

## **BILL ANALYSIS**

Senate Research Center

S.B. 1236  
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Intergovernmental Relations  
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Enrolled

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

Existing statutory authority for the Starr County Hospital District is restrictive and outdated, and does not provide for the necessary authority for the district to prepare for future development.

S.B. 1236 updates the statutory authority of the Starr County Hospital District to prepare for future development. This bill authorizes the district to adopt certain requirements regarding the length of residency for trustees, to create or sponsor a nonprofit corporation, to issue revenue bonds and bonds payable from a combination of taxes and revenues, and to establish procedures for the dissolution of the district.

### **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 118, Acts of the 63rd Legislature, Regular Session, 1973, as follows:

Sec. 4. (a) Sets forth the requirements for a member of the board of trustees (board) of the Starr County Hospital District (district). Requires a person to be at least 21 years of age and to have been a resident of the district for at least two years and be a qualified voter, rather than a property taxpaying elector. Authorizes a commercial bond, required of each trustee of the board, to be paid from funds of the district. Makes nonsubstantive changes.

(b) Deletes existing text requiring the commissioners court of Starr County to appoint persons to serve as temporary trustees and relating to the election of the district. Requires a person qualified to serve on the board and desires to have his or her name printed on a ballot to file an application with the secretary of the board in accordance with Chapter 144 (Candidate for Office of Political Subdivision Other than County or City), Election Code. Deletes existing text relating to filing the person's name with the commissioner's court.

(c) Sets forth requirements for the election of members of the board, including a requirement that one trustee be elected from each commissioner's precinct. Deletes existing text requiring a balloting place to be in each precinct and requiring one trustee of the board to be elected from the resident qualified taxpaying electors of the precinct. Deletes existing text relating to an election for the creation of the district in 1973. Requires an election to be held on the May uniform election date. Requires the notice of the election to be published in a newspaper of general circulation in the district in accordance with Section 4.003 (Method of Giving Notice), Election Code.

(d) Sets forth provisions for the election and duties of the president, vice-president, and secretary of the board. Requires the president to preside over district meetings and deletes existing text requiring the president to be the chief executive officer of the district. Deletes existing text requiring the board to select certain employees, to adopt a seal, and relating to the rights and authority of

trustees of the district. Redesignates Subsections (i) and (j) as Subsections (e) and (f).

SECTION 2. Amends Section 5(g), Chapter 118, Acts of the 63rd Legislature, Regular Session, 1973, as follows:

(g) Requires the board to cause an annual audit to be made by an independent public accountant of the books and records of the district. Requires the administrator to report to the board a sworn statement of all moneys belonging to the district and a full account of all disbursements during the previous fiscal year. Sets forth the budget requirements for the district. Requires the fiscal year of the district to be established by the board and is prohibited from being changed during a certain period. Deletes existing text relating to certain actions taken by an independent public accountant and the administrator, and text relating to a certain timeframe in which the fiscal year may be changed.

SECTION 3. Amends Chapter 118, Acts of the 63rd Legislature, Regular Session, 1973, by adding Section 5A, as follows:

Sec. 5A. (a) Authorizes the district to create and sponsor a nonprofit corporation under the Business Organizations Code and contribute money to or solicit money for the corporation.

(b) Authorizes a corporation created under this section to use money contributed by the district only to provide health care or other services the district is authorized to provide under this Act.

(c) Authorizes a corporation created under this section to enter into a joint venture with any public or private entity or individual to provide health care or other services the district is authorized to provide under this Act.

(d) Authorizes a corporation created under this section to invest the corporation's money in any manner in which the district is authorized to invest the district's money.

(e) Requires the board to establish controls to ensure that the corporation uses its money as required by this section.

SECTION 4. Amends Sections 7(a) and (c), Chapter 118, Acts of the 63rd Legislature, Regular Session, 1973, as follows:

(a) Requires the board to have the power and the authority to issue and sell general obligation bonds in the name and upon the faith and credit of such hospital district for certain purposes. Prohibits a general obligation bond from being issued until authorized by a majority of qualified voters. Requires the election and publication of notice for the election to be provided in accordance with Chapter 1251 (Bond Elections), Government Code. Deletes existing procedural requirements for a bond election under this section.

(c) Requires the bonds of the district to mature not later than the 40th anniversary of the date of issuance and to bear an interest rate that does not exceed the amount provided by Chapter 1204 (Interest Rate), Government Code, rather than six percent a year. Requires bonds to be executed in the name of the hospital district and on its behalf by the president of the board and countersigned in a manner provided by Chapter 618 (Uniform Facsimile Signature of Public Officials Act), Government Code, rather than by Chapter 204, Acts of the 57th Legislature, Regular Session, 1961, as amended, and to be subject to certain requirements as provided by Chapter 1202 (Examination and Registration of Public Securities), rather than by law provided for approval and registration of bonds issued by counties.

SECTION 5. Amends Chapter 118, Acts of the 63rd Legislature, Regular Session, 1973, by adding Sections 7A, 7B, and 7C, as follows:

Sec. 7A. (a) Authorizes the board to issue and refund any previously issued revenue bond for certain purposes.

(b) Requires the bonds to be payable from and secured by a pledge of all or any part of the revenue derived from the operation of the district's hospital or health care facilities.

(c) Authorizes the bonds to be additionally secured by a mortgage or deed of trust lien on all or part of district property.

(d) Requires the bonds to be issued in the manner and in accordance with the procedures and requirements prescribed by certain sections of the Health and Safety Code for issuance of revenue bonds by county hospital authorities.

Sec. 7B. (a) Authorizes the board, in addition to the authority to issue general obligation bonds under Section 7 of this Act and to issue revenue bonds under Section 7A of this Act, to provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes and the revenue and other sources as authorized by this Act.

(b) Authorizes the board to issue bonds secured wholly or partly by an ad valorem tax, other than refunding bonds, only if the bonds are approved at an election held in the district in accordance with Section 7 of this Act.

Sec. 7C. Authorizes the district to use the proceeds of bonds issued under Section 7, 7A, or 7B of this Act to pay certain costs or expenses.

SECTION 6. Amends Section 10, Chapter 118, Acts of the 63rd Legislature, Regular Session, 1973, as follows:

Sec. 10. (a) Authorizes the board to impose property taxes in an amount not to exceed the limit approved by the voters at the election authorizing the imposition of taxes. Provides that the Tax Code governs the appraisal, assessment, and collection of district taxes. Deletes existing text authorizing the board to contract with certain entities under certain conditions.

(b) 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. Deletes existing text providing for specific duties of a tax assessor and collector.

SECTION 7. Amends Chapter 118, Acts of the 63rd Legislature, Regular Session, 1973, by adding Section 11A, as follows:

Sec. 11A. Sets forth the procedural requirements for an election for the dissolution of the district and the procedures for dissolution following the election, if the voters approve the dissolution.

SECTION 8. Effective date: upon passage or September 1, 2007.