

## **BILL ANALYSIS**

Senate Research Center  
81R20570 TJS-F

S.B. 2499  
By: Seliger  
Intergovernmental Relations  
4/6/2009  
As Filed

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

Legislation creating the Martin County Hospital District (district) was passed by the 60th Legislature, Regular Session, 1967, and has never been amended. The district would like to amend the legislation to allow the district to employ physicians and other health care providers. Like other rural hospitals, the district has great difficulty recruiting and retaining physicians, which limits access to health care by residents of the district. Directly employing physicians will allow the district to provide economic security adequate for a physician to relocate and reside in the community and will help the district recruit and retain physicians to provide medically necessary services in its community.

The district also wants to amend the legislation to clarify the organization of the district's board of managers and its officers and the qualifications to be a member of the board of managers. The district would like the authority to pay for the administrator's bond with district funds. The district also seeks to amend the legislation to authorize the issuance of revenue bonds and alternative means to secure repayment of bonds. Finally, the district would like to add provisions regarding procedures for dissolution of the district.

As proposed, S.B. 2499 sets forth the terms for membership in the board of hospital managers and authorizes the board to pay for certain bonds with district money. The bill authorizes the board to issue revenue bonds to purchase, construct, or acquire sites to be used for hospital purposes. This bill also provides for elections within the district and for the potential 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 3, Chapter 674, Acts of the 60th Legislature, Regular Session, 1967, as follows:

Sec. 3. (a) Provides that the Board of Hospital Managers (board) consists of six managers appointed by the Martin County Commissioners Court (commissioners court). Provides that managers serve staggered two-year terms, with three managers appointed each year. Requires a person, to be qualified to serve as a manager, to be a Hospital District (district) resident and a registered voter. Prohibits an employee of the district from serving as a manager. Deletes existing text requiring the commissioners court, as soon as the Hospital District is created and authorized at the election hereinabove provided, to appoint a Board of Hospital Managers, consisting of six members, three of whom are required to serve for a term of two years and three of whom are required to serve for a term of one year; thereafter, three members are required to be appointed each year to serve for a term of two years.

(b) Authorizes the board to pay for the bond [required of the general manager of the district] with district money.

(c) - (e) Creates these subsections from existing text.

(f) Requires the board to elect a chair and vice chair from among its members. Requires the board to appoint a secretary, who need not be a manager. Provides that each officer of the board serves a one-year term. Requires the board to fill a vacancy in a board office for the remainder of the unexpired term. Deletes existing text requiring the board to choose a chairman, who is required to preside, from among its members; or in his absence a chairman pro tem is required to preside; and the administrator or any member of the board is authorized to be appointed secretary. Requires the board to require the secretary to keep suitable records of all proceedings of each meeting of the board in accordance with Subchapter B (Record of Open Meeting), Chapter 551 (Open Meetings), Government Code. Deletes existing text requiring such records to be read and signed after each meeting by the chairman or the member presiding, and attested by the secretary; and requiring the board to have a seal, on which is required to be engraved the name of the district, and said seal is required to be kept by the secretary and used in authentication of all acts of the board.

SECTION 2. Amends Chapter 674, Acts of the 60th Legislature, Regular Session, 1967, by adding Section 3A, as follows:

Sec. 3A. (a) Authorizes the board to employ physicians or other health care providers as the board considers necessary for the efficient operation of the district.

(b) Prohibits this section from being construed as authorizing the board to supervise or control the practice of medicine, as prohibited by Subtitle B (Physicians), Title 3 (Health Professions), Occupations Code.

SECTION 3. Amends Section 14, Chapter 674, Acts of the 60th Legislature, Regular Session, 1967, as follows:

Sec. 14. (a) Creates this subsection from existing text. Requires the board to have the power and authority to issue and sell general obligation bonds, rather than issue and sell bonds as the obligations of such district, for the purchase, construction, acquisition, repair or renovation of buildings and improvements and equipping same, for hospital purposes and for any or all of such purposes; provided that a sufficient tax is required to be levied to create an interest and sinking fund to pay the interest and principal as same matures and that said tax, together with any other taxes levied for said district, is prohibited from exceeding seventy-five cents on the \$100 valuation of taxable property in one year.

(b) Authorizes the district to issue general obligation bonds only if the bonds are authorized by a majority of the voters of the district voting in an election held for that purpose. Requires the board, in ordering the election, to provide for clerks as in county elections and to specify the date of the election, the location of the polling places, the presiding and alternate election judges for each polling place, the amount of the bonds to be authorized, and the maximum maturity of the bonds. Requires the board to give notice of the board election in the manner provided by Section 1251.003 (Conduct of Election), Government Code. Provides that Chapter 41 (Election Dates and Hours for Voting), Election Code, does not apply to an election held under this section. Requires the board to declare the results of the election. Deletes existing text requiring that no bonds be issued by such district (except refunding bonds) until authorized by a majority vote of the legally qualified property taxpaying voters residing in such district voting at an election called and held in accordance with the provisions of Chapter 1, Title 22, of the Revised Civil Statutes of the State of Texas (1925), as amended, relating to county bonds; requiring that such election be called by the board; requiring that such board designate the places for holding said election and to name persons who are required to conduct said election, in the manner provided by general law; and requiring that such initial election, in the event the initial bonds are voted at an election called by the commissioners court at the time of the election for the creation of the district, be governed by the provisions of Section 2 hereof.

