

BILL ANALYSIS

C.S.H.B. 1969
By: Craddick
County Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The McCamey County Hospital District was created more than 40 years ago and, except for a recent codification, the enabling legislation that created the district has not been updated or revised since that time. Interested parties report that the district would like to make general updates to the law currently governing the district, including harmonizing provisions relating to terms of service on the district's board of directors, the district's elections and the bidding of construction contracts to existing statute, granting the district authority to issue revenue or refunding bonds and to exercise alternative means of securing repayment of bonds, and the addition of procedures for the dissolution of the district. C.S.H.B. 1969 seeks to make requested updates to the law currently governing the McCamey County Hospital District.

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

C.S.H.B. 1969 amends the Special District Local Laws Code, as effective April 1, 2013, to increase from two years to four years the length of each director's term on the board of directors of the McCamey County Hospital District, and specifies that the terms of two or three directors expire each odd-numbered year, as appropriate to achieve staggered terms. The bill requires an election of the board of directors that was scheduled before the bill's effective date for May 2014 to be held and requires the three directors elected at that election to serve three-year terms. The bill requires an election of the board of directors scheduled for May 2015 to be held and requires the directors elected at that election to serve four-year terms. The bill requires the directors elected at the elections to be held in May 2017 and May 2019 to serve four-year terms.

C.S.H.B. 1969 specifies that the required public notice of an election of directors to the board must be published in accordance with Election Code provisions prescribing methods of giving notice of an election and removes provisions requiring publication of such notice at least 30 days before the date of a directors' election and specifying a one-time publication of notice. The bill removes the requirement for a person to own taxable property in the district and to have duly rendered that property for taxation in order to qualify for election to the board and instead specifies that such a person must be a qualified voter of the district, rather than just a qualified voter. The bill requires the board to appoint a qualified person to serve as the district administrator, rather than to appoint a general manager to be known as the district administrator, and removes the requirement that a district administrator be a qualified practitioner of medicine or be specifically trained for work of that type.

C.S.H.B. 1969 removes a provision restricting the board's authority to enter into a contract exceeding \$2,000 only with the lowest qualified bidder and instead authorizes the board to enter into a construction contract that exceeds \$50,000 only after advertising in the manner prescribed by Local Government Code provisions relating to competitive bidding on certain public works

contracts. The bill repeals provisions relating to the bidding process preceding the awarding of a contract exceeding \$2,000 to the lowest qualified bidder.

C.S.H.B. 1969 entitles any district resident, rather than any district taxpayer, to appear and be heard at a public hearing on the district's proposed budget.

C.S.H.B. 1969 authorizes the board to establish a district fiscal year with beginning and ending dates other than those prescribed in statute but prohibits the changing of a fiscal year during a period in which revenue bonds of the district are outstanding or more than once in a 24-month period.

C.S.H.B. 1969 removes a provision specifying that a bank serving as a depository for district money be located in the district. The bill clarifies that money invested in accordance with the Public Funds Investment Act and money transmitted to a bank for payment of bonds or obligations issued or assumed by the district is exempt from the requirement that all district money be immediately deposited on receipt with a depository bank. The bill removes an exception to the requirement for immediate deposit of all district money in a depository bank for an amount set aside and remitted to an appropriate bank for debt service on outstanding district bonds or debt.

C.S.H.B. 1969 authorizes the board to issue revenue and refunding bonds for specified purposes and subject to certain requirements, authorizes the district to provide for the security and payment of district bonds through a combination of property taxes and pledged revenue and other sources, and specifies the authorized uses of bond proceeds.

C.S.H.B. 1969 removes statutory provisions relating to an election on the question of whether to have a separate tax assessor and tax collector and to the appointment of such offices upon voter approval at that election and instead authorizes the board to appoint a tax assessor-collector for the district or to contract for the assessment and collection of taxes.

C.S.H.B. 1969 provides for the dissolution of the district subject to approval by a majority of the district voters in an election held for that purpose, sets out procedures for the conduct of such an election and for the disposition of district assets and obligations upon the district's dissolution if the dissolution is approved, and prohibits another election on the question of dissolution from being held before the first anniversary of the date of the most recent election on such question if a majority of the votes in that election do not favor dissolution.

C.S.H.B. 1969 requires the board, after the district has paid all district debts and disposed of all district money and other assets, to file a written report with the Commissioners Court of Upton County summarizing the board's actions in dissolving the district. The bill requires the commissioners court, not later than the 10th day after the date the commissioners court receives the report and determines the bill's requirements have been fulfilled, to enter an order approving the district's dissolution and releasing the board from any further duty or obligation.

C.S.H.B. 1969 repeals the following provisions of the Special District Local Laws Code:

- Sections 1058.106(b), (c), (d), (e), and (f)
- Section 1058.254
- Section 1058.255

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1969 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED	HOUSE COMMITTEE SUBSTITUTE
No equivalent provision.	SECTION 1. Section 1058.051(b), Special District Local Laws Code, as effective April 1, 2013, is amended to read as follows: (b) <u>Directors</u> [Unless four year terms are established under Section 285.081, Health and Safety Code, directors] serve staggered <u>four-year</u> [two-year] terms with the terms of two or three directors expiring each <u>odd-numbered</u> year as appropriate.
SECTION 1. Section 1058.052, Special District Local Laws Code, as effective April 1, 2013, is amended.	SECTION 2. Same as introduced version.
SECTION 2. Section 1058.053(a), Special District Local Laws Code, as effective April 1, 2013, is amended.	SECTION 3. Same as introduced version.
SECTION 3. Sections 1058.059(a) and (b), Special District Local Laws Code, as effective April 1, 2013, are amended.	SECTION 4. Same as introduced version.
SECTION 4. The heading to Section 1058.106, Special District Local Laws Code, as effective April 1, 2013, is amended.	SECTION 5. Same as introduced version.
SECTION 5. Section 1058.106(a), Special District Local Laws Code, as effective April 1, 2013, is amended.	SECTION 6. Same as introduced version.
SECTION 6. Section 1058.152(c), Special District Local Laws Code, as effective April 1, 2013, is amended.	SECTION 7. Same as introduced version.

