Senate Research Center H.B. 2907
83R23131 MEW-F By: Frank (Duncan)
Intergovernmental Relations
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Knox County Hospital District (district) was created several decades ago, and according to interested parties, the district's enabling legislation has been revised only one time since then. The parties note the district's desire to update the legislation generally, including updating or adding provisions relating to the district's elections, assessment and collection of taxes, fiscal year, designation and use of a depository bank, bonding authority, and dissolution. H.B. 2907 seeks to address these issues by adding or amending applicable provisions of law governing the district.

H.B. 2907 amends current law relating to the Knox County Hospital District, and authorizes the imposition of a tax.

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 1050.051, Special District Local Laws Code, by amending Subsection (c) and adding Subsection (d), as follows:

(c) Requires the Commissioners Court of Knox County to appoint two successor members of the board of directors (directors) (board) of the Knox County Hospital District (district) on or before the date on which directors are elected each year, rather that before the first Saturday in April of each year.

(d) Requires that an election be held each year on the May uniform election date under Section 41.001 (Uniform Election Dates), Election Code, to elect the appropriate number of at-large directors.

SECTION 2. Amends Section 1050.052, Special District Local Laws Code, to require that notice of an election of directors be published in accordance with Section 4.003 (Method of Giving Notice), Election Code, in a newspaper in general circulation in Knox County, rather than requiring that notice of an election of directors, at least 10 days before the date of the election, be published one time in a newspaper of general circulation in Knox County.

SECTION 3. Amends Section 1050.053, Special District Local Laws Code, as follows:

Sec. 1050.053. New heading: BALLOT APPLICATION. Requires a person who wants to have the person's name printed on the ballot as a candidate for elected 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, rather than a petition requesting that action. Deletes existing text requiring that the petition be signed by at least 25 registered district voters, and be filed at least 25 days before the date of the election.

SECTION 4. Amends Section 1050.054(a), Special District Local Laws Code, as follows:

(a) Provides that a person is not qualified for appointment or election as a director unless the person is a district resident, and is at least 18 years of age at the time of the appointment or election. Deletes existing text requiring that a person, to be qualified for appointment or election as a director, own land subject to taxation by the district. Makes nonsubstantive changes.

SECTION 5. Amends Section 1050.058, Special District Local Laws Code, to require the board to elect from among its members a president, a vice president, and a secretary, rather than a president and a secretary.

SECTION 6. Amends Section 1050.152(c), Special District Local Laws Code, to entitle any district resident, rather than any district taxpayer, to appear at the time and place designated in the notice, and be heard regarding any item included in the proposed budget.

SECTION 7. Amends Section 1050.153, Special District Local Laws Code, as follows:

Sec. 1050.153. FISCAL YEAR. (a) Creates this subsection from existing text. Provides that the fiscal year begins on October 1 and ends on September 30, unless otherwise established by the board. Deletes existing text providing that the district operates on a fiscal year that begins on October 1 and ends on September 30.

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

SECTION 8. Amends the heading to Section 1050.155, Special District Local Laws Code, to read as follows:

Sec. 1050.155. DEPOSITORY.

SECTION 9. Amends Sections 1050.155(a) and (b), Special District Local Laws Code, as follows:

(a) Requires the board by resolution to designate a bank as the district's depository, rather than a bank in Knox County as the district's depository or treasurer.

(b) Requires that district money, other than money invested in accordance with Chapter 2256 (Public Funds Investment), Government Code, and money transmitted to a bank for payment of bonds or obligations issued by the district, be deposited with the district depository. Deletes existing text requiring that all income received by the district be deposited with the district depository.

SECTION 10. Amends Subchapter E, Chapter 1050, Special District Local Laws Code, by adding Sections 1050.206, 1050.207, 1050.208, and 1050.209, as follows:

Sec. 1050.206. REVENUE BONDS. (a) Authorizes the board to issue revenue bonds to acquire, purchase, construct, repair, renovate, or equip buildings or improvements for hospital purposes, or acquire sites to be used for hospital purposes.

(b) Requires that the bonds be payable from and secured by a pledge of all or part of the revenues derived from the operation of the district's hospital system, including district facilities.

(c) Authorizes the bonds to be additionally secured by a mortgage or deed of trust lien on all or part of the district property.

(d) Requires that the bonds be issued in the manner and in accordance with the procedures and requirements prescribed by Sections 264.042 (Form and Procedure), 264.043 (Terms), 264.046 (Junior Lien Bonds; Parity Bonds), 264.047 (Bond Proceeds; Investment of Funds), 264.048 (Refunding Bonds), and

264.049 (Approval and Registration of Bonds), Health and Safety Code, for issuance of revenue bonds by county hospital authorities.

Sec. 1050.207. REFUNDING BONDS. (a) Authorizes the board to issue refunding bonds to refund outstanding indebtedness issued or assumed by the district.

(b) Authorizes a refunding bond to be sold, with the proceeds of the refunding bond applied to the payment of the indebtedness to be refunded, or exchanged wholly or partly for not less than a similar principal amount of outstanding indebtedness.

Sec. 1050.208. 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 (Bonds), to provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes as authorized by Section 1050.202 and revenue and other sources authorized by Section 1050.206.

Sec. 1050.209. 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 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;

(4) costs related to the financing of the bond funds, including debt service reserve and contingency funds;

(5) costs related to the bond issuance;

(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 11. Amends Section 1050.254, Special District Local Laws Code, to authorize the board to appoint a tax assessor-collector for the district, or contract for the assessment and collection of taxes as provided by the Tax Code, rather than requiring the tax assessor-collector of Knox County to assess and collect taxes imposed by the district.

SECTION 12. Amends Chapter 1050, Special District Local Laws Code, by adding Subchapter G, as follows:

SUBCHAPTER G. DISSOLUTION

Sec. 1050.301. 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 the board to 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) Requires that the order calling the election 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) Provides that Section 41.001(a) (relating to providing established and uniform election dates except under certain circumstances), Election Code, does not apply to an election ordered under this section.

Sec. 1050.302. 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. 1050.303. BALLOT. Requires that the ballot for an election under this subchapter be printed to permit voting for or against the proposition. Sets forth the language to be included on the ballot.

Sec. 1050.304. 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. 1050.305. TRANSFER OR ADMINISTRATION OF ASSETS. (a) Requires the board, if a majority of the votes in an election held under this subchapter favor dissolution, to:

(1) transfer the land, buildings, improvements, equipment, and other assets that belong to the district to Knox County or another governmental entity in Knox 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 the county or entity, if the board makes the transfer under Subsection (a)(1), assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved.

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

Sec. 1050.306. IMPOSITION OF TAX AND RETURN OF SURPLUS TAXES. (a) Requires the board, after the board finds that the district is dissolved, to:

(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) 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. 1050.307. 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 Knox County 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 of Knox County 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 13. Effective date: upon passage or September 1, 2013.