

BILL ANALYSIS

H.B. 851
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County Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Hamilton County Hospital District was created by the legislature a few decades ago and is a special law hospital district. H.B. 851 seeks to update laws governing the district to allow the district to adjust to population changes and other changes within the district's territory.

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. 851 amends the Special District Local Laws Code to authorize the Hamilton County Hospital District to expand its territory boundaries to be coextensive with the boundaries of the county in the manner provided by provisions relating to the expansion of district territory in a hospital district created by voter approval and makes a conforming change relating to district boundaries.

H.B. 851 establishes that, if the Hamilton County Hospital District is expanded so that the boundaries are coextensive with the boundaries of the county, one director is elected from each commissioners precinct and one director is elected from the district at large. The bill requires the board of directors of the district to determine which director position elected from the district at large will convert into a position elected from the additional precinct. The bill removes language requiring a notice of an election of directors of the governing board of the district to be published one time, at least 35 days before the date of the election, in a newspaper with general circulation in the district and instead requires notice of the election to be published in such a newspaper in accordance with provisions outlining the methods by which notice of an election may be given. The bill removes provisions requiring a petition to be filed for a person's name to be printed on the ballot as a candidate for director and requires a person who wants to have the person's name printed on the ballot as a candidate to file an application in accordance with provisions relating to a candidate for an office of a political subdivision other than a county or city.

H.B. 851 authorizes the board of directors of the Hamilton County Hospital District 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, in securing 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 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. 851 authorizes the district to use the proceeds of bonds issued by the Hamilton County

Hospital District to pay the following:

- 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
- construction costs of a project or facility to be provided through the bonds, including the payment of related professional services and expenses.

H.B. 851 includes provisions relating to the authority of the board of directors to borrow money and to use bond proceeds among the provisions exempt from the prohibition from incurring a debt payable from district revenue other than the revenue on hand or to be in hand in the current and the immediately following district fiscal years.

H.B. 851 authorizes the Hamilton County Hospital District to be dissolved only on approval of a majority of the district voters voting in an election held for that purpose and sets forth provisions relating to an order calling such an election, notice of the election, and ballot language. The bill requires the board to continue to administer the district and prohibits another dissolution election from being held before the first anniversary of the most recent dissolution election if a majority of votes in the election do not favor dissolution. The bill sets forth provisions relating to, on an election result in favor of dissolving the district, the transfer or administration of assets of the district, the imposition of a tax and return of surplus taxes to pay outstanding debts of the district, a report to the Commissioners Court of Hamilton County summarizing the board's actions in dissolving the district, and an order approving the dissolution of the district entered by the commissioners court.

EFFECTIVE DATE

September 1, 2011.