

BILL ANALYSIS

Senate Research Center
84R6265 CJC-F

H.B. 797
By: Flynn (Hall)
Intergovernmental Relations
5/8/2015
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

This bill will allow the people of Hunt County to provide the best and most modern health care available by updating the old code.

The update to the code will allow the Hunt Memorial Hospital District (district) to provide a medical or medical-related facility or facilities in the city of Commerce and in other areas of Hunt County or other counties if the board finds that providing a facility is feasible and in the best interest of district residents.

In addition to the authority to issue general obligation bonds and revenue bonds, the hospital board would also be able to provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes.

H.B. 797 amends current law relating to the Hunt Memorial 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 1044.052, Special District Local Laws Code, as follows:

Sec. 1044.052. NOTICE OF ELECTION. Requires that notice of an election of directors of the board of directors (board) of the Hunt Memorial Hospital District (district) be published in accordance with Section 4.003 (Method of Giving Notice), Election Code, in a newspaper of general circulation in the district, rather than requires that at least 10 days before the date of an election of directors, notice of the election be published at least one time in a newspaper of general circulation in the district.

SECTION 2. Amends Section 1044.053, Special District Local Laws Code, as follows:

Sec. 1044.053. 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 an Office of a Political Subdivision other than a County or City), Election Code.

Deletes existing text requiring that a person who wants to have the person's name printed on the ballot as a candidate for director file with the board secretary a petition requesting that action. Deletes existing text requiring that the petition be signed by at least 25 registered voters who reside in the district, be filed at least 31 days before the date of the election, and specify the county commissioners precinct the candidate wants to represent or specify that the candidate wants to represent the district at large.

SECTION 3. Amends Section 1044.103, Special District Local Laws Code, as follows:

Sec. 1044.103. **MEDICAL FACILITIES; LEGISLATIVE INTENT.** Provides that it is the intent of the legislature that the people of Hunt County be provided with the best and most modern health care available. Authorizes the district, to achieve that intent, to locate a medical or related facility in the city of Commerce, in another area of Hunt County, or in another county if the board finds that providing a facility is feasible and in the best interest of district residents. Makes nonsubstantive changes.

SECTION 4. Amends Subchapter E, Chapter 1044, Special District Local Laws Code, by adding Sections 1044.206, 1044.207, 1044.208, and 1044.209, as follows:

Sec. 1044.206. **REVENUE BONDS.** (a) Authorize 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) Provides that the bonds may 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. 1044.207. **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 outstanding indebtedness, or exchanged wholly or partly for not less than a similar principal amount of outstanding indebtedness.

Sec. 1044.208. **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 1044.202 and revenue and other sources authorized by Section 1044.206.

Sec. 1044.209. **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 financing of the bond funds, including debt service reserve and contingency funds;

(4) costs related to the bond issuance;

(5) costs related to the acquisition of land or interests in land for a project or facility to be provided through the bonds; and

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

SECTION 5. Effective date: upon passage or September 1, 2015.