

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 2688
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Intergovernmental Relations
5/14/2013
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Seminole Hospital District of Gaines County, Texas, seeks to amend their enabling legislation. Changes include restructuring the board of directors of the district, district elections, construction contracts, budget hearings, other financial matters, and to provide a procedure for dissolution of the district.

C.S.H.B. 2688 amends current law relating to the Seminole Hospital District of Gaines County, Texas, and to the fiscal year of the Dallam-Hartley Counties Hospital District.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1018.155(b), Special District Local Laws Code, to prohibit the fiscal year from being changed more than once in a 24-month period, rather than to prohibit the fiscal year from being changed during the time revenue bonds of the district are outstanding or more than once in a 24-month period.

SECTION 2. Amends Section 1094.051, Special District Local Laws Code, as follows:

Sec. 1094.051. BOARD ELECTION; TERM. (a) Provides that the board of directors of the Seminole Hospital District of Gaines County, Texas (board) consists of four directors elected from single-member districts and three directors elected from the Seminole Hospital District of Gaines County, Texas (district), at large, rather than provides that the board consists of seven directors elected from the district at large.

(b) Provides that directors serve staggered three-year terms, rather than provides that directors, unless four-year terms are established under Section 285.081 (Terms), Health and Safety Code, serve staggered two-year terms.

SECTION 3. Amends Section 1094.052, Special District Local Laws Code, as follows:

Sec. 1094.052. NOTICE OF ELECTION. Requires that notice of an election of directors be published in accordance with Section 4.003, Election Code, in a newspaper of general circulation in Gaines County. Deletes existing text requiring that, at least 10 days before the date of an election of directors, notice of the election be published one time in a newspaper of general circulation in Gaines County.

SECTION 4. Amends Section 1094.053, Special District Local Laws Code, as follows:

Sec. 1094.053. New heading: BALLOT APPLICATION. Requires a person who wants to have the person's name printed on the ballot as a candidate for director to file with the board secretary an application in accordance with Chapter 144 (Candidate for Office of Political Subdivision Other than County or City), Election Code. Deletes existing text requiring a person who wants to have the person's name printed on the ballot as a

candidate for director to file with the board secretary a petition requesting that action. Deletes existing text requiring that the petition be signed by at least 25 voters, and filed at least 25 days before the date of the election.

SECTION 5. Amends Section 1094.103, Special District Local Laws Code, as follows:

Sec. 1094.103. New heading: OVERSIGHT AND CONTROL. Requires the board to oversee and control the hospital system and the district's money and resources, rather than requires the board to manage, control, and administer the hospital system and the district's money and resources.

SECTION 6. Amends Section 1094.110, Special District Local Laws Code, as follows:

Sec. 1094.110. New heading: CONSTRUCTION CONTRACTS. Authorizes a construction contract that involves the expenditure of more than the amount provided by Section 271.024 (Competitive Procurement Procedure Applicable to Contract), Local Government Code, to be made only after advertising in the manner provided by Subchapter B (Competitive Bidding on Certain Public Works Contracts), Chapter 271 (Purchasing and Contracting Authority of Municipalities, Counties, and Certain Other Local Governments), Local Government Code. Deletes exiting text authorizing a construction or purchase contract that involves the expenditure of more than \$2,000 to be made only after advertising in the manner provided by Chapter 252 (Purchasing and Contracting Authority of Municipalities) and Subchapter C (Competitive Bidding in General), Chapter 262 (Purchasing and Contracting Authority of Counties), Local Government Code.

SECTION 7. Amends Sections 1094.202(c) and (d), Special District Local Laws Code, as follows:

(c) Entitles any resident, rather than any property taxpayer, of the district to be present and participate at the hearing.

(d) Requires the board, at the conclusion of the hearing, to adopt a budget by acting on the budget proposed by the district administrator. Authorizes the board to make any changes in the proposed budget that the board judges to be in the interest of the residents of the district and that the law warrants, rather than authorizes the board to make any changes in the proposed budget that the board judges to be in the interest of the taxpayers and that the law warrants.

SECTION 8. Amends Section 1094.205, Special District Local Laws Code, as follows:

Sec. 1094.205. FISCAL YEAR. (a) Creates this subsection from existing text. Provides that the district operates according to a fiscal year that begins on October 1 and ends on September 30, or as established by the board.

(b) Prohibits the fiscal year from being changed if revenue bonds of the district are outstanding or more than once in a 24-month period.

SECTION 9. Amends Section 1094.209(a), Special District Local Laws Code, to require the board to select one or more banks to serve as a depository for district money, rather than to require the board to select one or more banks in the district to serve as a depository for district money.

SECTION 10. Amends Section 1094.253(b), Special District Local Laws Code, as follows:

(b) Requires that the order calling the election provide for clerks as in county elections and is required to specify:

(1)-(4) Makes no change to these subdivisions; and

(5) the maximum maturity of the bonds, rather than the maximum interest rate of the bonds.

