one delivery or in installment deliveries.

Sec. 265.018. HOSPITAL PROPERTY. Authorizes the board of managers to acquire, hold, or dispose of property or an interest in property. Authorizes the county or municipality to hold title to hospital property.

Sec. 265.0181. TRANSFER OF PROPERTY. Requires the board of managers, on its dissolution, to transfer title of its property to the county and municipality.

Sec. 265.019. USE OF EARNINGS OR ASSETS FOR PRIVATE PURPOSES PROHIBITED. Prohibits the net earnings of the board or the hospital from being used for the benefit of a private officer, board member, individual, or substantial contributor to the board of managers or the hospital, with certain exceptions. Prohibits the assets from being distributed to, divided among, used for, accrued to, or to the benefit of any of the above named people.

SECTION 2. Effective date: upon passage or September 1, 2001.