

BILL ANALYSIS

Senate Research Center
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H.B. 4745
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Intergovernmental Relations
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The enabling legislation for the Lockney General Hospital District (district) is in need of revision to specify issues relating to dissolution, finances, and the recruitment of medical employees.

H.B. 4745 establishes procedures that the district is required to follow to dissolve and specifies which financial practices are permissible. The bill also defines the circumstances under which the district may recruit and fund potential medical employees.

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 1052.052, Special District Local Laws Code, as effective April 1, 2009, as follows:

Sec. 1052.052. NOTICE OF ELECTION. Requires that notice of an election of directors be published in a newspaper of general circulation in the area of the district in accordance with Section 4.003 (Method of Giving Notice), Election Code. Deletes existing text requiring that notice of the election, at least five days before the date of an election of directors, be published one time in a newspaper of general circulation in the area of the district.

SECTION 2. Amends Section 1052.054, Special District Local Laws Code, as effective April 1, 2009, as follows:

Sec. 1052.054. QUALIFICATIONS FOR OFFICE. (a) Prohibits a person from being elected or appointed as a director unless the person is a district resident and a qualified voter.

(b) Provides that a person is not eligible to serve as a director if the person is a district employee. Deletes existing text requiring a person, to be eligible to hold office as a director, be a resident property-owning taxpaying voter of the district.

SECTION 3. Amends Section 1052.110, Special District Local Laws Code, as effective April 1, 2009, as follows:

Sec. 1052.110. CONSTRUCTION CONTRACTS. Authorizes that a construction contract that involves the expenditure of more than the amount provided by Section 271.024 (Competitive Bidding Procedure Applicable to Contract), Local Government Code, rather than \$2,000, be made only after competitive bidding, rather than advertising, in the manner 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), rather than Chapter 252 (Purchasing and Contracting Authority of Municipalities) and Subchapter C (Procedures), Chapter 262 (Purchasing and Contracting Authority of Counties), Local Government Code.

SECTION 4. Amends Subchapter B, Chapter 1052, Special District Local Laws Code, by adding Section 1052.061, as follows:

Sec. 1052.061. RECRUITMENT OF MEDICAL STAFF AND EMPLOYEES. (a) Authorizes the board of directors (board) of the Lockney General Hospital District (district) to spend district money, enter into agreements, and take other necessary action to recruit physicians and other persons to serve as medical staff members or district employees, including advertising and marketing; paying travel, recruitment, and relocation expenses; and providing a loan or scholarship to a physician or a person who is currently enrolled in health care education courses at an institution of higher education and contractually agrees to become a district employee or medical staff member.

(b) Authorizes the board to spend district money, enter into agreements, and take other necessary action to pay tuition or other expenses of a full-time medical student or other student who is currently enrolled in good standing in a medical school or another health care program at an institution of higher education and contractually agrees to become a district employee or independent contractor for the district.

SECTION 5. Amends Subchapter D, Chapter 1052, Special District Local Laws Code, as effective April 1, 2009, by adding Section 1052.160, as follows:

Sec. 1052.160. 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 Subchapter E, Chapter 1052, Special District Local Laws Code, as effective April 1, 2009, by adding Sections 1052.209 and 1052.210, as follows:

Sec. 1052.209. 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 subchapter, to provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes as authorized by Section 1052.202 (Tax to Pay General Obligation Bonds) and revenue and other sources authorized by Section 1052.204 (Revenue Bonds).

Sec. 1052.210. USE OF BOND PROCEEDS. Authorizes the district to use the proceeds of bonds issued under this subchapter to pay any expense the board determines is reasonable and necessary to issue, sell, and deliver the bonds; interest payments on the bonds during a period of acquisition or construction of a project or facility to be provided through the bonds, not to exceed five years; costs related to the operation and maintenance of a project or facility to be provided through the bonds during an estimated period of acquisition or construction, not to exceed five years, and for one year after the project or facility is acquired or constructed; costs related to the financing of the bond funds, including debt service reserve and contingency funds; costs related to the bond issuance; costs related to the acquisition of land or interests in land for a project or facility to be provided through the bonds; and costs of construction of a project or facility to be provided through the bonds, including the payment of related professional services and expenses.

SECTION 7. Amends Chapter 1052, Special District Local Laws Code, as effective April 1, 2009, by adding Subchapter G, as follows:

SUBCHAPTER G. DISSOLUTION

Sec. 1052.301. DISSOLUTION; ELECTION. (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 and obligations.

(c) 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.

(d) Requires that the order calling the election 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) Provides that Section 41.001(a) (relating to the dates of each general or special election) does not apply to an election ordered under this section.

Sec. 1052.302. NOTICE OF ELECTION. (a) Requires the board to give notice of an election under this subchapter 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.

(b) Requires that the first publication of the notice appear not later than the 35th day before the date of the election.

Sec. 1052.303. BALLOT. Requires that the ballot for an election under this subchapter be printed to permit voting for or against the proposition using certain language.

Sec. 1052.304. ELECTION RESULTS. Requires the board, if a majority of the votes in an election under this subchapter favor dissolution, to find that the district is dissolved.

(b) Requires the board, if a majority of the votes in the election do not favor dissolution, to continue to administer the district and prohibits another election on the question of dissolution from being held before the first anniversary of the date of the most recent election on the question of dissolution.

Sec. 1052.305. TRANSFER OF ADMINISTRATION OF ASSETS. (a) Requires the board, if a majority of the votes in the election held under this subchapter favor dissolution, to transfer the land, buildings, improvements, equipment, and other assets that belong to the district to Floyd County or another governmental entity in Floyd County or administer the property, assets, and debts until all money has been disposed of and all district debts have been paid or settled.

(b) Provides that the county or entity, if the district makes the transfer under Subsection (a)(1) (relating to the transfer of assets from the district to a certain governmental entity), assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved.

(c) Provides that the district, if Subsection (a)(1) does not apply and the board administers the property, assets, and debts of the district under Subsection (a)(2) (relating to administering the property, assets, and debts), is dissolved when all money has been disposed of and all district debts have been paid or settled.

Sec. 1052.306. IMPOSITION OF TAX AND RETURN OF SURPLUS TAXES. Requires the board, after the board finds 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.

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

(c) Requires a taxpayer to request that the taxpayer's share of surplus tax money be credited to the taxpayer's county taxes. Requires the board, if a taxpayer requests the credit, to direct the secretary to transmit the money to the county tax assessor-collector.

Sec. 1052.307. REPORT; DISSOLUTION ORDER. (a) Requires the board, after the district has paid all its debts and has disposed of all its money and other assets as prescribed by this subchapter, to file a written report with the Commissioners Court of Floyd County summarizing the board's actions in dissolving the district.

(b) Requires the commissioners court, not later than the 10th day after the date the Commissioners Court of Floyd County receives the report and determines that the requirements of this subchapter have been fulfilled, to enter an order dissolving the district and releasing the board from any further duty or obligation.

SECTION 8. Repealer, as effective April 1, 2009: Sections 1052.053 (Ballot Petition) and 1052.056(b) (relating to the president being the chief executive officer of the district), Special District Local Laws Code.

SECTION 9. Provides that the changes in law made by this Act to the qualifications of and the prohibitions applying to members of the board of directors of the district do not affect the entitlement of a member serving on the board immediately before the effective date of this Act to continue to carry out the functions of the board for the remainder of the member's term. Provides that the changes in law apply only to a member appointed on or after the effective date of this Act. Provides that this Act does not prohibit a person who is a member of the board on the effective date of this Act from being reappointed to the board if the person has the qualifications required for membership under Section 1052.054, Special District Local Laws Code, as amended by this Act.

SECTION 10. Effective date: upon passage or September 1, 2009.