

1-1 By: Craddick, Morales of Maverick H.B. No. 492
 1-2 (Senate Sponsor - Sparks)
 1-3 (In the Senate - Received from the House April 12, 2023;
 1-4 April 13, 2023, read first time and referred to Committee on Health
 1-5 & Human Services; May 8, 2023, reported favorably by the following
 1-6 vote: Yeas 8, Nays 0; May 8, 2023, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14			X	
1-15	X			
1-16	X			
1-17	X			

1-18 A BILL TO BE ENTITLED
 1-19 AN ACT

1-20 relating to the creation and operation of a mental health services
 1-21 district by the Midland County Hospital District of Midland County,
 1-22 Texas, and the Ector County Hospital District.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Subtitle C, Title 7, Health and Safety Code, is
 1-25 amended by adding Chapter 579 to read as follows:

1-26 CHAPTER 579. MENTAL HEALTH SERVICES DISTRICTS CREATED BY CERTAIN
 1-27 HOSPITAL DISTRICTS

1-28 SUBCHAPTER A. GENERAL PROVISIONS

1-29 Sec. 579.001. PURPOSE. The purpose of this chapter is to
 1-30 authorize certain hospital districts to create a special district
 1-31 to provide mental health services to the residents of the district.

1-32 Sec. 579.002. DEFINITIONS. In this chapter:

1-33 (1) "Board" means the board of directors of a
 1-34 district.

1-35 (2) "Director" means a member of the board.

1-36 (3) "District" means a mental health services district
 1-37 created by a hospital district under this chapter.

1-38 (4) "Hospital district" means a hospital district
 1-39 created under the authority of Sections 4-11, Article IX, Texas
 1-40 Constitution.

1-41 Sec. 579.003. APPLICABILITY. This chapter applies only to
 1-42 the:

1-43 (1) Midland County Hospital District of Midland
 1-44 County, Texas; and

1-45 (2) Ector County Hospital District.

1-46 SUBCHAPTER B. CREATION AND DISSOLUTION OF DISTRICT

1-47 Sec. 579.051. CREATION BY CONCURRENT ORDERS. (a) The
 1-48 hospital districts to which this chapter applies may create a
 1-49 district by adopting concurrent orders.

1-50 (b) A concurrent order to create a district must:

1-51 (1) be approved by the governing body of each creating
 1-52 hospital district;

1-53 (2) contain identical provisions; and

1-54 (3) define the boundaries of the district to be
 1-55 coextensive with the combined boundaries of each creating hospital
 1-56 district.

1-57 Sec. 579.052. CONTRACT TERMS. (a) Each creating hospital
 1-58 district shall contract with the district for the district to
 1-59 provide mental health services to the hospital district's
 1-60 residents. The contract must:

1-61 (1) state the term of the contract;

2-1 (2) specify the purpose, terms, rights, and duties of
 2-2 the district, as authorized by this chapter;

2-3 (3) specify the financial contributions to be made by
 2-4 each party to the contract to fund the district; and

2-5 (4) specify the land, buildings, improvements,
 2-6 equipment, and other assets owned by a party to the contract that
 2-7 the district will be required to manage and operate, if any.

2-8 (b) Chapter 791, Government Code, does not apply to a
 2-9 contract made under this chapter.

2-10 Sec. 579.053. DISSOLUTION. A district shall be dissolved
 2-11 if the creating hospital districts adopt concurrent orders to
 2-12 dissolve the district and the concurrent orders contain identical
 2-13 provisions.

2-14 Sec. 579.054. ADMINISTRATION OF PROPERTY, DEBTS, AND ASSETS
 2-15 AFTER DISSOLUTION. (a) After dissolution of a district under
 2-16 Section 579.053, the board shall continue to control and administer
 2-17 any property, debts, and assets of the district until all funds have
 2-18 been disposed of and all district debts have been paid or settled.

2-19 (b) If, after administering any property and assets, the
 2-20 board determines that the district's property and assets are
 2-21 insufficient to pay the debts of the district, the district shall
 2-22 transfer the remaining debts to the creating hospital districts in
 2-23 proportion to the funds contributed to the district by each
 2-24 hospital district.

2-25 (c) If, after complying with Subsection (b) and
 2-26 administering the property and assets, the board determines that
 2-27 unused funds remain, the board shall transfer the unused funds to
 2-28 the creating hospital districts in proportion to the funds
 2-29 contributed to the district by each hospital district.

