BILL ANALYSIS

Senate Research Center

79R6731 HLT-D

H.B. 3486

By: Hardcastle (Estes)

Intergovernmental Relations

5/17/2005

Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The Act creating the Nocona Hospital District (district) was passed by the 62nd Legislature in 1971 and has not been amended since that time. The district's enabling legislation requires updating to conform with current laws. Also, the district would like to amend its enabling legislation to put procedures in place for the dissolution of the district only upon approval of the district's voters.

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 4, Chapter 868, Acts of the 62nd Legislature, Regular Session, 1971, to provide that the board of directors (board) of the Nocona Hospital District (district) consists of seven persons elected as provided by this section. Deletes existing text referring to provisional directors.

(b) Requires a regular election for directors to be held annually on the May uniform election date under Section 41.001, Election Code. Requires four directors to be elected in odd-numbered years and three directors to be elected in even-numbered years. Provides that directors are elected at large and are required to serve staggered two-year terms. Provides that a director continues to serve until a successor has been elected or appointed and qualified. Deletes existing text referring to temporary directors.

(c) Requires notice of each regular election of directors shall be published in accordance with Section 4.003 (Method of Giving Notice), Election Code. Requires any person desiring to have the person's name printed on the ballot as a candidate for director to file an application in accordance with Chapter 144 (Candidate for Office of Political Subdivision Other than County or City), Election Code. Deletes existing text referring to temporary directors being converted to permanent directors.

(d) Creates this subsection from existing text.

(e) Redesignated from existing Subsection (d). Provides that neither the chief executive officer, rather than administrator, an employee of the district, nor a member of the medical staff of the hospital is, rather than shall be, eligible to serve as a director. Makes conforming changes.

(f) Redesignated from existing Subsection (e). Makes conforming changes.

SECTION 2. Amends Section 5, Chapter 868, Acts of the 62nd Legislature, Regular Session, 1971, as follows:

Sec. 5. (a) Requires the board to manage, control, and administer the hospital system and all funds and resources of the district, but in no event to invest any operating, depreciation, or building fund reserves in any funds or securities other than those specified in Subchapter A, Chapter 2256 (Authorizes Investments for Governmental

Entities), Government Code, rather than Articles 836 or 837, Revised Civil Statutes of Texas, 1925, as amended.

(b) Creates this subsection from existing text.

(c) Creates this subsection from existing text. Makes conforming changes. Deletes existing text pertaining to an administrator or manager.

(d) Creates this subsection from existing text. Provides that the board has, rather than shall have, the authority to appoint to the medical staff doctors as deemed necessary for the efficient operation of the district, and authorizes the board to provide for temporary appointments to the staff if warranted by circumstances.

(e) Creates this subsection from existing text. Makes a conforming change.

(f) Creates this subsection from existing text. Makes a nonsubstantive change.

SECTION 3. Section 6, Chapter 868, Acts of the 62nd Legislature, Regular Session, 1971, is amended to read as follows:

Sec. 6. (a) Creates this subsection from existing text. Requires the district to be operated on the basis of a fiscal year established by the board of directors. Prohibits the board of directors from changing the fiscal year if revenue bonds of the district are outstanding or more than once in a 24-month period. Requires the board to cause an audit to be made of the financial condition of the district, which together with other records of the district are to be open to inspection at the principal office of the district. Deletes existing text referring to audit dates.

(b) Creates this subsection from existing text. Makes a conforming change.

(c) Creates this subsection from existing text. Requires a public hearing on the annual budget to be held by the board of directors after notice of the hearing has been published in accordance with Chapter 551 (Open Meetings), Government Code , rather than one (1) time at least ten (10) days before the date set therefor. Makes conforming and nonsubstantive changes.

SECTION 4. Amends Section 7, Chapter 868, Acts of the 62nd Legislature, Regular Session, 1971, as follows:

Sec. 7. (a) Creates this subsection from existing text. Requires the board to have the power and authority to issue and sell general obligation, rather than its, bonds in the name and upon the faith and credit of the district for the purchase, construction, acquisition, repair, or renovation of buildings and improvements and equipping the same for hospital purposes, and for any or all of such purposes.

(b) Creates this subsection from existing text. Requires a tax, at the time of the issuance of any general obligation bonds by the district to be levied by the board sufficient to create an interest and sinking fund to pay the interest on and principal of said bonds as same mature, rather than nature.

(c) Creates this subsection from existing text. Prohibits general obligation bonds from being issued by the district until authorized by a majority of the voters of the district voting at an election called for such purpose. Requires the order for the bond election and the publication of notice for the election to be provided in accordance with Chapter 1251 (Bond Elections), Government Code. Deletes existing text pertaining to an election. Makes nonsubstantive changes.

(d) Creates this subsection from existing text. Authorizes the district to issue refunding bonds in accordance with Chapter 1207 (Refunding Bonds), Government Code. Deletes existing text referring to refunding bonds.

