

## **BILL ANALYSIS**

C.S.H.B. 2907  
By: Frank  
County Affairs  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The Knox County Hospital 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. C.S.H.B. 2907 seeks to address these issues by adding or amending applicable provisions of law governing the 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. 2907 amends the Special District Local Laws Code to require the Commissioners Court of Knox County to appoint two successor directors of the Knox County Hospital District on or before the date on which directors are elected each year, rather than on or before the first Saturday in April of each year. The bill requires an election to be held each year on the May uniform election date to elect the appropriate number of at-large directors. The bill requires notice of an election of directors to be published in accordance with certain Election Code notice provisions in a newspaper of general circulation in Knox County, rather than requiring notice of such an election to be published one time in such a newspaper at least 10 days before the election date.

C.S.H.B. 2907 requires a person who wants to be listed on a ballot as a candidate for elected director to file with the board secretary an application in accordance with Election Code provisions applicable to candidacy for office in a political subdivision other than a county or a city, rather than requiring such a person to file with the board secretary a petition signed by at least 25 registered district voters at least 25 days before the election. The bill removes ownership of land subject to taxation by the district as a qualification for appointment or election as a director.

C.S.H.B. 2907 requires the district board to elect a vice president from among its members. The bill entitles any district resident, rather than any district taxpayer, to appear at the designated time and place for a public hearing on a proposed district budget and to be heard regarding any item included in the proposed budget. The bill provides for a district fiscal year established by the board other than the fiscal year set in statute but prohibits the fiscal year from being changed during a period that revenue bonds of the district are outstanding or from being changed more than once in a 24-month period.

C.S.H.B. 2907 removes the requirement that a bank designated by the board as the district's depository be located in Knox County and removes language providing for the designation of a

bank as the district's treasurer as an alternative to its designation as the district's depository. The bill removes the requirement that all income received by the district to be deposited with the district depository and instead requires district money other than money invested in accordance with the Public Funds Investment Act and money transmitted to a bank for payment of district bonds or obligations to be deposited with the district depository.

C.S.H.B. 2907 authorizes the board to issue revenue bonds to finance certain capital projects for hospital purposes or to acquire sites to be used for hospital purposes. The bill requires the bonds to 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 and authorizes the bonds to be additionally secured by a mortgage or deed of trust lien on all or part of the district property. The bill requires the bonds to be issued in the manner and in accordance with the procedures and requirements prescribed by certain Health and Safety Code provisions for issuance of revenue bonds by county hospital authorities. The bill authorizes the board to issue refunding bonds to refund outstanding indebtedness issued or assumed by the district and authorizes a refunding bond to be sold, with the proceeds of the refunding bond applied to the payment of indebtedness to be refunded, or to be exchanged wholly or partly for not less than a similar principal amount of outstanding indebtedness.

C.S.H.B. 2907 authorizes the board, in addition to the district's 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 sources authorized under the district's bonding authority. The bill sets out authorized uses for the district's bond proceeds. The bill authorizes the board to appoint a tax assessor-collector for the district or to 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.

C.S.H.B. 2907 provides for the dissolution of the district on approval of a majority of the district voters voting in an election held for that purpose. The bill sets out provisions relating to the conduct of such an election and to winding down the district if the dissolution is approved by voters.

### **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. 2907 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

SECTION 1. Section 1050.051(c), Special District Local Laws Code, is amended to read as follows:

(c) The Commissioners Court of Knox County shall appoint two successor directors on or before the date on which directors are elected [~~first Saturday in April of~~] each year.

#### HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 1050.051, Special District Local Laws Code, is amended by amending Subsection (c) and adding Subsection (d) to read as follows:

(c) The Commissioners Court of Knox County shall appoint two successor directors on or before the date on which directors are elected [~~first Saturday in April of~~] each year.

No equivalent provision.

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

SECTION 2. Section 1050.052, Special District Local Laws Code, is amended.

SECTION 2. Same as introduced version.

SECTION 3. Section 1050.053, Special District Local Laws Code, is amended.

SECTION 3. Same as introduced version.

SECTION 4. Section 1050.054(a), Special District Local Laws Code, is amended.

SECTION 4. Same as introduced version.

SECTION 5. Section 1050.058, Special District Local Laws Code, is amended.

SECTION 5. Same as introduced version.

SECTION 6. Section 1050.152(c), Special District Local Laws Code, is amended.

SECTION 6. Same as introduced version.

SECTION 7. Section 1050.153, Special District Local Laws Code, is amended.

SECTION 7. Same as introduced version.

SECTION 8. The heading to Section 1050.155, Special District Local Laws Code, is amended.

SECTION 8. Same as introduced version.

SECTION 9. Sections 1050.155(a) and (b), Special District Local Laws Code, are amended.

SECTION 9. Same as introduced version.

SECTION 10. Subchapter E, Chapter 1050, Special District Local Laws Code, is amended.

SECTION 10. Same as introduced version.

SECTION 11. Section 1050.254, Special District Local Laws Code, is amended.

SECTION 11. Same as introduced version.

SECTION 12. Chapter 1050, Special District Local Laws Code, is amended by adding Subchapter G.

SECTION 12. Same as introduced version.

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 13. Same as introduced version.