2-30 Sec. 579.055. ACCOUNTING AFTER DISSOLUTION. After the
 2-31 district has paid all its debts and has disposed of all its assets
 2-32 and funds as prescribed by Section 579.054, the board shall provide
 2-33 an accounting to each creating hospital district. The accounting
 2-34 must show the manner in which the assets and debts of the district
 2-35 were distributed.

2-36 SUBCHAPTER C. BOARD OF DIRECTORS

2-37 Sec. 579.101. BOARD OF DIRECTORS; TERMS; VACANCY. (a) The
 2-38 board consists of six appointed directors. Each creating hospital
 2-39 district shall appoint three directors to the board.

2-40 (b) Directors serve staggered two-year terms, with one-half
 2-41 of the directors' terms expiring each year.

2-42 (c) A vacancy in the office of director shall be filled for
 2-43 the unexpired term in the same manner as the original appointment.

2-44 Sec. 579.102. OFFICERS. (a) The board shall elect from
 2-45 among its members a president.

2-46 (b) The board shall appoint a secretary, who need not be a
 2-47 director.

2-48 (c) Each officer of the board serves for a term of one year.

2-49 (d) The board shall fill a vacancy in a board office for the
 2-50 unexpired term.

2-51 Sec. 579.103. QUALIFICATIONS FOR OFFICE. (a) To be
 2-52 eligible to serve as a director, a person must be a resident or an
 2-53 officer of the hospital district that appoints the person under
 2-54 Section 579.101.

2-55 (b) An employee of the district may not serve as a director.

2-56 Sec. 579.104. COMPENSATION. (a) Directors and officers
 2-57 serve without compensation but may be reimbursed for actual
 2-58 expenses incurred in the performance of official duties.

2-59 (b) Expenses reimbursed under this section must be:

2-60 (1) reported in the district's minute book or other
 2-61 district records; and

2-62 (2) approved by the board.

2-63 SUBCHAPTER D. POWERS AND DUTIES

2-64 Sec. 579.151. TRANSFER OF CERTAIN RESPONSIBILITIES OF
 2-65 CREATING HOSPITAL DISTRICT. On creation of a district, each
 2-66 creating hospital district may transfer to the district:

2-67 (1) management and operation of any real property,
 2-68 improvements, and equipment located wholly in the district that are
 2-69 owned by the creating hospital district and are used to provide

3-1 mental health services, as specified in the contract under Section
 3-2 579.052; and
 3-3 (2) operating funds and reserves for operating
 3-4 expenses and funds that have been budgeted by the creating hospital
 3-5 district to provide mental health services for residents of the
 3-6 district, as specified in the contract under Section 579.052.
 3-7 Sec. 579.152. POWERS AND DUTIES. A district may, if
 3-8 necessary to provide mental health services to the residents of the
 3-9 creating hospital districts:
 3-10 (1) acquire and hold title to, construct, operate,
 3-11 manage, and maintain real property, including improvements to real
 3-12 property;
 3-13 (2) acquire, operate, manage, and maintain equipment
 3-14 and other personal property;
 3-15 (3) enter into and perform contracts;
 3-16 (4) appoint and employ officers, agents, and
 3-17 employees;
 3-18 (5) sue and be sued;
 3-19 (6) seek and accept gifts, grants, and donations; and
 3-20 (7) perform other acts necessary to accomplish the
 3-21 purpose of the district.
 3-22 Sec. 579.153. RULES. The board may adopt rules governing
 3-23 the operation of the district and the duties, functions, and
 3-24 responsibilities of the district's staff and employees.
 3-25 Sec. 579.154. DISTRICT ADMINISTRATOR; ASSISTANT
 3-26 ADMINISTRATOR. (a) The board shall appoint a qualified person as
 3-27 district administrator.
 3-28 (b) The board may appoint assistant administrators.
 3-29 (c) The district administrator and any assistant
 3-30 administrator serve at the will of the board and are entitled to the
 3-31 compensation determined by the board.
 3-32 SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS
 3-33 Sec. 579.201. DISTRICT FUNDING; LIMITATION. (a) Each
 3-34 creating hospital district shall provide funding for the district's
 3-35 operation as specified in the contract under Section 579.052.
 3-36 (b) The district may not impose a tax or issue bonds or other
 3-37 obligations.
 3-38 Sec. 579.202. BUDGET. (a) The district administrator shall
 3-39 prepare an annual budget for approval by the board.
 3-40 (b) The proposed budget must contain a complete financial
 3-41 statement of:
 3-42 (1) the outstanding obligations of the district;
 3-43 (2) the cash on hand in each district fund;
 3-44 (3) the money received by the district from all
 3-45 sources during the previous year;
 3-46 (4) the money available to the district from all
 3-47 sources during the ensuing year;
 3-48 (5) the balances expected at the end of the year in
 3-49 which the budget is being prepared;
 3-50 (6) the estimated revenue and balances available to
 3-51 cover the proposed budget; and
 3-52 (7) the proposed expenditures and disbursements and
 3-53 the estimated receipts and collections for the following fiscal
 3-54 year.
 3-55 (c) The board shall provide in each annual budget for the
 3-56 payment of all operation and maintenance expenses of the district.
 3-57 Sec. 579.203. NOTICE; HEARING; ADOPTION OF BUDGET. (a) The
 3-58 board shall hold a public hearing on the proposed annual budget.
 3-59 (b) At least 10 days before the date of the hearing, the
 3-60 board shall publish notice of the hearing in a newspaper of general
 3-61 circulation in the district.
 3-62 (c) Any resident of the district is entitled to be present
 3-63 and participate at the hearing.
 3-64 (d) At the conclusion of the hearing, the board shall adopt
 3-65 a budget by acting on the budget proposed by the district
 3-66 administrator. The board may make any changes in the proposed
 3-67 budget that the board judges to be in the interest of the district's
 3-68 residents and that the law warrants.
 3-69 (e) The budget is effective only after adoption by the