(e) Creates this subsection from existing text. Requires bonds of the district to bear interest at a rate not to exceed the rate permitted by Chapter 1204 (Interest Rate), Government Code, rather than Article 717k–2, except that refunding bonds shall bear interest at a rate not in excess of that permitted by Article 717k–3. Requires all bonds to mature within forty (40) years of their date, to be executed in the name of the hospital district and in its behalf by the president of the board and countersigned by the secretary in the manner provided by Chapter 618 (Uniform Facsimile Signature of Public Officials Act), Government Code, rather than Article 717j–1, Revised Civil Statutes of Texas, 1925, as amended, and to be subject to the same requirements in the manner of approval by the attorney general of Texas and registration by the comptroller of public accounts of the State of Texas (comptroller) as are by law provided for approval and registration of bonds issued by counties. Requires the bonds, rather than the same, upon the approval of such bonds by the attorney general and registration by the comptroller, to be incontestable for any cause.

SECTION 5. Amends Section 9, Chapter 868, Acts of the 62nd Legislature, Regular Session, 1971, to require certain bonds to be issued in the manner and in accordance with the procedures and requirements specified for the issuance of revenue bonds by County Hospital Authorities in Sections 264.042, 264.043, and 264.046-264.049, Health and Safety Code, rather than Sections 8 and 10 through 13 of Chapter 122, Acts of the 58th Legislature, Regular Session, 1963 (codified as Article 4494r, Vernon's Texas Civil Statutes).

SECTION 6. Amends Section 10, Chapter 868, Acts of the 62nd Legislature, Regular Session, 1971, as follows:

(a) Creates this Subsection from existing text. Makes nonsubstantive changes.

(b) Creates this Subsection from existing text.

(c) Creates this Subsection from existing text.

(d) Creates this Subsection from existing text. Authorizes a contract for construction that requires expenditures in excess of the amount provided by Section 271.024 (Competitive Bidding Procedure Applicable to Contract), Local Government Code, to be entered into only after competitive bidding as provided by Subchapter B, Chapter 271 (Purchasing and Contracting Authority of Municipalities, Counties, and Certain Other Local Governments), Local Government Code. Requires the provisions of Chapter 2253 (Public Work Performance and Payment Bonds), Government Code, rather than Article 5160, relating to performance and payment bonds to apply to construction contracts let by the district. Deletes existing text relating to all contracts for construction involving the expenditure of more than Ten Thousand Dollars ($10,000).

SECTION 7. Amends Section 14, Chapter 868, Acts of the 62nd Legislature, Regular Session, 1971, to set forth the manner in which the district is required to exercise the power of eminent domain. Deletes existing text referring to condemnation by counties.

SECTION 8. Amends Section 15, Chapter 868, Acts of the 62nd Legislature, Regular Session, 1971, as follows:

(a) Authorizes the board annually to impose property taxes in an amount not to exceed 75 cents on each $100 valuation of all taxable property in the district Deletes existing text referring to taxes.

(b) Authorizes the district to impose the tax to pay certain costs. Deletes existing text referring to tax assessment and collection and the Board of Equalization.

(c) Provides that the Tax Code governs the appraisal, assessment, and collection of district taxes.

(d) Authorizes the board to provide for the appointment of a tax assessor-collector for the district or to contract for the assessment and collection of taxes as provided by the Tax Code.

SECTION 9. Amends Section 17, Chapter 868, Acts of the 62nd Legislature, Regular Session, 1971, to require the district to provide health care and treatment to indigent persons in accordance with policies and procedures adopted by the board. Deletes existing text referring to patient support.

SECTION 10. Amends Chapter 868, Acts of the 62nd Legislature, Regular Session, 1971, by adding Section 19A, as follows:

Sec. 19A. (a) Authorizes the district to be dissolved only if the dissolution is approved by a majority of the registered voters of the district 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. Requires the board to order an election if the board receives a petition requesting an election that is signed by a number of registered voters of the district equal to at least 15 percent of the registered voters in the district.

(c) Requires an election ordered under this section to be held not later than the 60th day after the date the election is ordered. Provides that Section 41.001 (Uniform Election Dates), Election Code, does not apply to an election ordered under this section.

(d) Requires the order calling an election under this section to state certain information.

(e) Requires the board to give notice of the election by publishing a substantial copy of the election order in a newspaper with general circulation in the district once a week for two consecutive weeks. Requires the first publication to appear not later than the 35th day before the date set for the election.

(f) Sets forth specific language for the ballot for the election.

(g) Requires the board, if a majority of the votes in the election favor dissolution, to find that the district is dissolved. 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 most recent election to dissolve the district.

(h) Requires the board to take certain steps if a majority of the votes in the election favor dissolution.

(i) Provides that if the district transfers the land, buildings, improvements, equipment, and other assets to Montague County or another governmental entity, the county or entity assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved.

(j) Requires the district, if it does not transfer the land, buildings, improvements, equipment, and other assets to Montague County or another governmental entity, to administer the property, assets, and debts of the district until all funds have been disposed of and all district debts have been paid or settled, at which time the district is dissolved.

(k) Requires the board to take certain steps after the board finds that the district is dissolved.

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

(m) 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.

(n) Requires the board, after the district has paid all its debts and has disposed of all its assets and money as prescribed by this section, to file a written report with the Commissioners Court of Montague County setting forth a summary of the board's actions in dissolving the district.

(o) Requires the Commissioner Court of Montague County, not later than the 10th day after the date it receives the report and determines that the requirements of this section have been fulfilled, to enter an order dissolving the district and releasing the board from any further duty or obligation.

SECTION 11. Repealer: Sections 3, 8, and 22, Chapter 868, Acts of the 62nd Legislature, Regular Session, 1971.

SECTION 12. Effective date: upon passage or September 1, 2005.