

By: Shapiro S.B. No. 200
(In the Senate - Filed January 15, 2003; January 30, 2003,
read first time and referred to Committee on Health and Human
Services; February 24, 2003, reported favorably, as amended, by
the following vote: Yeas 7, Nays 0, 1 present not voting;
February 24, 2003, sent to printer.)

COMMITTEE AMENDMENT NO. 1 By: Janek

(1) Amend S.B. No. 200 by deleting Subsection (a) of Section
281.106 and inserting a new Subsection (a) to read as follows:

(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.

(2) Amend the caption of S.B. No. 200 to conform to the bill
as amended.

A BILL TO BE ENTITLED
AN ACT

relating to authorizing hospital districts located in counties
having a population of two million or more 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 is located in a county that has a population of two
million or more according to the most recent decennial census, 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
is the best available method to provide the capital funds that are
needed to furnish the highest quality of medical treatment and
hospital care to persons residing in the district; and

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

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

"PROPOSITION

"Shall (insert name of district) be authorized to
pledge all or a portion of its hospital system revenues
and the revenues received from the ad valorem tax that
was previously approved by the voters of the district
to the payment of outstanding and future combination
tax and revenue bonds and other obligations, and debt

service reserves therefor, that were and will be issued and executed for the capital purposes of the district's hospital system?"

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

"Authorizing the (insert name of district) to pledge the revenues from its hospital system and from the ad valorem tax that was previously approved by the voters to the payment of combination tax and revenue bonds and other obligations that have been and will be issued and executed for the capital purposes of the hospital system."

(e) The election order shall include:

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

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

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

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

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

(f) An election conducted pursuant to this section shall be conducted in accordance with the procedures provided in Section 281.102.

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

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

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

(j) The portion of the rate of ad valorem tax that is to be levied and assessed each year by or for the district that is allocated by the district to the payment of the principal of and the interest on bonds and other obligations or the maintenance of

reserves therefor in accordance with this section shall be applied
as a payment on current debt in calculating the current debt rate
under the applicable tax rate rollback provisions of Chapter 26,
Tax Code.

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

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

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