

## **BILL ANALYSIS**

Senate Research Center  
84R14055 MEW-F

H.B. 795  
By: Springer (Perry)  
Intergovernmental Relations  
5/6/2015  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently 91 out of 122 hospital districts have the authority to issue revenue bonds for a hospital or hospital system for improvements or related acquisitions. From the perspective of a hospital district, revenue bonds often price better than general obligation bonds. This may be done in order to protect the revenues from other sources that may already be committed elsewhere.

Additionally, Section 1040.052, Special District Local Laws Code, requires that a person who is to be appointed as a director must own land in the district subject to taxation. Section 1040.152(c), Special District Local Laws Code, states that any district taxpayer is entitled to appear at a public hearing on the board's proposed budget and must be heard on any item included in the proposal. This bill would change the landowner requirement to a residency requirement for public hearings and prohibit an employee of the district or Haskell County from being appointed as director, rather than a landowner in the district subject to taxation.

H.B. 795 amends current law relating to the Haskell County Hospital District and authorizes the issuance of bonds.

### **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 1040.052, Special District Local Laws Code, as follows:

Sec. 1040.052. **QUALIFICATIONS FOR OFFICE.** (a) Creates this subsection from existing text. Prohibits a person from being appointed as a director unless the person is a district resident, rather than is a district resident and owns land in the district subject to taxation.

(b) Prohibits a person from being appointed as a director if the person is a district employee, or an employee of Haskell County.

SECTION 2. Amends Section 1040.152(c), Special District Local Laws Code, to change a reference to district taxpayer to district resident.

SECTION 3. Amends Section 1040.153, Special District Local Laws Code, as follows:

Sec. 1040.153. **FISCAL YEAR.** Provides that the Haskell County Hospital District (district) operates on a fiscal year established by the board of directors of the district (board), rather than a fiscal year that begins on October 1 and ends on September 30.

SECTION 4. Amends Section 1040.154(b), Special District Local Laws Code, as follows:

(b) Requires that the audit be open to inspection during regular business hours at the district's principal office. Deletes existing text requiring that the audit be filed with the comptroller, and at the district office, not later than December 31 each year.

SECTION 5. Amends Section 1040.155(a), Special District Local Laws Code, as follows:

(a) Requires the board by resolution to designate a bank or banks as the district's depository, rather than requiring the board by resolution to designate a bank or banks in Haskell County as the district's depository or treasurer. Deletes existing text providing that a designated bank serves for two years and until a successor is designated.

SECTION 6. Amends Subchapter E, Chapter 1040, Special District Local Laws Code, by adding Sections 1040.207, 1040.208, and 1040.209, as follows:

Sec. 1040.207. REVENUE BONDS. (a) Authorizes the board to issue revenue bonds to purchase, construct, acquire, repair, renovate, or equip buildings or improvements for hospitals and the hospital system, 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 revenue derived from the operation of the district's hospital system.

(c) Provides that the bonds may be additionally secured by a mortgage or deed of trust on all or part of the district's property.

(d) Requires the bonds to 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 a county hospital authority.

Sec. 1040.208. 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, to provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes as authorized by Section 1040.202 (Tax to Pay General Obligation Bonds) and revenue and other sources as authorized by Section 1040.207.

Sec. 1040.209. 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 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) construction costs of a project or facility to be provided through the bonds, including the payment of related professional services and expenses.

SECTION 7. Repealer: Section 1040.053(b) (requiring each director's bond and constitutional oath or affirmation of office to be deposited with the district's depository bank for safekeeping), Special District Local Laws Code.

SECTION 8. Effective date: upon passage or September 1, 2015.