

BILL ANALYSIS

H.B. 850
By: Craddick
County Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The act creating the Rankin County Hospital District was passed in the 1960s and amended several years later. The district is seeking to amend its enabling legislation to update provisions regarding the board of directors and revise various provisions regarding district elections to bring those provisions into accordance with the Election Code, revise provisions regarding bidding of construction contracts to correspond to the Local Government Code, allow the district to borrow funds from a bank or lending institution, and authorize the issuance of refunding bonds or revenue bonds. H.B. 850 updates the provisions governing the district accordingly.

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

H.B. 850 amends Chapter 182, Acts of the 60th Legislature, Regular Session, 1967, to remove outdated provisions relating to the establishment and creation of the Rankin County Hospital District. The bill specifies that the members of the board of directors of the district are elected from the district at large, rather than by the qualified electors who own taxable property within the district and who have duly rendered that property for taxation, and removes the specification that the management and control of the district is vested in the board. The bill establishes that members of the board of directors of the district serve staggered two-year terms unless the board, on its own motion, orders that the members are to serve staggered four-year terms. The bill changes eligibility provisions relating to the board of directors to require a person elected or appointed as a director to be a resident of the district and at least 21 years of age and to eliminate the requirement that a person, in order to be eligible, have been a resident of the district for at least two years, be a qualified voter, own taxable property within the district and have duly rendered that property for taxation, and not be an officer of any political subdivision of the state or Upton County. The bill prohibits an employee of the hospital district from serving as a director. The bill removes outdated provisions relating to the election of the first board of directors of the district and creating two-year staggered terms for each director. The bill removes language requiring each member of the board of directors to qualify by executing the constitutional oath of office and clarifies that each member is required to execute a bond for \$1,000 payable to the district before assuming the duties of the office of director.

H.B. 850 requires the board of directors to elect from among its members a president and vice president, rather than a chairman and a chairman pro tem. The bill requires the board to appoint a secretary, who does not need to be a director, and removes language specifying that only the administrator or a member of the board may be appointed secretary. The bill removes a provision establishing that any three members of the board constitute a quorum. The bill requires all district records, including books, accounts, notices, minutes, and all other matters of the district and the operation of the district's facilities, to be maintained at the district office and open to public inspection at the district office at all reasonable hours. The bill removes provisions

establishing certain duties of the secretary relating to the maintenance of records and the seal of the board. The bill removes outdated provisions relating to the election of the board of directors and establishes election procedures that are in accordance with the Election Code. The bill removes provisions requiring any person desiring the person's name to be printed on the ballot as a candidate for director to file an application with the board secretary.

H.B. 850 authorizes, rather than requires, the board to appoint a qualified person as the district administrator, who serves at the will of the board and receives the compensation determined by the board. The bill authorizes the board, in a provision requiring the district administrator to execute a bond payable to the district before entering into the discharge of the administrator's duties, to pay for the bond with district money. The bill removes a provision prohibiting the administrator from being a board member and requiring the administrator to be a qualified practitioner of medicine or be specifically trained for work of such character.

H.B. 850 specifies that the bonds the board of directors is authorized to issue and sell for purposes relating to buildings and improvements are general obligation bonds. The bill requires the board to impose a property tax, at the time the general obligation bonds are issued by the district, for purposes of creating an interest and sinking fund to pay the principal of and interest on general obligation bonds as the bonds mature. The bill specifies that the cap on the property tax, together with any other taxes levied for the district is 75 cents per \$100 valuation of taxable property in the district in any one year, rather than 75 cents in any one year. The bill removes provisions requiring bonds to be subject to requirements relating to approval by the attorney general and registration by the comptroller of public accounts. The bill authorizes the district to issue general obligation bonds only if the bonds are authorized by a majority of the district voters. The bill removes language prohibiting the maximum interest rate of general obligation bonds from exceeding six percent a year.

H.B. 850 authorizes the board to issue revenue bonds to purchase, construct, acquire, repair, or renovate buildings or improvements, to equip buildings or improvements for hospital purposes, or to acquire real property for hospital purposes. The bill requires revenue bonds to be payable from and secured by a pledge of all or part of the revenue derived from the operation of the district's hospital system and authorizes revenue bonds to be additionally secured by a mortgage or deed of trust on all or part of district property. The bill requires revenue bonds to be issued in the manner provided by statutory provisions relating to the issuance of revenue bonds by a county hospital authority. The bill authorizes the board, in addition to the authority to issue general obligation and revenue bonds, to provide for the security and payment of district bonds from a pledge of a combination of property taxes and revenue and other authorized sources. The bill authorizes the district to use the proceeds of bonds to pay for specified costs, interest payments, and expenses. The bill removes a condition on the board's authority to issue, sell, or exchange a refunding bond without an election relating to the average interest cost per year of the refunding bond and removes provisions relating to the computation of the average interest cost.

H.B. 850 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. The bill authorizes the board, for purposes of securing a loan, to pledge district revenue that is not pledged to pay the district's bonded indebtedness, tax revenue to be collected 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 district bonds that have been authorized but not sold. 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 requires a loan for which district revenue is pledged to mature not later than the fifth anniversary of the date the loan is made.

H.B. 850 removes the requirement that a bank selected to be the depository bank for district money be located within the district. The bill removes provisions requiring that all district funds be immediately deposited with a depository bank and that sufficient funds be remitted to a

depository bank for the payment of principal of and interest on the outstanding obligations of the district. The bill authorizes the board to invest operating, depreciation, or building reserves only in funds or securities specified by the Public Funds Investment Act.

H.B. 850 changes the amount of a construction contract that requires advertising for bids, before the board may enter into the contract, from \$10,000 to an amount that is more than the amount provided by specified provisions of the Local Government Code. The bill makes nonsubstantive and conforming changes.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.