

BILL ANALYSIS

Senate Research Center
77R9685 JMG-F

S.B. 9
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Intergovernmental Relations
4/18/2001
As Filed

DIGEST AND PURPOSE

The 65th Legislature established the Reagan Hospital District in Reagan County. However, since that time, some parts of the law have become antiquated, inconsistent with current law, or unconstitutional. As proposed, S.B. 9 updates and clarifies the enabling legislation of the Reagan 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 Section 5, Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, as follows:

Sec. 5. (a) Sets forth the composition and terms of the board of directors (board) of the Reagan Hospital District (district). Deletes text regarding the composition and requirements of the board.

(b) Provides that a redistricting or other change in the boundaries of the commissioners precincts of Reagan County does not affect the service or term of a member of the board in office when the change occurs. Provides that the change in the commissioners precincts applies to each election of directors occurring after the change takes effect as the terms of directors then in office expire.

(c) Provides that a board member is required to be a resident of the district and a qualified voter, rather than at least 18 years old.

(d) Provides that an appointee to a vacant board position holds office for the unexpired term for which the person was appointed. Requires the directors, if the number of directors is reduced to less than five, to immediately call a special election to fill the vacancies, and upon their failure to do so, requires the district court, on application of any resident of the district, rather than elector or taxpayer of the district, to order the election.

(e) Requires a regular election of directors to be held on the first, rather than third, Saturday in May of each year, and to be ordered by the board in accordance with the applicable provisions of Chapter 3 (Ordering Election), Election Code. Requires notice of the election to be published in a newspaper of general circulation in the district, rather than county, one time in accordance with Chapter 4 (Notice of Election), Election Code. Deletes text regarding notice. Requires any person who desires to be on the ballot as a candidate for director to file an application with the secretary of the board in accordance with Chapter 144 (Candidate for Office of Political Subdivision Other Than County or City), Election Code. Requires the application to specify the

commissioners precinct for which the person is applying to be a candidate or state that the person is applying to be a candidate for election to an at-large position. Deletes text giving a deadline for the filing of the application.

SECTION 2. Amends Section 6, Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, as follows:

Sec. 6. (a) Changes a statutory reference.

(d) Authorizes the board to pay for a certain bond with district funds.

(h) Authorizes the board of directors to purchase or lease property, facilities, and equipment for the district to use in the hospital system and to mortgage or pledge the property, facilities, or equipment as security for the payment of the purchase price.

(i) Authorizes the board of directors to spend district funds, enter into agreements, and take other necessary action to recruit physicians and other persons to serve as medical staff members or employees of the district, including certain expenses and actions.

(j) 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.

(k) Authorizes the board to provide or contract for the provision of educational programs or courses for employees and medical staff of the district.

(l) Authorizes the board to institute a suit to collect amounts owed to the district by patients who have not been determined to be unable to pay under Section 18.

(m) Authorizes the district to sponsor and create a nonprofit corporation under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., V.T.C.S.) and to contribute funds to or solicit funds for the corporation. Authorizes the corporation to use its funds only to provide health care or other services the district is authorized to provide under this Act. Requires the board of directors of the hospital district to establish adequate controls to ensure that the corporation uses its funds as required by this subsection. Authorizes the corporation to invest corporation funds in any manner in which the district may invest funds, including investing funds as authorized by Chapter 2256 (Public Funds Investment), Government Code.

SECTION 3. Amends Section 7, Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, as follows:

Sec. 7. (a) Requires 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.

(b) Requires the board to cause an annual independent audit of the books and records of the district. Deletes text regarding the fiscal year of the district.

(c) Provides that any resident, rather than property taxpayer, of the district has the right to be present and participate in a public hearing on the district budget.

SECTION 4. Amends Section 8, Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, as follows:

Sec. 8. (a) Provides that the board has the power to issue and sell general obligation bonds

authorized by an election on behalf of the hospital district for certain purposes. Sets forth a limit on the amount of tax levied to create a fund to pay the interest on and principal of the bonds. Deletes text regarding a tax rate. Deletes text excepting refunding bonds from the limit on the issuance by the district of bonds until authorized by a majority of the voters. Sets forth requirements regarding the election. Deletes text regarding the election. Makes conforming changes.

