

AN ACT

relating to the Hemphill County Hospital District.

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

SECTION 1. Section 4(c), Chapter 424, Acts of the 66th Legislature, Regular Session, 1979, is amended to read as follows:

(c) At the time the creation of the district is approved and the returns of the election are officially canvassed, the persons then serving as temporary directors shall become permanent directors of the district, shall take the constitutional oath of office, and shall divide themselves into two classes, namely: class one, two persons to serve until the first Saturday in April following the election at which the creation of the district is approved, and class two, three persons to serve until the first Saturday in April of the next succeeding year. Successors shall be elected by vote of the qualified voters of the entire district for two-year terms. Notice of an ~~[a director's]~~ election of directors shall be published one time at least 30 days before the date of the election in a newspaper or newspapers which individually or collectively have general circulation in the district. A ~~[Any]~~ person who wishes ~~[desiring]~~ to have the person's ~~[his or her]~~ name printed on the ballot as a candidate for director must ~~[shall]~~ file an application with the secretary of the board of directors not later than the 45th day ~~[a petition signed by at least 10 qualified voters residing in the district asking that his or her name be~~

1 ~~printed on the ballot. The petition shall be filed with the~~
2 ~~secretary at least 35 days]~~ before the date of the election.
3 Subchapter C, Chapter 2, Election Code, applies to the election of
4 unopposed candidates for the board of directors. Vacancies in
5 office shall be filled for the unexpired term by the remainder of
6 the board of directors.

7 SECTION 2. Section 5, Chapter 424, Acts of the 66th
8 Legislature, Regular Session, 1979, is amended to read as follows:

9 Sec. 5. POWERS AND DUTIES. (a) The board of directors
10 shall manage, control, and administer the hospital system and
11 ancillary health care system and all funds and resources of the
12 district, but in no event shall any operating, depreciation, or
13 building reserves be invested in any funds or securities other than
14 those specified in Subchapter A, Chapter 2256, Government Code
15 ~~[Article 836 or 837, Revised Civil Statutes of Texas, 1925, as~~
16 ~~amended]~~.

17 (b) The district, through its board of directors, may sue
18 and be sued and may adopt ~~[promulgate]~~ rules governing the
19 operation of the district, the hospital system and ancillary health
20 care system, its staff, and its employees.

21 (c) The board of directors shall appoint a qualified person
22 to serve as administrator or manager of the hospital system and
23 ancillary health care system and may, in its discretion, appoint an
24 assistant to the administrator or manager. The administrator or
25 manager, and assistant administrator or manager, if any, shall
26 serve at the will of the board and shall receive compensation fixed
27 by the board. The administrator or manager shall, on assuming the

1 person's [~~his or her~~] duties, execute a bond payable to the hospital
2 district in an amount to be set by the board of directors, in no
3 event less than \$5,000, conditioned that the person [~~he or she~~]
4 shall perform the duties required of the person [~~him or her~~], and
5 containing other conditions the board may require. The
6 administrator or manager shall supervise all the work and
7 activities of the district and shall have general direction of the
8 affairs of the district, subject to the limitations prescribed by
9 the board.

10 (d) The board of directors may appoint to the staff doctors
11 it considers [~~deems~~] necessary for the efficient operation of the
12 hospital system and ancillary health care system and may provide
13 for temporary appointments to the staff if warranted by
14 circumstances.

15 (e) The board of directors may delegate to the administrator
16 or manager the authority to employ technicians, nurses, and other
17 employees of the hospital system and ancillary health care system
18 and the district.

19 (f) The board of directors may contract with any other
20 political subdivision or governmental agency whereby the district
21 will provide investigatory or other services as to the medical,
22 hospital, or welfare needs of the inhabitants of the district and
23 may contract with any county, incorporated city or town, the State
24 of Texas, or agencies of the federal government for the treatment of
25 sick, diseased, or injured persons.

26 SECTION 3. Section 6, Chapter 424, Acts of the 66th
27 Legislature, Regular Session, 1979, is amended to read as follows:

1 Sec. 6. BUDGET AND ANNUAL AUDIT. (a) The district shall be
2 operated on the basis of a fiscal year established by the board of
3 directors, provided the fiscal year may not be changed more than
4 once in any 24-month period.

5 **(b) As soon as practicable after the end of each district**
6 **fiscal year, the** ~~The~~ **board of directors** shall have an annual audit
7 made of the **finances** ~~[financial condition]~~ of the district which,
8 together with other records of the district, shall be open to
9 inspection at the principal office of the district. **The board shall**
10 **select a qualified independent accounting firm to perform the**
11 **audit. The audit must contain a detailed accounting of**
12 **disbursements.**

13 **(c)** The administrator or manager shall prepare an annual
14 budget for approval by the board of directors.

15 **(d)** The budget shall also contain a complete financial
16 statement of the district showing:

17 **(1)** all outstanding obligations of the district;

18 **(2)** the cash on hand to the credit of each fund of
19 the district;

20 **(3)** the funds received from all sources during the
21 previous year;

22 **(4)** the funds available from all sources during
23 the ensuing year;

24 **(5)** the balances expected at year end of the year
25 in which the budget is being prepared;

26 **(6)** estimated revenues and balances available to
27 cover the proposed budget; and

1 (7) the estimated tax rate that will be required.

2 (e) A public hearing on the annual budget shall be held by
3 the board of directors after notice of a hearing has been published
4 in a newspaper of general circulation in the district one time at
5 least 10 days before the date set for the hearing. Any person
6 residing in the district may be present and participate in the
7 hearing. At the conclusion of the hearing, the budget, as proposed
8 by the administrator or manager, shall be acted on by the board of
9 directors.

10 (f) The board of directors may make changes in the budget
11 which in their judgment the law warrants and the interest of the
12 taxpayers demands. No expenditure may be made for any expense not
13 included in the annual budget or an amendment to it. The annual
14 budget may be amended from time to time as circumstances require,
15 but the annual budget and all amendments to it shall be approved by
16 the board of directors. [~~As soon as practicable after the close of~~
17 ~~each fiscal year, the administrator or manager shall prepare for~~
18 ~~the board a full sworn statement of all money belonging to the~~
19 ~~district and a full account of disbursements.~~]

20 SECTION 4. Chapter 424, Acts of the 66th Legislature,
21 Regular Session, 1979, is amended by adding Section 6A to read as
22 follows:

23 Sec. 6A. EMERGENCY ACTION. (a) In an emergency, the
24 administrator or manager may take any lawful action necessary to
25 preserve district assets or protect patient health and safety.

26 (b) As soon as practicable after any action is taken, the
27 administrator or manager shall report the emergency action to the

1 board of directors, and the board shall amend the annual budget to
2 reflect the costs of the action, if any.

3 SECTION 5. Section 7(a), Chapter 424, Acts of the 66th
4 Legislature, Regular Session, 1979, is amended to read as follows:

5 (a) The board of directors may issue and sell its bonds in
6 the name and on the faith and credit of the hospital district for
7 the purchase, construction, acquisition, repair, and renovation of
8 buildings and improvements, and equipping them for hospital and
9 ancillary health care purposes. At the time of the issuance of any
10 bonds by the district, the board shall levy a tax sufficient to
11 create an interest and sinking fund to pay the interest on and
12 principal of the bonds as they mature, providing the tax together
13 with any other taxes levied for the district may not exceed 75 cents
14 on each \$100 valuation of all taxable property located in the
15 district subject to hospital district taxation in any one year. No
16 bonds payable from taxes may be issued by the hospital district
17 except refunding bonds until authorized by a majority of the
18 electors of the district. The order for a bond election shall
19 specify the date of the election, the amount of bonds to be
20 authorized, the maximum maturity of the bonds, the place or places
21 where the election will be held, and the presiding judge and
22 alternate judge for each voting place, and shall provide for clerks
23 as in county elections. Notice of a bond election shall be given by
24 publishing a substantial copy of the election order in a newspaper
25 of general circulation in the district once a week for two
26 consecutive weeks, the date of the first publication to appear at
27 least 30 days before the date set for the election, and the bond

1 election shall be conducted in accordance with the Texas Election
2 Code, as amended, except as modified by the provisions of this Act.