SECTION 7. Section 1058.153, Special District Local Laws Code, as effective April 1, 2013, is amended.

SECTION 8. Sections 1058.156(a) and (b), Special District Local Laws Code, as effective April 1, 2013, are amended.

SECTION 9. Subchapter E, Chapter 1058, Special District Local Laws Code, as effective April 1, 2013, is amended.

SECTION 10. Section 1058.253, Special District Local Laws Code, as effective April 1, 2013, is amended.

SECTION 11. Chapter 1058, Special District Local Laws Code, as effective April 1, 2013, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. DISSOLUTION

Sec. 1058.301. DISSOLUTION; ELECTION. (a) The district may be dissolved only on approval of a majority of the district voters voting in an election held for that purpose.

(b) The board may order an election on the question of dissolving the district and disposing of the district's assets and obligations.

(c) The board shall 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) The order calling the election must state:

(1) the nature of the election, including the proposition to appear on the ballot;

(2) the date of the election;

(3) the hours during which the polls will be open; and

(4) the location of the polling places.

(e) Section 41.001(a), Election Code, does not apply to an election ordered under this section.

Sec. 1058.302. NOTICE OF ELECTION.

(a) The board shall give notice of an

SECTION 8. Same as introduced version.

SECTION 9. Same as introduced version.

SECTION 10. Same as introduced version.

SECTION 11. Same as introduced version.

SECTION 12. Chapter 1058, Special District Local Laws Code, as effective April 1, 2013, is amended by adding Subchapter G to read as follows:

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(4) the location of the polling places.

Sec. 1058.302. NOTICE OF ELECTION.

(a) The board shall give notice of an

election under this subchapter 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.

(b) The first publication of the notice must appear not later than the 35th day before the date set for the election.

Sec. 1058.303. BALLOT. The ballot for an election under this subchapter must be printed to permit voting for or against the proposition: "The dissolution of the McCamey County Hospital District."

Sec. 1058.304. ELECTION RESULTS. (a) If a majority of the votes in an election under this subchapter favor dissolution, the board shall find that the district is dissolved.

(b) If a majority of the votes in the election do not favor dissolution, the board shall continue to administer the district and another election on the question of dissolution may not be held before the first anniversary of the date of the most recent election on the question of dissolution.

Sec. 1058.305. TRANSFER OR ADMINISTRATION OF ASSETS. (a) If a majority of the votes in the election held under this subchapter favor dissolution, the board shall:

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

(b) If the board makes the transfer under Subsection (a)(1), the county or entity assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved.

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

Sec. 1058.306. IMPOSITION OF TAX AND RETURN OF SURPLUS TAXES. (a) After the board finds that the district is dissolved, the board shall:

(1) determine the debt owed by the district; and

election under this subchapter 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.

(b) The first publication of the notice must appear not later than the 35th day before the date set for the election.

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

(b) If the board makes the transfer under Subsection (a)(1), the county or entity assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved.

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

Sec. 1058.306. IMPOSITION OF TAX AND RETURN OF SURPLUS TAXES. (a) After the board finds that the district is dissolved, the board shall:

(1) determine the debt owed by the district; and

(2) impose on the property included in the district's tax rolls a tax that is in proportion of the debt to the property value.

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

(c) A taxpayer may request that the taxpayer's share of surplus tax money be credited to the taxpayer's county taxes. If a taxpayer requests the credit, the board shall direct the secretary to transmit the money to the county tax assessor-collector.

Sec. 1058.307. REPORT; DISSOLUTION ORDER. (a) After the district has paid all district debts and has disposed of all district money and other assets as prescribed by this subchapter, the board shall file a written report with the Commissioners Court of Upton County summarizing the board's actions in dissolving the district.

(b) Not later than the 10th day after the date the Commissioners Court of Upton County receives the report and determines that the requirements of this subchapter have been fulfilled, the commissioners court shall enter an order approving dissolution of the district and releasing the board from any further duty or obligation.

SECTION 12. Sections 1058.106(b), (c), (d), (e), and (f), 1058.254, and 1058.255, Special District Local Laws Code, are repealed.

No equivalent provision.

(2) impose on the property included in the district's tax rolls a tax that is in proportion of the debt to the property value.

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

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(b) Not later than the 10th day after the date the Commissioners Court of Upton County receives the report and determines that the requirements of this subchapter have been fulfilled, the commissioners court shall enter an order approving dissolution of the district and releasing the board from any further duty or obligation.

SECTION 13. Same as introduced version.

SECTION 14. (a) The election of the board of directors of the McCamey County Hospital District scheduled before the effective date of this Act to be held in May 2014 must be held, and the three directors elected at that election shall serve three-year terms.

(b) The election of the board of directors scheduled to be held in May 2015 must be held, and the directors elected at that election shall serve four-year terms.

(c) The directors elected at the elections to be held in May 2017 and May 2019 shall serve four-year terms.

SECTION 13. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2013.

SECTION 15. Same as introduced version.