

**BILL ANALYSIS**

H.B. 2658  
By: Virdell  
Intergovernmental Affairs  
Committee Report (Unamended)

**BACKGROUND AND PURPOSE**

The bill author has informed the committee that updates to the Kimble County Hospital District's governing laws have become necessary to improve operational efficiency, clarify administrative responsibilities, and ensure alignment with modern standards for special districts in Texas. H.B. 2658 seeks to ensure the district can effectively serve the health care needs of Kimble County residents by updating the district's governing statutes.

**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. 2658 amends the Special Districts Local Laws Code to revise provisions relating to the operations and administration of the Kimble County Hospital District, including provisions regarding the district's board of directors, hospital system, rulemaking authority, budget, fiscal year, annual audit, and depository.

**Board of Directors**

H.B. 2658 revises the qualifications for election to the district's board of directors as follows:

- shortens the time period for which a person must have been a district resident from at least two years to at least one year; and
- removes the requirement that a person be a qualified property tax paying voter of the district.

The bill also establishes that a person is not eligible to serve as a director if the person is a district employee.

H.B. 2658 replaces the requirement for each director to qualify for office by executing a good and sufficient commercial bond, to be paid by the district, for \$1,000 that is payable to the district and conditioned on the faithful performance of the director's duties with a requirement for each director to qualify for office by taking the official oath of office and subscribing to the anti-bribery statement required by applicable constitutional provisions. Accordingly, the bill replaces the requirement for each director's bond and constitutional oath or affirmation of office to be deposited with the district's depository for safekeeping with a requirement for each director's constitutional oath or affirmation of office and anti-bribery statement to be maintained indefinitely in the district's records.

## **Hospital System**

H.B. 2658 authorizes a hospital system established by the district within its boundaries to include the following:

- domiciliary care and treatment of sick, injured, or elderly persons;
- outpatient clinics;
- pharmacies or other dispensaries;
- skilled nursing facilities;
- community health centers;
- assisted living facilities; and
- any other facilities the district's board of directors considers necessary for hospital or medical care.

## **Rulemaking**

H.B. 2658 replaces the requirement for the district's board of directors to adopt rules for the efficient operation of the district with an authorization for the board to do so and removes the specification that this includes district facilities. The bill repeals a provision requiring the board to publish the rules in book form and provide copies to interested persons on request at district expense.

## **Budget**

H.B. 2658 does the following with respect to the budget prepared by the district's board of directors:

- specifies that the required budget is an annual budget;
- authorizes the board to delegate the duty to prepare a budget to another person;
- authorizes the board to make a change to the proposed budget at the required public hearing on the proposed budget;
- requires the board, at the conclusion of such a hearing, to adopt a budget by acting on the proposed budget; and
- authorizes the board to amend a budget after it has been adopted.

## **Fiscal Year**

H.B. 2658 removes the provision establishing that the district's fiscal year is from October 1 to September 30 and authorizes the district's board of directors instead to establish the district's fiscal year. However, the bill prohibits the district's fiscal year from being changed during a period in which district revenue bonds are outstanding or more than once in a 24-month period.

## **Audit**

H.B. 2658 repeals the provision requiring the district's board of directors to file a copy of the annual independent audit of the district's books and records with the comptroller of public accounts and the district not later than December 1 of each year.

## **Depository**

H.B. 2658 changes the required location of the bank designated by the district's board of directors as the district's depository from in Kimble County to in Texas and changes the period for which a designated bank serves as the district's depository from two years to a period not to exceed five years, as stated in the designation. The bill revises the requirement for all district money to be deposited in the depository and secured in the manner provided for securing county funds as follows:

- exempts money invested in accordance with the Public Funds Investment Act from the requirement; and
- changes the manner in which the money must be secured from in the manner provided for securing county funds to in accordance with the Public Funds Collateral Act.

The bill requires the board, before the board designates a bank to serve as the district's depository, to solicit bids from eligible banks to determine which bank to designate as the district's depository. In designating as the district's depository a bank from among the banks that submitted bids in response to such a solicitation, the board must consider criteria adopted by the board, including the level of service offered by the bank, the return on short-term and long-term funds by the bank, and the cost of bank services.

### **Repealers**

H.B. 2658 repeals Sections 1049.105(b) and 1049.154(b), Special District Local Laws Code.

### **EFFECTIVE DATE**

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