

AN ACT

relating to authorizing certain hospital districts to pledge hospital system revenues and tax revenues to the payment of combination tax and revenue bonds and other obligations if the pledge is approved at an election, and related matters.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter F, Chapter 281, Health and Safety Code, is amended by adding Section 281.106 to read as follows:

Sec. 281.106. ALTERNATIVE FINANCING AND ELECTION PROCEDURES. (a) This section is applicable to any hospital district that was created pursuant to the authority granted by Section 4, Article IX, Texas Constitution, is operating under this chapter, and has previously held an election at which the voters approved the levy and assessment of an ad valorem tax at a rate not greater than 75 cents per \$100 of assessed valuation of taxable property within the district.

(b) The commissioners court may, in the district's name, call, order, and hold an election and submit thereat the proposition and ballot prescribed in Subsections (c) and (d) if the district's board of managers:

(1) finds that capital funds are needed to acquire, construct, equip, and improve the district's hospital system;

(2) finds that financing such improvements through the issuance of combination tax and revenue bonds or other obligations

1 is the best available method to provide the capital funds that are
2 needed to furnish the highest quality of medical treatment and
3 hospital care to persons residing in the district; and

4 (3) requests that the commissioners court call and
5 hold an election under the alternative procedures authorized by
6 this section.

7 (c) The official proposition submitted to the voters at an
8 election held under this section shall read substantially as
9 follows:

10 "PROPOSITION

11 "Shall (insert name of district) be authorized to
12 pledge all or a portion of its hospital system revenues
13 and the revenues received from the ad valorem tax that
14 was previously approved by the voters of the district
15 to the payment of outstanding and future combination
16 tax and revenue bonds and other obligations, and debt
17 service reserves therefor, that were and will be
18 issued and executed for the capital purposes of the
19 district's hospital system?"

20 (d) The ballot shall be arranged in a manner that will
21 permit the voters to vote for or against the following summary of
22 the proposition:

23 "Authorizing the (insert name of district) to pledge
24 the revenues from its hospital system and from the ad
25 valorem tax that was previously approved by the voters
26 to the payment of combination tax and revenue bonds and
27 other obligations that have been and will be issued and

1 executed for the capital purposes of the hospital
2 system."

3 (e) The election order shall include:

4 (1) a statement of the maximum aggregate principal
5 amount of bonds and obligations having maturities longer than five
6 years that will be secured by the hospital system and tax revenues
7 authorized by this section if approved by the voters at the election
8 unless another election is held and the voters approve an increased
9 amount; and

10 (2) a general description of the district's proposed
11 financing and improvement plans, including:

12 (A) the expected uses of the proposed
13 improvements to the hospital system according to the proposed
14 plans;

15 (B) estimates of the costs of the proposed
16 improvements, estimates of the amount of the expected revenues that
17 will be received from the operation of the proposed improvements,
18 and estimates of the amount of revenues, including tax revenues,
19 that will be required to pay the long-term combination tax and
20 revenue bonds and other obligations when due, based on the interest
21 rate and other assumptions stated in the order; and

22 (C) any other matter deemed by the board of
23 managers to be appropriate to inform the voters of the details of
24 the proposed improvements to the district's hospital system and the
25 financing plans.

26 (f) An election conducted pursuant to this section shall be
27 conducted in accordance with the procedures provided in Section

1 281.102.

2 (g) If a majority of the votes received at the election
3 favor the proposition submitted at the election, the commissioners
4 court is authorized to issue and execute, on behalf and in the name
5 of the district, combination tax and revenue bonds and other
6 short-term and long-term obligations in the amounts and upon the
7 terms recommended and at the times requested by the board of
8 managers. If requested by the board of managers, the commissioners
9 court may also, by order, extend or confirm the pledge to previously
10 issued bonds and other obligations of the district.

11 (h) Bonds and other short-term or long-term obligations
12 that are secured in the manner authorized by this section shall be
13 payable from and secured by the revenues of the district's hospital
14 system and from the ad valorem tax revenues of the district to the
15 extent prescribed and agreed in the orders, resolutions,
16 indentures, contracts, or other documents authorizing their
17 issuance or execution. The district, through the commissioners
18 court, shall annually levy, assess, and collect ad valorem taxes on
19 taxable property in the district, within the limited tax rate
20 previously authorized by the voters, when and as required by the
21 proceedings authorizing the bonds and other obligations.

22 (i) Each district that utilizes the alternative procedures
23 permitted by this section is authorized to enter into, execute, and
24 deliver any of the credit agreements permitted by Chapter 1371,
25 Government Code, and to secure them by pledging revenues and taxes
26 to the same extent they are pledged to bonds or other short-term or
27 long-term obligations in accordance with this section.

1 (j) The portion of the rate of ad valorem tax that is to be
2 levied and assessed each year by or for the district that is
3 allocated by the district to the payment of the principal of and the
4 interest on bonds and other obligations or the maintenance of
5 reserves therefor in accordance with this section shall be applied
6 as a payment on current debt in calculating the current debt rate
7 under the applicable tax rate rollback provisions of Chapter 26,
8 Tax Code.

9 (k) The procedures authorized by this section are
10 alternative to the provisions of Chapter 284 and the other sections
11 of this chapter and are cumulative of and in addition to any powers
12 granted to any district under those or any other laws.

13 SECTION 2. This Act takes effect immediately if it receives
14 a vote of two-thirds of all the members elected to each house, as
15 provided by Section 39, Article III, Texas Constitution. If this
16 Act does not receive the vote necessary for immediate effect, this
17 Act takes effect September 1, 2003.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 200 passed the Senate on March 4, 2003, by the following vote: Yeas 29, Nays 0, one present not voting.

Secretary of the Senate

I hereby certify that S.B. No. 200 passed the House on May 1, 2003, by the following vote: Yeas 138, Nays 0, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor