

## **BILL ANALYSIS**

H.B. 2688  
By: Perry  
County Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Interested parties report that it is necessary to address certain matters relating to the Seminole Hospital District of Gaines County, Texas, including the need to update the enabling legislation regarding, among other things, the board of directors of the district, district elections, construction contracts, budget hearings, and other financial matters and to provide a procedure for dissolution of the district. H.B. 2688 seeks to implement these updates and changes by amending current law relating to the power and duties of the Seminole Hospital District of Gaines County, Texas.

### **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. 2688 amends the Special District Local Laws Code to change the composition of the board of directors of the Seminole Hospital District of Gaines County, Texas, from seven directors elected from the district-at-large to four directors elected from single-member districts and three directors elected from the district-at-large. The bill increases the term length for directors from staggered two-year terms to staggered three-year terms and removes a provision permitting four-year terms under applicable Health and Safety Code provisions. The bill requires the directors elected to Places 3 and 4 in the election to be held by the district in 2015 to each serve for a two-year term and requires their successors to serve for three-year terms.

H.B. 2688 specifies that the required public notice of an election of directors 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 10 days before the date of a directors' election and specifying a one-time publication of such notice.

H.B. 2688, in a provision establishing the method by which a person requests that the person's name be printed on the ballot as a candidate for director, removes provisions requiring the person to request such action by filing a petition signed by at least 25 voters and filed at least 25 days before the date of the election and instead requires the person to file with the board secretary an application in accordance with Election Code provisions relating to a candidate for office of a political subdivision other than a county or city.

H.B. 2688 updates provisions requiring the board to manage, control, and administer the hospital system and the district's money and resources by specifying that the board is instead required to oversee and control those matters.

H.B. 2688 removes a provision restricting the board's authority to enter into a contract exceeding \$2,000 to a contract 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, rather than provisions specific to the purchasing and contracting authority of municipalities and counties. The bill limits applicability of this restriction to construction contracts by removing purchase contracts from the provision.

H.B. 2688 entitles any district resident, rather than any district property taxpayer, to appear and be heard at a public hearing on the district's proposed budget.

H.B. 2688 authorizes the board to establish an alternative district fiscal year 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.

H.B. 2688 removes a provision specifying that a bank serving as a depository for district money be located in the district.

H.B. 2688 specifies that the order calling a general obligation bond election must specify the maximum maturity of the bonds, rather than the maximum interest rate of the bonds. The bill removes the requirement that district general obligation bonds mature not later than 40 years after the date of issuance and instead specifies that such bonds are required to mature not later than the maximum maturity stated in the order calling the election. The bill authorizes the district's board of directors to provide for the security and payment of district bonds through a combination of property taxes, pledged revenue, and other sources and sets out the authorized uses of bond proceeds.

H.B. 2688 authorizes the board to appoint a tax assessor-collector for the district or to contract for the assessment and collection of taxes and removes provisions providing that the tax assessor-collector of Gaines County is required to assess and collect taxes imposed by the district unless the board elects to have taxes assessed and collected by a tax assessor-collector appointed by the board.

H.B. 2688 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 on 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. The bill requires the board, after it 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, requires the board to order the return of a district taxpayer's pro rata share of all unused tax money on the payment of all outstanding district debts and obligations, and authorizes a taxpayer to request that the taxpayer's share of surplus tax money be credited to the taxpayer's county taxes and provides for such transmission to the county tax assessor-collector.

H.B. 2688 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 Gaines County Commissioners Court 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 that the bill's requirements regarding dissolution have been fulfilled, to enter an order approving the district's dissolution and releasing the board from any further duty or obligation.

#### **EFFECTIVE DATE**

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