

BILL ANALYSIS

Senate Research Center
80R15546 ABC-D

H.B. 4047
By: Farabee (Estes)
Health & Human Services
5/17/2007
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Act creating the Electra Hospital District (district) was enacted by the 63rd Legislature, Regular Session, 1973. The district would like to amend its enabling legislation elect directors for staggered three-year terms and to conform the district's elections to the procedures in the Election Code. The district also wants to remove the requirement that the district administrator post a \$5,000 performance bond.

H.B. 4047 updates the district's enabling legislation to conform with current Texas law. This bill allows the district to request authority to create a nonprofit corporation which may provide health care or other services the district is authorized to provide or enter into joint ventures to provide such services. This bill also adds provisions regarding procedures for dissolution of the district.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the board of the Electra Hospital District is modified in SECTION 2 (Section 5, Chapter 513, Acts of the 63rd Legislature, Regular Session, 1973) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 4(c) and (e), Chapter 513, Acts of the 63rd Legislature, Regular Session, 1973, as follows:

(c) Provides that the Electra Hospital District (district) is governed by a seven-member board of directors (board) elected at large by place for staggered three-year terms. Requires a director's election to be held each year on the May uniform election date prescribed by Section 41.001 (Uniform Election Dates), Election Code. Requires notice of each election to be published in a newspaper or newspapers which individually or collectively provide general circulation in the district in accordance with Section 4.003, Election Code, rather than one time at least 30 days prior to the date of the election. Requires any person desiring to have that person's name printed on the ballot as a candidate for director to file an application, rather than a petition signed by at least 10 electors asking that such name be printed on the ballot, with the secretary of the board in accordance with Chapter 144 (Candidate for Office of Political Subdivision Other than County or City), Election Code. Deletes existing text relating to the terms of the persons serving as temporary directors. Deletes existing text requiring successors to be elected by vote of the electors of the entire district for two-year terms. Deletes existing requiring the petition to be filed with the secretary at least 30 days prior to the date of the election.

(e) Requires any four, rather than five, members of the board to constitute a quorum and requires a concurrence of four to be sufficient in all matters pertaining to the business of the district. Makes conforming changes.

SECTION 2. Amends Section 5, Chapter 513, Acts of the 63rd Legislature, Regular Session, 1973, as follows:

Sec. 5. Prohibits any operating, depreciation, or building reserves from being invested in any funds or securities other than those specified in Subchapter A (Authorized Investments for Governmental Entities), Chapter 2256, Government Code, rather than Article 836 or 837, Revised Civil Statutes of Texas, 1925, as amended. Requires the

board to appoint a qualified person to be known as the administrator, rather than the administrator or manager, of the hospital district. Deletes existing text authorizing the board, in its own discretion, to appoint an assistant to the administrator or manager. Deletes existing text requiring the administrator or manager, on assuming his 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 that he is required to perform the duties required of him, and containing such other conditions as the board may require. Makes conforming and nonsubstantive changes.

SECTION 3. Amends Chapter 513, Acts of the 63rd Legislature, Regular Session, 1973, by adding Section 5A, as follows:

Sec. 5A. (a) Authorizes the district to create and sponsor a nonprofit corporation under the Business Organizations Code and contribute money to or solicit money for the corporation.

(b) Authorizes a corporation created under this section to use money contributed by the district only to provide health care or other services the district is authorized to provide under this Act.

(c) Authorizes a corporation created under this section to enter into a joint venture with any public or private entity or individual to provide health care or other services the district is authorized to provide under this Act.

(d) Authorizes a corporation created under this section to invest the corporation's money in any manner in which the district may invest the district's money, including investing money as authorized by Chapter 2256, Government Code.

(e) Requires the board to establish controls to ensure that the corporation uses its money as required by this section.

SECTION 4. Amends Section 6, Chapter 513, Acts of the 63rd Legislature, Regular Session, 1973, to make conforming changes.