3 SECTION 6. Section 8, Chapter 424, Acts of the 66th
4 Legislature, Regular Session, 1979, is amended to read as follows:

5 Sec. 8. REVENUE BONDS. In addition to the power to issue
6 bonds payable from taxes levied by the district, as contemplated by
7 Section 7 of this Act, the board of directors may issue and refund
8 any previously issued revenue bonds for purchasing, constructing,
9 acquiring, repairing, equipping, or renovating buildings and
10 improvements for hospital and ancillary health care purposes, and
11 for acquiring sites for hospital and ancillary health care
12 purposes, the bonds to be payable from and secured by a pledge of
13 all or part of the revenues of the district to be derived from the
14 operation of its hospital, ~~[or] hospital system, or ancillary~~
15 health care system, and the bonds may be additionally secured by a
16 mortgage or deed of trust lien on any part or all of its property.
17 The bonds shall be issued in the manner and in accordance with the
18 procedures and requirements specified for the issuance of revenue
19 bonds by county hospital authorities in Sections 264.042, 264.043,
20 and 264.046-264.049, Health and Safety Code [~~8 and 10 through 13 of~~
21 ~~Chapter 122, Acts of the 58th Legislature, Regular Session, 1963,~~
22 ~~as amended (Article 4494r, Vernon's Texas Civil Statutes)]].~~

23 SECTION 7. Section 9, Chapter 424, Acts of the 66th
24 Legislature, Regular Session, 1979, is amended to read as follows:

25 Sec. 9. REFUNDING BONDS. Without an election the board of
26 directors may issue refunding bonds of the district payable from
27 taxes or revenues for the purpose of refunding any outstanding

1 legal indebtedness the district has issued, incurred, or assumed.
2 The refunding bonds may be sold and the proceeds applied to the
3 payment of outstanding indebtedness or may be exchanged in whole or
4 in part for not less than the principal amount of the outstanding
5 indebtedness being refunded. Refunding bonds shall be issued in
6 conformity with Chapter 1207, Government Code [~~503, Acts of the~~
7 ~~54th Legislature, Regular Session, 1955, as amended (Article 717k,~~
8 ~~Vernon's Texas Civil Statutes), or Chapter 784, Acts of the 61st~~
9 ~~Legislature, Regular Session, 1969 (Article 717k-3, Vernon's Texas~~
10 ~~Civil Statutes)]~~, or any other general law of the state authorizing
11 refunding bonds and applicable to hospital districts.

12 SECTION 8. Section 10, Chapter 424, Acts of the 66th
13 Legislature, Regular Session, 1979, is amended to read as follows:

14 Sec. 10. BOND REQUIREMENTS. Bonds of the district payable
15 from taxes or revenues must:

16 (1) [~~shall~~] mature not later than the 40th anniversary
17 [~~within 40 years~~] of the [~~their~~] date of issuance;

18 (2) [~~r~~] be executed in the name of the hospital
19 district and on the district's [~~in its~~] behalf by the president of
20 the board of directors, and [~~be~~] countersigned by the secretary in
21 the manner provided by Chapter 618, Government Code;

22 (3) [~~204, Acts of the 57th Legislature, Regular~~
23 ~~Session, 1961, as amended (Article 717j-1, Vernon's Texas Civil~~
24 ~~Statutes), shall~~] bear interest at a rate not to exceed that
25 prescribed by Chapter 1204, Government Code; and

26 (4) [~~3, Acts of the 61st Legislature, Regular Session,~~
27 ~~1969, as amended (Article 717k-2, Vernon's Texas Civil Statutes),~~

1 ~~and shall~~] be subject to the [~~same~~] requirements of Chapter 1202,
2 Government Code [~~in the manner of approval by the attorney general~~
3 ~~and registration by the comptroller of public accounts as are by law~~
4 ~~provided for approval and registration of bonds issued by counties.~~
5 ~~On the approval of the bonds by the attorney general and~~
6 ~~registration by the comptroller, they shall be incontestable for~~
7 ~~any cause~~].

