

BILL ANALYSIS

Senate Research Center
81R25598 TJS-F

H.B. 4257
By: Hilderbran (Uresti)
Intergovernmental Relations
5/17/2009
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Sutton County Hospital District (district) wants to revise various provisions regarding district elections to bring those provisions into compliance with the Election Code. The district also wants to revise provisions relating to the bidding of construction contracts to correspond to the Local Government Code. The district wants to amend current statute to allow the district to borrow funds from a bank or lending institution. Finally, the district seeks authorization to issue revenue bonds and to find alternative means to secure repayment of bonds.

H.B. 4257 changes the amount of a construction contract that requires competitive bidding and sets out the general authority of the district's board to borrow money.

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 3.03(d), Chapter 1047, Acts of the 68th Legislature, Regular Session, 1983, to require that an election be held on the May uniform election date under Section 41.001 (Uniform Election Dates), Election Code, in each even-numbered year, rather than on the first Saturday in May in each even-numbered year, and the appropriate number of successor directors be elected for four-year terms.

SECTION 2. Amends Section 3.04, Chapter 1047, Acts of the 68th Legislature, Regular Session, 1983, as follows:

Sec. 3.04. NOTICE OF ELECTION. Requires that notice of the election be published one time in a newspaper with general circulation in the Sutton County Hospital District (district) in accordance with Section 4.003 (Method of Giving Notice), Election Code. Deletes existing text requiring that notice of the election be published one time in a newspaper with general circulation in the district at least 35 days before the date of an election of directors.

SECTION 3. Amends Section 3.05, Chapter 1047, Acts of the 68th Legislature, Regular Session, 1983, as follows:

Sec. 3.05. New heading: APPLICATION. (a) Requires a person who wishes to have his name printed on the ballot as a candidate for director to file with the secretary of the board of directors of the district (board) an application in accordance with Chapter 144 (Candidate for Office of Political Subdivision Other Than County or City), Election Code. Deletes existing text requiring a person who wishes to have his name printed on the ballot as a candidate for director to file with the secretary of the board a petition signed by at least 10 registered voters of the district asking that his name be placed on the ballot and requiring that the determination of whether a person is a registered voter of the district be based on the most recent official lists of registered voters.

(b) Redesignates Subsection (c) as Subsection (b). Requires that the application, rather than the petition, specify the commissioner precinct the candidate wishes to represent or specify that a candidate wishes to represent the district at large.

Deletes existing text of Subsection (b) requiring the petition to be filed with the secretary not later than the 31st day before the date of the election. Makes a nonsubstantive change.

SECTION 4. Amends Section 4.07, Chapter 1047, Acts of the 68th Legislature, Regular Session, 1983, as follows:

Sec. 4.07. CONSTRUCTION CONTRACTS. (a) Provides that the board is authorized to enter into construction contracts on behalf of the district; however, the board is authorized to enter into construction contracts that involve spending more than the amount provided by Section 271.024 (Competitive Bidding Procedure Applicable to Contract), Local Government Code, rather than \$10,000, only after competitive bidding as provided by Subchapter B (Competitive Bidding on Certain Public Works Contracts), Chapter 271 (Purchasing and Contracting Authority of Municipalities, Counties, and Certain Other Local Governments), Local Government Code, rather than Chapter 770, Acts of the 66th Legislature, Regular Session, 1979 (Article 2368a.3, V.T.C.S.).

(b) Provides that Chapter 2253 (Public Work Performance and Payment Bonds), 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 5. Amends Article 5, Chapter 1047, Acts of the 68th Legislature, Regular Session, 1983, by adding Section 5.11, as follows:

Sec. 5.11. GENERAL AUTHORITY TO BORROW MONEY; SECURITY. (a) 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 the loan is made.

(b) Authorizes the board, to secure a loan, to pledge district revenue that is not pledged to pay the district's bonded indebtedness; a district tax to be imposed by the district in the next 12-month period following the date of the pledge that is not pledged to pay the principal of or interest on district bonds; or a district bond that has been authorized but not sold.

(c) Requires that a loan for which taxes or bonds are pledged mature not later than the first anniversary of the date the loan is made. Requires that a loan for which district revenue is pledged mature not later than the fifth anniversary of the date the loan is made.

SECTION 6. Amends Article 6, Chapter 1047, Acts of the 68th Legislature, Regular Session, 1983, by adding Sections 6.12 and 6.13, as follows:

Sec. 6.12. ADDITIONAL MEANS OF SECURING REPAYMENT OF BONDS. Authorizes the board, in addition to the authority to issue general obligation bonds and revenue bonds under this article, to provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes as authorized by Section 6.02 (Taxes to Pay Bonds) of this Act and revenue and other sources authorized by Section 6.04 (Revenue Bonds) of this Act.

Sec. 6.13. USE OF BOND PROCEEDS. Authorizes the district to use the proceeds of bonds issued under this article to pay certain expenses related to the bonds.

SECTION 7. Effective date: upon passage or September 1, 2009.