

## **BILL ANALYSIS**

Senate Research Center  
79R1178 KEG-F

S.B. 1302  
By: Seliger  
Intergovernmental Relations  
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As Filed

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

Currently, each member of the Ector County Hospital District (district) board of directors (board) is required by law to execute a bond in the amount of \$5,000. However, this requirement is considered outdated and is difficult to comply with because many insurance companies today are not willing to sell a bond for such a small amount.

Current law also requires the board to bid out projects in excess of \$10,000. However, this provision is also considered outdated.

As proposed, S.B. 1302 allows board members to purchase insurance instead of a bond and allows the board to determine the appropriate type and value of the bond or insurance policy required. The bill also updates the district's enabling legislation to correspond with state statute governing the amount of a project that requires a bidding process, currently set at \$25,000. The bill also clarifies that none of the changes proposed by this legislation constitute a waiver of the board's sovereign or governmental immunity.

### **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 4.07, Chapter 550, Acts of the 71st Legislature, Regular Session, 1989, as follows:

Sec. 4.07. New Heading: BOND; INSURANCE. Requires each director of the board of the Ector County Hospital District (district), before assuming the duties of the office, to execute a bond, rather than a bond of \$5,000, payable to the district, conditioned on the faithful performance of the person's duties as director. Authorizes the director, rather than purchasing a bond, to purchase an appropriate insurance policy that names the district as its sole beneficiary. Requires the board of directors (board), to determine for each director the appropriate type and value of the bond or insurance policy required under this section. Makes conforming changes.

SECTION 2. Amends Section 5.07, Chapter 550, Acts of the 71st Legislature, Regular Session, 1989, to authorize the board to enter into construction contracts that involve spending more than the amount provided by Section 271.024, Local Government Code, rather than an amount of \$10,000, only after competitive bidding as provided by Subchapter B, Chapter 271, Local Government Code. Provides that Chapter 2253, Government Code, rather than Article 5160, Revised Statutes, as it relates to performance and payment bonds, applies to construction contracts let by the district.

SECTION 3. Amends the heading to Section 5.15, Chapter 550, Acts of the 71st Legislature, Regular Session, 1989, to read as follows:

Sec. 5.15. AUTHORITY TO SUE AND BE SUED; VENUE; NON-WAIVER OF IMMUNITY.

SECTION 4. Amends Section 5.15, Chapter 550, Acts of the 71st Legislature, Regular Session, 1989, by adding Subsection (c), to prohibit anything in this Act from being construed to waive sovereign or governmental immunity.

SECTION 5. Effective date: upon passage or September 1, 2005.