

## **BILL ANALYSIS**

Senate Research Center

H.B. 3896  
By: Springer (Estes)  
Intergovernmental Relations  
5/9/2013  
Engrossed

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

Interested parties note that the law creating the Jack County Hospital District was enacted by the legislature more than two decades ago and, except for its recent codification, has not been updated or revised. The parties report that the district would like to update and amend its enabling legislation regarding its directors' elections, the provision of additional means of securing repayment of bonds, the use of bond proceeds to pay certain expenses associated with a project financed by bonds, and the dissolution of the district.

H.B. 3896 amends current law relating to the Jack County Hospital District, and authorizes the imposition of a tax.

### **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 Sections 1079.051(b) and (c), Special District Local Laws Code, as follows:

(b) Provides that directors serve staggered three-year terms. Requires that an election be held each year to elect the appropriate number of directors. Deletes existing text providing that, unless four-year terms are established under Section 285.081 (Terms), Health and Safety Code, directors serve staggered two-year terms; requiring that a directors' election be held on the uniform election date in May of each year; and providing that the terms of the directors elected to places 1, 3, and 5 expire in even-numbered years and the terms of the directors elected to places 2 and 4 expire in odd-numbered years.

(c) Provides that a director's term begins on the first day of the month that immediately follows the director's election, rather than providing that a director's term begins on June 1 following the director's election.

SECTION 2. Amends Subchapter E, Chapter 1079, Special District Local Laws Code, by adding Sections 1079.209 and 1079.210, as follows:

Sec. 1079.209. **ADDITIONAL MEANS OF SECURING REPAYMENT OF BONDS.** Authorizes the board of directors of the Jack County Hospital District (board) (district), in addition to the authority to issue general obligation bonds and revenue bonds under this subchapter (Bonds), to provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes as authorized by Section 1079.202 (Tax to Pay General Obligation Bonds) and revenue and other sources authorized by Section 1079.204 (Revenue Bonds).

Sec. 1079.210. **USE OF BOND PROCEEDS.** Authorizes the district to use the proceeds of bonds issued under this subchapter to pay:

- (1) any expense the board determines is reasonable and necessary to issue, sell, and deliver the bonds;
- (2) 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;
- (3) costs related to the operation and maintenance of a project or facility to be provided through the bonds:
  - (A) during an estimated period of acquisition or construction, not to exceed five years; and
  - (B) for one year after the project or facility is acquired or constructed;
- (4) costs related to the financing of the bond funds, including debt service reserve and contingency funds;
- (5) costs related to the bond issuance;
- (6) costs related to the acquisition of land or interests in land for a project or facility to be provided through the bonds; and
- (7) costs of construction of a project or facility to be provided through the bonds, including the payment of related professional services and expenses.

SECTION 3. Amends Chapter 1079, Special District Local Laws Code, by adding Subchapter G, as follows:

#### SUBCHAPTER G. DISSOLUTION

Sec. 1079.301. 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) Authorizes 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.

Sec. 1079.302. 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 set for the election.

Sec. 1079.303. BALLOT. Requires that the ballot for an election under this subchapter be printed to permit voting for or against the proposition: "The dissolution of the Jack County Hospital District."

Sec. 1079.304. ELECTION RESULTS. (a) 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 another election on the question of dissolution is prohibited from being held before the first anniversary of the date of the most recent election to dissolve the district.

Sec. 1079.305. TRANSFER OR ADMINISTRATION OF ASSETS. (a) Requires the board, if a majority of the votes in an election held under this subchapter favor dissolution, to:

(1) transfer the land, buildings, improvements, equipment, and other assets that belong to the district to Jack County or another governmental entity in Jack County; or

(2) 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, if the board makes the transfer under Subsection (a)(1), the county or entity assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved.

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

Sec. 1079.306. IMPOSITION OF TAX AND RETURN OF SURPLUS TAXES. (a) Requires the board, after the board finds that the district is dissolved, to:

(1) determine the debt owed by the district; and

(2) 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) 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, if a taxpayer requests the credit, to direct the secretary to transmit the money to the county tax assessor-collector.

Sec. 1079.307. REPORT; DISSOLUTION ORDER. (a) Requires the board, after the district has paid all district debts and has disposed of all district money and other assets as prescribed by this subchapter, to file a written report with the Commissioners Court of Jack County (commissioners court) 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 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 4. (a) Requires that the election of the board of the district scheduled to be held in 2014 be held in November of that year. Requires the directors elected to places 1 and 3 at the election to serve three-year terms. Requires the director elected to place 5 at the election to serve a two-year term.

(b) Requires that the election of the board scheduled to be held in November 2015 be held, and requires the directors elected to places 2 and 4 at that election to serve three-year terms.

(c) Requires the directors elected at the elections to be held in November 2016, November 2017, and November 2018 to serve three-year terms.

SECTION 5. (a) Effective date, except as provided by Subsection (b) of this section: upon passage or September 1, 2013.

(b) Effective date, Section 1079.051, Special District Local Laws Code, as amended by this Act: September 1, 2014.