(c) Creates this subsection from existing text.

(d) Authorizes the board to issue revenue bonds to purchase, construct, acquire, repair, renovate, or equip buildings or improvements for hospital purposes, or acquire sites to be used for hospital purposes. Requires that the bonds be payable from and secured by a pledge of all or part of the revenue derived from the operation of the district's hospitals. Authorizes the bonds to be additionally secured by a mortgage or deed of trust lien on all or part of district property. Requires that the bonds be issued in the manner and in accordance with the procedures and requirements prescribed by Sections 264.042 (Form and Procedure), 264.043 (Terms), 264.046 (Junior Lien Bonds; Parity Bonds), 264.047 (Bond Proceeds; Investment Funds), 264.048 (Refunding Bonds), and 264.049 (Approval and Registration of Bonds), Health and Safety Code, for issuance of revenue bonds by county hospital authorities.

SECTION 4. Amends Chapter 674, Acts of the 60th Legislature, Regular Session, 1967, by adding Sections 14A and 14B, as follows:

Sec. 14A. Authorizes the board, in addition to the authority to issue general obligation bonds 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 14(a) of this Act and revenue and other sources authorized by Section 14(d) of this Act.

Sec. 14B. Authorizes the district to use the proceeds of bonds issued under this Act to pay:

- (1) any expense the board determines is reasonable and necessary to issue, sell, and deliver the bonds;
- (2) 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;
- (3) 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;
- (4) costs related to the financing of the bond funds, including debt service reserve and contingency funds;
- (5) costs related to the bonds issuance;
- (6) costs related to the acquisition of land or interest in land for a project or facility to be provided through the bonds; and
- (7) costs of construction of a project or facility to be provided through the bonds, including the payment of related professional services and expenses.

SECTION 5. Amends Chapter 674, Acts of the 60th Legislature, Regular Session, 1967, by adding Section 17A, as follows:

Sec. 17A. (a) Authorizes the district to be dissolved only on approval of a majority of the 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.

(c) Requires the board to order an election if the board receives a petition requesting an election that is signed by at least 15 percent of the registered voters in the district.

(d) Requires that the order calling the election state the nature of the election, including the proposition 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.

(e) Provides that Section 41.001(a) (relating to certain dates on which each general or special election in this state is required to be held), Election Code, does not apply to an election ordered under this section.

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

(g) Requires that the ballot for an election under this section be printed to permit voting for or against the proposition, including certain language.

(h) Requires the board, if a majority of the votes in an election under this section favor dissolution, to find that the district is dissolved.

(i) 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 date of the most recent election on the question of dissolution.

(j) Requires the board, if a majority of the votes in the election held under this section favor dissolution, to:

(1) transfer the land, buildings, improvements, equipment, and other assets that belong to the district to Martin County or another governmental entity in Martin county; or

(2) administer the property, assets, and debts until all money has been disposed of and all district debts have been paid or settled.

(k) Provides that if the district makes the transfer under Subsection (j)(1), the county or entity assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved.

(l) Provides that if Subsection (j)(1) does not apply and the board administers the property, assets, and debts of the district under Subsection (j)(2), the district is dissolved when all money has been disposed of and all district debts have been paid or settled.

(m) Requires the board, after the board finds that the district is dissolved, to determine the debt owed by the district and impose on the property included in the district's tax rolls a tax that is in proportion of the debt to the property value.

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

(o) 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.

(p) Requires the board, after the district has paid all its debts and has disposed of all its money and other assets as prescribed by this section, to file a written report

with the commissioners court summarizing the board's actions in dissolving the district.

(q) Requires the commissioners court, not later than the 10th day after the date the commissioners court 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 6. Provides that the changes in law made by this Act to the qualifications of and the prohibitions applying to members of the board do not affect the entitlement of a member serving on the board immediately before the effective date of this Act to continue to carry out the functions of the board for the remainder of the member's term. Provides that the changes in law apply only to a member appointed on or after the effective date of this Act. Provides that this Act does not prohibit a person who is a member of the board on the effective date of this Act from being reappointed to the board if the person has the qualifications required for membership under Section 3, Chapter 674, Acts of the 60th Legislature, Regular Session, 1967, as amended by this Act.

SECTION 7. Effective date: September 1, 2009.