

AN ACT

relating to the creation and operation of a mental health services district by the Midland County Hospital District of Midland County, Texas, and the Ector County Hospital District.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle C, Title 7, Health and Safety Code, is amended by adding Chapter 579 to read as follows:

CHAPTER 579. MENTAL HEALTH SERVICES DISTRICTS CREATED BY CERTAIN HOSPITAL DISTRICTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 579.001. PURPOSE. The purpose of this chapter is to authorize certain hospital districts to create a special district to provide mental health services to the residents of the district.

Sec. 579.002. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of a district.

(2) "Director" means a member of the board.

(3) "District" means a mental health services district created by a hospital district under this chapter.

(4) "Hospital district" means a hospital district created under the authority of Sections 4-11, Article IX, Texas Constitution.

Sec. 579.003. APPLICABILITY. This chapter applies only to the:

1 (1) Midland County Hospital District of Midland
2 County, Texas; and

3 (2) Ector County Hospital District.

4 SUBCHAPTER B. CREATION AND DISSOLUTION OF DISTRICT

5 Sec. 579.051. CREATION BY CONCURRENT ORDERS. (a) The
6 hospital districts to which this chapter applies may create a
7 district by adopting concurrent orders.

8 (b) A concurrent order to create a district must:

9 (1) be approved by the governing body of each creating
10 hospital district;

11 (2) contain identical provisions; and

12 (3) define the boundaries of the district to be
13 coextensive with the combined boundaries of each creating hospital
14 district.

15 Sec. 579.052. CONTRACT TERMS. (a) Each creating hospital
16 district shall contract with the district for the district to
17 provide mental health services to the hospital district's
18 residents. The contract must:

19 (1) state the term of the contract;

20 (2) specify the purpose, terms, rights, and duties of
21 the district, as authorized by this chapter;

22 (3) specify the financial contributions to be made by
23 each party to the contract to fund the district; and

24 (4) specify the land, buildings, improvements,
25 equipment, and other assets owned by a party to the contract that
26 the district will be required to manage and operate, if any.

27 (b) Chapter 791, Government Code, does not apply to a

1 contract made under this chapter.

2 Sec. 579.053. DISSOLUTION. A district shall be dissolved
3 if the creating hospital districts adopt concurrent orders to
4 dissolve the district and the concurrent orders contain identical
5 provisions.

6 Sec. 579.054. ADMINISTRATION OF PROPERTY, DEBTS, AND ASSETS
7 AFTER DISSOLUTION. (a) After dissolution of a district under
8 Section 579.053, the board shall continue to control and administer
9 any property, debts, and assets of the district until all funds have
10 been disposed of and all district debts have been paid or settled.

11 (b) If, after administering any property and assets, the
12 board determines that the district's property and assets are
13 insufficient to pay the debts of the district, the district shall
14 transfer the remaining debts to the creating hospital districts in
15 proportion to the funds contributed to the district by each
16 hospital district.

17 (c) If, after complying with Subsection (b) and
18 administering the property and assets, the board determines that
19 unused funds remain, the board shall transfer the unused funds to
20 the creating hospital districts in proportion to the funds
21 contributed to the district by each hospital district.

22 Sec. 579.055. ACCOUNTING AFTER DISSOLUTION. After the
23 district has paid all its debts and has disposed of all its assets
24 and funds as prescribed by Section 579.054, the board shall provide
25 an accounting to each creating hospital district. The accounting
26 must show the manner in which the assets and debts of the district
27 were distributed.

1 SUBCHAPTER C. BOARD OF DIRECTORS

2 Sec. 579.101. BOARD OF DIRECTORS; TERMS; VACANCY. (a) The
3 board consists of six appointed directors. Each creating hospital
4 district shall appoint three directors to the board.

5 (b) Directors serve staggered two-year terms, with one-half
6 of the directors' terms expiring each year.

7 (c) A vacancy in the office of director shall be filled for
8 the unexpired term in the same manner as the original appointment.

9 Sec. 579.102. OFFICERS. (a) The board shall elect from
10 among its members a president.

11 (b) The board shall appoint a secretary, who need not be a
12 director.

13 (c) Each officer of the board serves for a term of one year.

14 (d) The board shall fill a vacancy in a board office for the
15 unexpired term.

16 Sec. 579.103. QUALIFICATIONS FOR OFFICE. (a) To be
17 eligible to serve as a director, a person must be a resident or an
18 officer of the hospital district that appoints the person under
19 Section 579.101.

20 (b) An employee of the district may not serve as a director.

21 Sec. 579.104. COMPENSATION. (a) Directors and officers
22 serve without compensation but may be reimbursed for actual
23 expenses incurred in the performance of official duties.

24 (b) Expenses reimbursed under this section must be:

25 (1) reported in the district's minute book or other
26 district records; and

27 (2) approved by the board.

SUBCHAPTER D. POWERS AND DUTIES

Sec. 579.151. TRANSFER OF CERTAIN RESPONSIBILITIES OF CREATING HOSPITAL DISTRICT. On creation of a district, each creating hospital district may transfer to the district:

(1) management and operation of any real property, improvements, and equipment located wholly in the district that are owned by the creating hospital district and are used to provide mental health services, as specified in the contract under Section 579.052; and

(2) operating funds and reserves for operating expenses and funds that have been budgeted by the creating hospital district to provide mental health services for residents of the district, as specified in the contract under Section 579.052.

