

BILL ANALYSIS

H.B. 3533
By: Gonzalez Toureilles
County Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Act creating the Karnes County Hospital District was passed by the 61st Legislature in 1969, was amended in 1973 and 1981, and has not been updated since that time. The district would like to amend its legislation to clarify that the district has the authority to issue general obligation or revenue bonds for hospital system purposes and to define what constitutes the hospital system. Additionally, the district's enabling legislation requires updating to conform to current laws.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

SECTION 1. Amends Section 3, Chapter 591, Acts of the 61st Legislature, Regular Session, 1969, by updating some language regarding the authority of the district to impose a tax.

SECTION 2. Amends Section 5, Chapter 591, Acts of the 61st Legislature, Regular Session, 1969, by removing certain outdated provisions regarding the temporary board of directors and the initial election of directors. Clarifies that the board of directors consists of 7 persons elected at large by place and that a director must be a resident of the place for which the person is elected. Amends the enabling legislation to provide that the district's annual election of directors will be held on the May uniform election date and to revise certain other provisions regarding elections to comply with the Election Code.

SECTION 3. Amends Section 6, Chapter 591, Acts of the 61st Legislature, Regular Session, 1969, by updating the reference to the Texas Public Funds Investment Act, Chapter 2256, Government Code. Removes the references to a manager of the district. The bill further deletes the requirement that the administrator execute a bond payable to the district. The bill clarifies that the board has the authority to appoint physicians, dentists and podiatrists to the medical staff of the district.

SECTION 4. Amends Chapter 591, Acts of the 61st Legislature, Regular Session, 1969, by adding Section 6A, which authorizes the district to create and sponsor a nonprofit corporation to provide health care or other services the district is authorized to provide and to contribute money to or solicit money for the corporation. Authorizes the corporation to invest the corporation's money in any manner in which the district is authorized to invest money. Requires the board of the district to establish controls to ensure that the corporation uses its money as required by the Act.

SECTION 5. Amends Section 7, Chapter 591, Acts of the 61st Legislature, Regular Session 1969, to allow the board to establish the fiscal year of the district. The fiscal year may not be changed during a period in which revenue bonds of the district are outstanding; or more than once every two years. The bill clarifies the process for the annual audit and the public hearing on the annual budget. The bill further clarifies that residents of the district have the right to appear and be heard at the annual hearing on the district's proposed budget.

SECTION 6. Amends Section 8, Chapter 591, Acts of the 61st Legislature, Regular Session, 1969, to clarify the requirements for the issuance of general obligation bonds. The bill authorizes the district to issue general obligation bonds for hospital system purposes. The bill also revises

the provisions regarding bond elections to comply with Chapter 1251 of the Government Code. The bill updates the references to Chapter 1207 of the Government Code regarding issuance of refunding bonds, Chapter 1204 of the Government Code regarding the rate of interest for bonds, and Chapter 618 regarding execution of bonds.

SECTION 7. Amends Section 9, Chapter 591, Acts of the 61st Legislature, Regular Session, 1969, to authorize the district to issue revenue bonds for hospital system purposes in accordance with the procedures and requirements of Sections 264.042, 264.043, and 264.046-264.049 of the Health and Safety Code.

SECTION 8. Amends Chapter 591, Acts of the 61st Legislature, Regular Session, 1969, by adding Sections 9A and 9B, which authorizes the district to issue bonds payable from a combination of ad valorem taxes and revenues. Bond, other than revenue bonds, that the board proposes to secure by an ad valorem tax must be approved at an election in the district. The bill further authorizes the district to use the proceeds of bonds to pay expenses related to the issuance, sale and delivery of the bonds; interest on the bonds during acquisition or construction of a bond-financed project; costs related to acquisition, construction, operation and maintenance of a bond-financed project; costs related to financing of bond funds; costs related to the issuance of bonds; costs related to the acquisition of land or an interest in land for a project or facility to be provided through the bonds; and construction costs of a project or facility to be provided through the bonds. A period of acquisition or construction may not exceed five years.

SECTION 9. Amends Section 10, Chapter 591, Acts of the 61st Legislature, Regular Session, 1969, by replacing outdated terminology regarding health care facilities with a new definition of what constitutes a hospital system.

SECTION 10. Amends Section 11, Chapter 591, Acts of the 61st Legislature, Regular Session, 1969, to provide that the board may enter into a construction contract in excess of the amount prescribed by Section 271.024 of the Local Government Code only after competitive bidding as required by Subchapter B, Chapter 271 of the Local Government Code. The bill also updates the reference to Chapter 2253, Government Code, regarding performance and payment bonds.

SECTION 11. Amends Section 15, Chapter 591, Acts of the 61st Legislature, Regular Session, 1969, by updating the reference to Chapter 21, Property Code, regarding the power of eminent domain.

SECTION 12. Amends Section 16, Chapter 591, Acts of the 61st Legislature, Regular Session, 1969, to provide that the Tax Code governs the appraisal, assessment and collection of district taxes and that the district may appoint or contract with a tax assessor-collector.

SECTION 13. Amends Section 18, Chapter 591, Acts of the 61st Legislature, Regular Session, 1969, to clarify that the district will provide health care and treatment to indigent persons in accordance with policies and procedures adopted by the board.

SECTION 14. Amends Chapter 591, Acts of the 61st Legislature, Regular Session, 1969, by adding Section 25, which adds procedures for the dissolution of the district upon approval by the voters of the district. The district may be dissolved only if it is approved by a majority of the registered voters of the district voting in an election held for that purpose. The board is authorized to order an election on the question of dissolving the district. The board is required to order an election if the board receives a petition requesting an election signed by at least 15 percent of the registered voters of the district. An election is required to be held not later than the 60th day after the date the election is ordered. The order calling an election must state the nature of the election, including the proposition that is 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. The board is required to give notice of the election by publishing a substantial copy of the order in a newspaper with general circulation in the district once a week for two consecutive weeks. First publication must appear not later than the 35th day before the date set for the election. The ballot must permit voting for or against the proposition. If a majority of the votes in the election favor dissolution, the board is required to find that the district is dissolved, transfer the land, buildings, improvements, equipment, and other assets that belong to the district to Karnes County; administer the property, assets, and debts until all money has been disposed of and all

debts have been paid. If the majority of the votes in the election do not favor dissolution, the board is required to administer the district, and another election may not be held before the first anniversary of the most recent election. After the board finds that the district is dissolved, the board is required to determine any remaining debt owed by the district; impose on the property included in the district's tax rolls a tax that is in proportion of the debt to the property value. When all debts have been paid, the board is required to order the secretary to return a pro rata share of all unused tax money to each district taxpayer. A taxpayer is authorized to request that the taxpayer's share of surplus tax money be credited to the taxpayer's county taxes. After the district has paid all debts and disposed of all assets and money, the board is required to file a written report with the Commissioners Court of Karnes County summarizing the board's actions in dissolving the district. No later than the 10th day after the date it receives the report, the Commissioners Court of Karnes County is required to enter an order dissolving the district and releasing the board of directors from any further duty or obligation.

SECTION 15. Repeals Section 4, Chapter 591, Acts of the 61st Legislature, 1969.

SECTION 16. Effective Date

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.