BILL ANALYSIS

Senate Research Center
81R13432 ALB-F

H.B. 878
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Intergovernmental Relations
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, the board of directors of the Sweeny Hospital District (district) does not have the authority to borrow certain funds, establish income and medical benefits for district employees who are injured on the job, or use alternative means to secure repayment of bonds.

H.B. 878 authorizes the district to borrow funds from a bank or lending institution and to use alternative means to secure repayment of bonds.

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 135, Acts of the 58th Legislature, Regular Session, 1963, to provide that the management and control of the Sweeny Hospital District (district), rather than each hospital district created pursuant to the provisions of this Act, is hereby vested in the board of directors of the district (board) who are required to serve without compensation but may be reimbursed for actual expenses incurred in the performance of their official duties upon the approval of such expenses by the entire board.

SECTION 2. Amends Chapter 135, Acts of the 58th Legislature, Regular Session, 1963, by adding Sections 6A and 6B, as follows:

> Sec. 6A. Authorizes the board, in addition to the authority to issue general obligations and revenue bonds under this Act, to provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes as authorized by Section 6(a) (relating to the power and authority of the board to issue and sell general obligation bonds in the name and upon the faith and credit of the district) of this Act and revenue and other sources as authorized by Section 6(e) (relating to the board issuing revenue bonds, payable from and secured by a pledge of all or part of revenues derived from the operation of the district's hospital system, to purchase, construct, acquire, repair, renovate, or equip buildings, sites, or improvements for district purposes) of this Act.
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> Sec. 6B. Authorizes the district to use the proceeds of bonds issued under this Act to pay any expense the board determines is reasonable and necessary to issue, sell, and deliver the bonds; interest payments on the bonds during a period of acquisition or construction of a project or facility to be provided through the bonds, not to exceed five years; costs related to the operation and maintenance of a project or facility to be provided through the bonds during an estimated period of acquisition or construction, not to exceed five years, and for one year after the project or facility is acquired or constructed; costs related to the financing of the bond funds, including debt service reserve and contingency funds; costs related to the bond issuance; costs related to the acquisition of land or interests in land for a project or facility to be provided through the bonds; and costs of construction of a project or facility to be provided through the bonds, including the payment of related professional services and expenses.

SECTION 3. Amends Chapter 135, Acts of the 58th Legislature, Regular Session, 1963, by adding Section 7B, as follows:

Sec. 7B. (a) 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.

(b) Authorizes the board, to secure a loan, to pledge district revenue that is not pledged to pay the district's bonded indebtedness; a district tax to be imposed by the district during the 12-month period following the date of the pledge that is not pledged to pay the principal of or interest on district bonds; or a district bond that has been authorized but not sold.

(c) Requires that a loan for which taxes or bonds are pledged mature not later than the first anniversary of the date the loan is made. Requires that a loan for which district revenue is pledged mature not later than the fifth anniversary of the date the loan is made.

SECTION 4. Effective date: upon passage or September 1, 2009.