4-1 board.
4-2 Sec. 579.204. AMENDMENTS TO BUDGET. The budget may be
4-3 amended as required by circumstances. The board must approve all
4-4 amendments.

4-5 Sec. 579.205. RESTRICTION ON EXPENDITURES. Money may be
4-6 spent only for an expense included in the budget or an amendment to
4-7 the budget.

4-8 Sec. 579.206. FISCAL YEAR. The district operates according
4-9 to a fiscal year that begins on October 1 and ends on September 30.
4-10 The board may change the fiscal year.

4-11 Sec. 579.207. AUDIT. The board shall have an independent
4-12 audit made of the district's financial condition for each fiscal
4-13 year.

4-14 Sec. 579.208. INSPECTION OF AUDIT AND DISTRICT RECORDS.
4-15 The audit and other district records shall be open to inspection at
4-16 the principal office of each creating hospital district.

4-17 Sec. 579.209. FINANCIAL REPORT. As soon as practicable
4-18 after the close of each fiscal year, the district administrator
4-19 shall prepare for the board:

- 4-20 (1) a complete sworn statement of all district money;
4-21 and
4-22 (2) a complete account of the disbursements of that
4-23 money.

4-24 SECTION 2. Subchapter C, Chapter 1024, Special District
4-25 Local Laws Code, is amended by adding Section 1024.118 to read as
4-26 follows:

4-27 Sec. 1024.118. MENTAL HEALTH SERVICES. (a) The district
4-28 may provide mental health services, including by contract in the
4-29 manner prescribed by Chapter 579, Health and Safety Code.

4-30 (b) The district's provision of mental health services does
4-31 not prohibit another political subdivision of this state from
4-32 providing, or taxing to provide for, mental health services inside
4-33 the boundaries of the district, as provided by Section 13, Article
4-34 IX, Texas Constitution.

4-35 SECTION 3. Subchapter C, Chapter 1061, Special District
4-36 Local Laws Code, is amended by adding Section 1061.122 to read as
4-37 follows:

4-38 Sec. 1061.122. MENTAL HEALTH SERVICES. (a) The district
4-39 may provide mental health services, including by contract in the
4-40 manner prescribed by Chapter 579, Health and Safety Code.

4-41 (b) The district's provision of mental health services does
4-42 not prohibit another political subdivision of this state from
4-43 providing, or taxing to provide for, mental health services inside
4-44 the boundaries of the district, as provided by Section 13, Article
4-45 IX, Texas Constitution.

4-46 SECTION 4. In making the initial appointment of directors
4-47 under Section 579.101, Health and Safety Code, as added by this Act,
4-48 the creating hospital districts shall jointly determine which three
4-49 directors serve one-year terms and which three directors serve
4-50 two-year terms. Thereafter, all directors appointed under Section
4-51 579.101, Health and Safety Code, as added by this Act, are appointed
4-52 to serve two-year terms.

4-53 SECTION 5. This Act takes effect September 1, 2023.

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