(c) Requires the board to issue refunding bonds in accordance with Chapter 1207 (Refunding Bonds), Government Code. Deletes text regarding refunding bonds.

(d) Requires bonds of the district to bear interest at a rate not to exceed the rate provided by Chapter 1204 (Interest Rate), Government Code, and to be signed by certain persons in the manner provided by Chapter 618 (Restrictions on Certain Actions Involving Executive Head of State Agency), Government Code, as added by Chapter 227, Acts of the 76th Legislature, Regular Session, 1999. Deletes text referencing V.T.C.S.

SECTION 5. Amends Section 9, Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, to change statutory references and make nonsubstantive changes.

SECTION 6. Amends Section 11, Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, to change statutory references and to provide that contracts for construction in excess of a certain amount may be made only after competitive bidding, rather than advertising, in a certain manner.

SECTION 7. Amends Section 12(a), Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, to delete a requirement that the board name a bank that is within its boundaries to serve as depository for district funds.

SECTION 8. Amends Section 15(a), Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, to change a statutory reference.

SECTION 9. Amends Section 16, Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, to provide that the Tax Code governs the appraisal of property for and assessment and collection of district taxes. Authorizes the board to provide for the appointment of a tax assessor-collector for the district or to contract for the assessment and collection of taxes as provided by the Tax Code. Deletes text regarding the assessment and collection of district taxes.

SECTION 10. Amends Section 18, Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, to delete text regarding a manager of a hospital, appeals from the final order of the board, and the applicability of the substantial evidence rule.

SECTION 11. Amends Chapter 29, Acts of the 65th Legislature, Regular Session, 1977, by adding Section 18A, as follows:

Sec. 18A. (a) Authorizes the district to be dissolved only on the approval of a majority of the qualified voters of the district voting in an election called and 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. 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.

(c) Requires the election to be held by a certain deadline. Provides that Section 41.001(a) (Uniform Election Dates), Election Code, does not apply to an election ordered under this section. Sets forth information that is required to be on the order

calling the election.

(d) Requires the board to give notice of the election by publishing a substantial copy of the election order in a newspaper with general circulation in the district once a week for two consecutive weeks. Requires the first publication to appear not less than 35 days before the date set for the election. Requires the ballot to be printed to permit voting for or against a certain proposition.

(e) 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 if a majority of the votes in the election do not favor dissolution, and prohibits another election on the question of dissolution before the first anniversary of the most recent election to dissolve the district.

(f) Requires the board to perform certain actions to dispose of the property, assets, and debts of the district if a majority of the votes in the election favor dissolution.

(g) Provides for the dissolution of the district after it transfers to a governmental entity or sells to another person the land, buildings, improvements, equipment, and other assets of the district after certain conditions are met.

(h) Sets forth certain requirements for the board after it finds that the district is dissolved.

(i) Requires the board to return certain money to taxpayers after all outstanding debts and obligations of the district are paid.

(j) Authorizes a taxpayer to request that the taxpayer's share of surplus money be credited to the taxpayer's county taxes. Requires the board to comply with such a request.

(k) Requires the board, after the district has paid all its debts and disposed of all its assets and funds, to file a written report with the commissioners court summarizing the board's actions in dissolving the district.

(l) Requires the commissioners court, after it receives the report and determines that the requirements of this section have been fulfilled, to enter an order dissolving the district and releasing the board of directors of the district from any further duty or obligation by a certain deadline.

(m) Authorizes the district to provide for the sale or transfer of its assets and liabilities to another person or entity. Prohibits a sale or transfer 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.

(n) 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, including their collective property rights in the district's assets. Provides that a grant from federal funds is an obligation to be repaid in satisfaction. Prohibits the district from transferring or disposing of its 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 12. Makes provisions regarding terms for the director positions, the validation of the election of the board members, and the inapplicability of this Act to certain matters under certain conditions.

SECTION 13. Effective date: September 1, 2001.