

BILL ANALYSIS

H.B. 1417
By: Chisum
County Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties contend that it is necessary to update the enabling legislation of the Swisher Memorial Hospital District in order to address certain district issues, such as uniform election dates, the district's authority to borrow funds through a secured loan and to issue revenue bonds, the district's means of securing repayment of bonds, and the district's use of use bond proceeds. H.B. 1417 seeks to take action on those and certain other district issues.

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H.B. 1417 amends Chapter 16, Acts of the 59th Legislature, Regular Session, 1965, to remove outdated provisions relating to the creation of the Swisher Memorial Hospital District and the temporary appointment of the first board of directors of the district. The bill changes eligibility provisions relating to the board of directors to require each director to be a registered voter of the district at the time of the director's election or appointment and removes the requirement that each director own taxable property within the district to be eligible for election or appointment. The bill removes a provision of law requiring all qualified electors residing in Swisher County and in the district to be eligible to vote for directors, removes a provision of law requiring each member of the board of directors to qualify for office by executing the constitutional oath of office, and removes language establishing that any three members of the board constitutes a quorum. The bill removes outdated provisions relating to the election of the board of directors and establishes election procedures relating to the board of directors that are in accordance with the Election Code.

H.B. 1417 authorizes the board of directors 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, district taxes to be imposed by the district during the 12-month period following the date of the pledge that are 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. 1417 authorizes the board of directors to issue revenue bonds to purchase, construct, acquire, repair, or renovate buildings or improvements; equip buildings or improvements for hospital purposes; or 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 of directors, in addition to the authority to issue general obligation bonds 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.

EFFECTIVE DATE

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