

## **BILL ANALYSIS**

H.B. 2438  
By: Darby  
Intergovernmental Affairs  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The bill author has informed the committee that many of the provisions within the enabling legislation for the Concho County Hospital District contain dated language that is not representative of the district's current needs and, in many cases, is vague or conflicts with current law or best practices for hospital districts in Texas. H.B. 2438 seeks to update the Concho County Hospital District enabling legislation.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **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**

H.B. 2438 amends the Special District Local Laws Code to revise provisions relating to the operations and administration of the Concho County Hospital District, including the district's board of directors, administration, contracting authority, and restrictions on investment and spending.

#### **Board of Directors**

H.B. 2438 replaces the requirement for a person who wants to have the person's name printed on the ballot as a candidate for director on the district's board of directors to file with the board secretary a petition requesting that action with a requirement for such a person to file an application with the board secretary in accordance with Election Code provisions relating to candidates for office of political subdivisions other than counties or cities. These provisions apply only to an election ordered on or after the bill's effective date.

H.B. 2438, with respect to the qualifications required for a person seeking to be elected or appointed as a director, removes the requirements for such a person to be a freeholder and to be at least 18 years of age when elected or appointed. The bill also prohibits a person from being elected or appointed as a director if the person is a district employee. These provisions:

- do not affect the entitlement of a director serving on the board immediately before the bill's effective date to continue to serve on the board for the remainder of the director's term;
- apply only to a member of the board elected or appointed to the board on or after the bill's effective date; and
- do not prohibit a director serving on the board on the bill's effective date from being reelected or reappointed to the board if the director has the qualifications required for membership on the board.

H.B. 2438 repeals provisions requiring each director to execute a good and sufficient bond for \$1,000 that is payable to the district and conditioned on the faithful performance of the director's duties and requiring each director's bond and the constitutional oath or affirmation of office to be deposited with the district's depository bank for safekeeping.

H.B. 2438 includes a vice president among the officers that the board is required to elect from among its members.

### **Administration**

H.B. 2438 repeals the provision authorizing the board to appoint an assistant administrator. Accordingly, the bill removes the provision establishing that any assistant administrator serves at the will of the board and is entitled to compensation determined by the board. The bill also repeals provisions requiring the district administrator, on assuming the duties of district administrator, to execute a bond payable to the district in an amount set by the board of not less than \$5,000 that is conditioned on the administrator performing the administrator's duties and contains other conditions the board may require.

### **Contracts**

H.B. 2438 does the following with respect to contracts for the district entered into by the district's board of directors:

- authorizes the board to enter into construction contracts for the district;
- authorizes the board to enter into a public work contract as authorized under Government Code provisions relating to contracting and delivery procedures for construction projects;
- establishes that Government Code provisions relating to public work performance and payment bonds, as those provisions relate to performance and payment bonds, apply to the district's construction contracts; and
- removes the provision establishing that a construction or purchase contract that involves the expenditure of more than \$2,000 may be made only after advertising in the manner provided by Local Government Code provisions relating to the purchasing and contracting authority of municipalities and by the County Purchasing Act.

### **Spending and Investment Restrictions**

H.B. 2438 revises the prohibition against the district incurring an obligation payable from district revenue other than the revenue on hand or to be on hand in the current and following district fiscal years as follows:

- changing the prohibition from a prohibition against incurring such an obligation to a prohibition against incurring such a debt; and
- including the act of borrowing money for purposes of a hospital owned or operated by the district at a rate not to exceed the maximum annual percentage rate allowed by the law at the time the loan is made for similar obligations of the district, as provided by applicable Health and Safety Code provisions, among the listed exceptions to the prohibition.

### **Repealers**

H.B. 2438 repeals the following provisions of the Special District Local Laws Code:

- Section 1016.055; and
- Sections 1016.060(b) and (d).

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.