Sec. 579.152. POWERS AND DUTIES. A district may, if necessary to provide mental health services to the residents of the creating hospital districts:

(1) acquire and hold title to, construct, operate, manage, and maintain real property, including improvements to real property;

(2) acquire, operate, manage, and maintain equipment and other personal property;

(3) enter into and perform contracts;

(4) appoint and employ officers, agents, and employees;

(5) sue and be sued;

(6) seek and accept gifts, grants, and donations; and

(7) perform other acts necessary to accomplish the

1 purpose of the district.

2 Sec. 579.153. RULES. The board may adopt rules governing
3 the operation of the district and the duties, functions, and
4 responsibilities of the district's staff and employees.

5 Sec. 579.154. DISTRICT ADMINISTRATOR; ASSISTANT
6 ADMINISTRATOR. (a) The board shall appoint a qualified person as
7 district administrator.

8 (b) The board may appoint assistant administrators.

9 (c) The district administrator and any assistant
10 administrator serve at the will of the board and are entitled to the
11 compensation determined by the board.

12 SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS

13 Sec. 579.201. DISTRICT FUNDING; LIMITATION. (a) Each
14 creating hospital district shall provide funding for the district's
15 operation as specified in the contract under Section 579.052.

16 (b) The district may not impose a tax or issue bonds or other
17 obligations.

18 Sec. 579.202. BUDGET. (a) The district administrator shall
19 prepare an annual budget for approval by the board.

20 (b) The proposed budget must contain a complete financial
21 statement of:

22 (1) the outstanding obligations of the district;

23 (2) the cash on hand in each district fund;

24 (3) the money received by the district from all
25 sources during the previous year;

26 (4) the money available to the district from all
27 sources during the ensuing year;

1 (5) the balances expected at the end of the year in
2 which the budget is being prepared;

3 (6) the estimated revenue and balances available to
4 cover the proposed budget; and

5 (7) the proposed expenditures and disbursements and
6 the estimated receipts and collections for the following fiscal
7 year.

8 (c) The board shall provide in each annual budget for the
9 payment of all operation and maintenance expenses of the district.

10 Sec. 579.203. NOTICE; HEARING; ADOPTION OF BUDGET. (a) The
11 board shall hold a public hearing on the proposed annual budget.

12 (b) At least 10 days before the date of the hearing, the
13 board shall publish notice of the hearing in a newspaper of general
14 circulation in the district.

15 (c) Any resident of the district is entitled to be present
16 and participate at the hearing.

17 (d) At the conclusion of the hearing, the board shall adopt
18 a budget by acting on the budget proposed by the district
19 administrator. The board may make any changes in the proposed
20 budget that the board judges to be in the interest of the district's
21 residents and that the law warrants.

22 (e) The budget is effective only after adoption by the
23 board.

24 Sec. 579.204. AMENDMENTS TO BUDGET. The budget may be
25 amended as required by circumstances. The board must approve all
26 amendments.

27 Sec. 579.205. RESTRICTION ON EXPENDITURES. Money may be

1 spent only for an expense included in the budget or an amendment to
2 the budget.

3 Sec. 579.206. FISCAL YEAR. The district operates according
4 to a fiscal year that begins on October 1 and ends on September 30.
5 The board may change the fiscal year.

6 Sec. 579.207. AUDIT. The board shall have an independent
7 audit made of the district's financial condition for each fiscal
8 year.

9 Sec. 579.208. INSPECTION OF AUDIT AND DISTRICT RECORDS.
10 The audit and other district records shall be open to inspection at
11 the principal office of each creating hospital district.

12 Sec. 579.209. FINANCIAL REPORT. As soon as practicable
13 after the close of each fiscal year, the district administrator
14 shall prepare for the board:

15 (1) a complete sworn statement of all district money;
16 and

17 (2) a complete account of the disbursements of that
18 money.

19 SECTION 2. Subchapter C, Chapter 1024, Special District
20 Local Laws Code, is amended by adding Section 1024.118 to read as
21 follows:

22 Sec. 1024.118. MENTAL HEALTH SERVICES. (a) The district
23 may provide mental health services, including by contract in the
24 manner prescribed by Chapter 579, Health and Safety Code.

25 (b) The district's provision of mental health services does
26 not prohibit another political subdivision of this state from
27 providing, or taxing to provide for, mental health services inside

1 the boundaries of the district, as provided by Section 13, Article
2 IX, Texas Constitution.

3 SECTION 3. Subchapter C, Chapter 1061, Special District
4 Local Laws Code, is amended by adding Section 1061.122 to read as
5 follows:

6 Sec. 1061.122. MENTAL HEALTH SERVICES. (a) The district
7 may provide mental health services, including by contract in the
8 manner prescribed by Chapter 579, Health and Safety Code.

9 (b) The district's provision of mental health services does
10 not prohibit another political subdivision of this state from
11 providing, or taxing to provide for, mental health services inside
12 the boundaries of the district, as provided by Section 13, Article
13 IX, Texas Constitution.

14 SECTION 4. In making the initial appointment of directors
15 under Section 579.101, Health and Safety Code, as added by this Act,
16 the creating hospital districts shall jointly determine which three
17 directors serve one-year terms and which three directors serve
18 two-year terms. Thereafter, all directors appointed under Section
19 579.101, Health and Safety Code, as added by this Act, are appointed
20 to serve two-year terms.

21 SECTION 5. This Act takes effect September 1, 2023.

President of the Senate

Speaker of the House

I certify that H.B. No. 492 was passed by the House on April 12, 2023, by the following vote: Yeas 144, Nays 2, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 492 was passed by the Senate on May 10, 2023, by the following vote: Yeas 29, Nays 1.

Secretary of the Senate

APPROVED: _____

Date

Governor