

## **BILL ANALYSIS**

C.S.H.B. 694  
By: Kuempel  
County Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The 64th Legislature, Regular Session, 1975, enacted legislation creating the Gonzales Healthcare Systems hospital district. The district would like to amend its enabling legislation to elect board directors to serve staggered four-year terms and to change the district's election process to conform to the procedure provided under the Election Code.

C.S.H.B. 694 provides that the Gonzalez Healthcare Systems hospital district board of directors serve staggered four-year terms and requires a board election notice to be published in accordance with the Election Code. The bill authorizes the board to borrow money, provides for the means to secure repayment, and establishes procedures for dissolution of the district.

### **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**

C.S.H.B. 694 amends the Special District Local Laws Code to clarify that members of the Gonzales Healthcare Systems hospital district board of directors serve staggered four-year terms and to remove the provision that the directors serve staggered two-year terms unless four-year terms are established. The bill removes the requirement that notice of an election of board directors be published one time at least 45 days before the date of the election of directors, and instead requires notice be published in accordance with provisions of the Election Code relating to the notice of an election.

C.S.H.B. 694 requires a competitive bidding procedure to be used for a construction contract that meets a certain expenditure threshold. The bill requires competitive bidding to be accomplished in the manner provided under Local Government Code provisions relating to the purchasing and contracting authority of municipalities, counties, and certain other local governments for public works contracts and makes conforming changes.

C.S.H.B. 694 authorizes the board to borrow money at a rate not to exceed the maximum annual percentage rate allowed by law for district obligations at the time the loan is made and sets forth the manner in which a loan may be secured. The bill requires a loan for which taxes or bonds are pledged to mature not later than the first anniversary of the date the loan is made, and a loan for which district revenue is pledged to mature not later than the fifth anniversary of the date the loan is made. The bill sets forth the authorized uses of the proceeds for such bonds and sets forth the procedure for dissolving the district.

C.S.H.B. 694 validates, ratifies, and confirms all elections and governmental and proprietary actions of Gonzales Healthcare Systems taken before the effective date of these provisions, excepting any matter involved in litigation if the litigation ultimately results in the matter being held invalid by a final court judgment or has been held invalid by a final court judgment.

C.S.H.B. 694 repeals Section 1032.053, Special District Local Laws Code, relating to ballot petitions.

**EFFECTIVE DATE**

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 694 removes provisions in the original authorizing the Gonzales Healthcare Systems hospital district board of directors to employ physicians or other health care providers and prohibiting this authorization from being construed as authorizing the board to supervise or control the practice of medicine, as prohibited by the Medical Practice Act.

C.S.H.B. 694 removes provisions in the original authorizing the district to establish a comprehensive program to provide income and medical benefits to a district employee who sustains an injury that arises out of and in the course and scope of employment. The substitute removes a provision in the original exempting the district from provisions relating to worker's compensation insurance coverage if the district establishes such a program.

C.S.H.B. 694 differs from the original by clarifying that the district is authorized to use the proceeds of bonds to pay any expense the board determines is reasonable and necessary to issue, sell, and deliver bonds, rather than insure, sell, and deliver the bonds as in the original. The substitute differs from the original by clarifying that the board is required to order an election if the board receives a petition requesting an election on the question of dissolving the district that is signed by at least 30 percent, rather than 15 percent as in the original, of the registered voters in the district.