SECTION 5. Amends Section 10(b), Chapter 513, Acts of the 63rd Legislature, Regular Session, 1973, as follows:

(b) Authorizes a construction contract that involves an expenditure of more than the amount provided by Section 271.024 (Competitive Bidding Procedure Applicable to Contract), Local Government Code, to be made only after competitive bidding as provided by Subchapter B (Competitive Bidding on Certain Public Works Contracts), Chapter 271, Local Government Code. Requires the provisions of Chapter 2253 (Public Work Performance and Payment Bonds), Government Code, rather than Article 5160, Revised Civil Statutes of Texas, 1925, relating to performance and payment bonds to apply to construction contracts let by the district. Deletes existing text authorizing all contracts for construction involving the expenditure of more than \$10,000 to be made only after advertising in the manner provided by Chapter 163, Acts of the 42nd Legislature, Regular Session, 1931, as amended (Article 2368a, V.T.C.S.).

SECTION 6. Amends Section 17, Chapter 513, Acts of the 63rd Legislature, Regular Session, 1973, to make conforming changes.

SECTION 7. Amends Chapter 513, Acts of the 63rd Legislature, Regular Session, 1973, by adding Section 18A, as follows:

Sec. 18A. (a) Authorizes the district to be dissolved only on approval of a majority of the district voters voting in an election 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. Authorizes the board to order an election if the board receives a petition requesting an election that is signed by a

number of registered voters of the district equal to at least 20 percent of the registered voters in the district.

(c) Requires an election on dissolution of the district to be held not later than the 62nd day after the date the election is ordered. Provides that Section 41.001, Election Code, does not apply to an election ordered under this section.

(d) Requires the order calling the election to state the nature of the election, including the proposition to appear on the ballot, the date of the election, the hours during which the polls will be open, and the location of the polling places.

(e) Requires the board to give notice of the election by publishing once a week for two consecutive weeks a substantial copy of the election order in a newspaper with general circulation in the district. Requires the first publication to appear not later than the 35th day before the date set for the election.

(f) Sets forth the required language for the ballot.

(g) Requires the board to order that the district be dissolved if a majority of the votes in the election favor dissolution.

(h) Requires the board, if a majority of the votes in the election favor dissolution, to transfer the land, buildings, improvements, equipment, and other assets that belong to the district to Wichita County or another governmental entity in Wichita County or administer the property, assets, and debts until all funds have been disposed of and all district debts have been paid or settled.

(i) Provides that the county or entity assumes all debts and obligations of the district at the time of transfer if the district makes the transfer under Subsection (h)(1) of this section, at which time the district is dissolved.

(j) Requires the board to administer the property, assets, and debts of the district until all funds have been disposed of and all district debts have been paid or settled if the district does not make the transfer under Subsection (h)(1) of this section, at which time the district is dissolved.

(k) Requires the board, after finding that the district is dissolved, to determine the debt owed by the district and impose on the property included in the district's tax rolls a tax that is in proportion of the debt to the property value.

(l) Requires the board to order the secretary to return to each district taxpayer the taxpayer's pro rata share of all unused tax money on the payment of all outstanding debts and obligations of the district. 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.

(m) Requires the board to file a written report with the commissioners court of Wichita County summarizing the board's actions in dissolving the district after the district has paid all its debts and has disposed of all district assets and funds as prescribed by this section. Requires the commissioners court to enter an order dissolving the district and releasing the board from any further duty of obligation not later than the 10th day after the date the commissioners court receives the report and determines that the requirements of this section have been fulfilled.

SECTION 8. (a) Requires the members of the board serving on the effective date of this Act to draw lots to determine in which place each director serves. Requires the three directors whose terms expire in 2008 to draw lots of Places 1, 2, and 3 and requires the four directors whose terms expire in 2009 to draw lots for Places 4, 5, 6, and 7.

(b) Requires the election of the board scheduled before the effective date of this Act to be held in May 2008 to be held, and requires the directors elected for Places 1, 2, and 3 at that election to serve two-year terms.

(c) Requires the election of the board scheduled before the effective date of this Act to be held in May 2009 to be held, and requires the directors elected for Places 4 and 5 at that election to serve three-year terms. Requires the directors elected for Places 6 and 7 at that election to serve two-year terms.

(d) Requires the directors elected at the election to be held in May 2010, May 2011, and May 2012, to serve three-year terms.

SECTION 9. Effective date: upon passage or September 1, 2007.