SECTION 11. Amends Section 1094.254, Special District Local Laws Code, as follows:

Sec. 1094.254. MATURITY OF GENERAL OBLIGATION BONDS. Requires that district general obligation bonds mature not later than the maximum maturity stated in the order calling the election, rather than requires that district general obligation bonds mature not later than 40 years after the date of issuance.

SECTION 12. Amends Subchapter F, Chapter 1094, Special District Local Laws Code, by adding Section 1094.259, as follows:

Sec. 1094.259. ADDITIONAL MEANS OF SECURING REPAYMENT OF BONDS. Authorizes the board, in addition to the authority to issue general obligation bonds and revenue bonds under this subchapter, provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes as authorized by Section 1094.252 (Tax to Pay General Obligation Bonds) and revenue and other sources as authorized by Section 1094.256 (Revenue Bonds).

SECTION 13. Amends Subchapter F, Chapter 1094, Special District Local Laws Code, by adding Section 1094.260, as follows:

Sec. 1094.260. USE OF BOND PROCEEDS. Authorizes the district to use the proceeds of bonds issued under this subchapter to pay:

- (1) any expense the board determines is reasonable and necessary to issue, sell, and deliver the bonds;
- (2) 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;
- (3) costs related to the physical 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;
- (4) costs related to the financing of the bond funds, including debt service reserve and contingency funds;
- (5) costs related to the issuance of the bonds;
- (6) costs related to the acquisition of land or interests in land for a project or facility to be provided through the bonds; and
- (7) costs of construction of a project or facility to be provided through the bonds, including the payment of related professional services and expenses.

SECTION 14. Amends Section 1094.303, Special District Local Laws Code, as follows:

Sec. 1094.303. New heading: ASSESSMENT AND COLLECTION OF TAXES. Authorizes the board to provide for the appointment of a tax assessor-collector for the district or may contract for the assessment and collection of taxes as provided by the Tax Code.

Deletes existing Subsection (a) providing that this section applies unless the board elects to have taxes assessed and collected under Section 1094.304 (Assessment and Collection by District Tax Assessor-Collector).

Deletes existing Subsection (b) requiring the tax assessor-collector of Gaines County county to assess and collect taxes imposed by the district.

SECTION 15. Amends Chapter 1094, Special District Local Laws Code, by adding Subchapter H, as follows:

SUBCHAPTER H. DISSOLUTION

Sec. 1094.401. DISSOLUTION; ELECTION. (a) Authorizes the district to be dissolved only on approval of a majority of the district voters voting in an election held for that purpose.

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

(c) Requires that the order calling the election state the nature of the election, including the proposition to appear on the ballot, the date of the election, the hours during which the polls will be open, and the location of the polling places.

Sec. 1094.402. NOTICE OF ELECTION. (a) Requires the board to 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) Requires that the first publication of the notice appear not later than the 35th day before the date set for the election.

Sec. 1094.403. BALLOT. Requires that the ballot for an election under this subchapter be printed to permit voting for or against the proposition: "The dissolution of the Seminole Hospital District of Gaines County, Texas."

Sec. 1094.404. ELECTION RESULTS. (a) Requires the board, if a majority of the votes in an election under this subchapter favor dissolution, to find that the district is dissolved.

(b) Requires the board, if a majority of the votes in the election do not favor dissolution, to continue to administer the district and another election on the question of dissolution is prohibited from being held before the first anniversary of the date of the most recent election to dissolve the district.

Sec. 1094.405. TRANSFER OR ADMINISTRATION OF ASSETS. (a) Requires the board, if a majority of the votes in the election held under this subchapter favor dissolution, to:

(1) transfer the land, buildings, improvements, equipment, and other assets that belong to the district to Gaines County or another governmental entity in Gaines 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) Provides that, if the district 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) Provides that, 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. 1094.406. IMPOSITION OF TAX AND RETURN OF SURPLUS TAXES. (a) Requires the board, after the board 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.

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

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

Sec. 1094.407. REPORT; DISSOLUTION ORDER. (a) Requires the board, after the district has paid all district debts and has disposed of all district money and other assets as prescribed by this subchapter, to file a written report with the Commissioners Court of Gaines County (commissioners court) summarizing the board's actions in dissolving the district.

(b) Requires the commissioners court, not later than the 10th day after the date the commissioners court receives the report and determines that the requirements of this subchapter have been fulfilled, to enter an order dissolving the district and releasing the board from any further duty or obligation.

SECTION 16. (a) Requires that the election of the board of directors of the Seminole Hospital District of Gaines County, Texas, scheduled to be held in 2014 be held. Requires the directors elected to places 3 and 4 at the election to serve two-year terms. Requires a director elected to an at-large position on the board at the election held in 2014 to serve a three-year term.

(b) Requires that the election of the board of directors scheduled to be held in 2015 to be held, and requires all directors elected at that election serve three-year terms.

(c) Requires the directors elected at the elections to be held in 2016, 2017, and 2018 to serve three-year terms.

SECTION 17. (a) Effective date, except as provided by Subsection (b): upon passage or September 1, 2013.

(b) Effective date, Section 1091.051, Special District Local Laws Code, as amended by this Act: January 1, 2014.