8 SECTION 9. Section 11, Chapter 424, Acts of the 66th
9 Legislature, Regular Session, 1979, is amended to read as follows:

10 Sec. 11. DISTRICT PROPERTY. (a) The board of directors has
11 complete discretion [~~as~~] to determine the type, number, and
12 location, either inside or outside the district, of facilities and
13 services [~~buildings~~] required to establish and maintain an adequate
14 hospital system and ancillary health care system. The hospital
15 system and ancillary health care system may include equipment,
16 facilities, and services considered [~~deemed~~] necessary for
17 hospital care and ancillary health care by the directors, including
18 domiciliary care and treatment of sick or injured patients,
19 geriatric services, outpatient clinics, rural health clinics,
20 convalescent home facilities, physician's offices, home health
21 services, long-term care, skilled nursing care, intermediate
22 nursing care, assisted living facilities, hospice care, ambulatory
23 surgery centers, urgent care facilities, and operation of a mobile
24 emergency medical service.

25 (b) The board of directors may enter into an operating or
26 management contract with one or more public or private entities
27 with regard to all or part of district [~~its~~] facilities and

1 services. The board, on behalf of the district, may enter into a
2 joint ownership arrangement with a public or private entity to
3 provide management or operating services if the board determines
4 that the joint ownership arrangement is in the district's best
5 interests and does not violate Article III, Section 52, Texas
6 Constitution [~~or a part of them, or may lease all or part of the~~
7 ~~buildings, facilities, and other property owned by it on terms and~~
8 ~~conditions considered to be in the best interest of its~~
9 ~~inhabitants, provided that any lease may not be for a period longer~~
10 ~~than 40 years from the date entered].~~

11 (c) The board of directors, on behalf of the district, may
12 lease or sell or otherwise dispose of all or part of the district's
13 property of any nature, including the district's hospital,
14 ancillary health care facilities or other facilities, buildings,
15 supplies, or equipment, to a public or private entity [~~property or~~
16 ~~equipment of any nature]~~ on terms and conditions found by the board
17 to be in the best interest of its inhabitants.

18 (d) [(b)] The board of directors of the district may
19 prescribe the method of making purchases and expenditures by and
20 for the hospital district and prescribe all accounting and control
21 procedures. All contracts for construction shall be made [~~or~~
22 ~~purchase involving the expenditure of more than \$5,000 may be made~~
23 ~~only after advertising]~~ in the manner provided by Subchapter B,
24 Chapter 271, Local Government Code [~~Chapter 163, General Laws, Acts~~
25 ~~of the 42nd Legislature, Regular Session, 1931, as amended (Article~~
26 ~~2368a, Vernon's Texas Civil Statutes)]. ~~The provisions of Article~~
27 ~~5160, Revised Civil Statutes of Texas, 1925, as amended, relating~~~~

1 ~~to performance and payment bonds shall apply to construction~~
2 ~~contracts let by the district].~~

3 (e) The board of directors, on behalf of the district, may
4 acquire by lease, purchase, or lease to purchase property,
5 facilities, supplies, and equipment for the district for use in the
6 ~~[its]~~ hospital system and ancillary health care system and may
7 mortgage or pledge the property, facilities, supplies, or equipment
8 ~~[so]~~ acquired as security for the payment of the purchase price.
9 Except as permitted in the preceding sentence and Sections 7, 8, and
10 9 of this Act, the district may incur no obligation payable from any
11 revenues of the district, tax or otherwise, except those on hand or
12 to be on hand within the current and following fiscal year of the
13 district.

14 SECTION 10. Section 16, Chapter 424, Acts of the 66th
15 Legislature, Regular Session, 1979, is amended to read as follows:

16 Sec. 16. TAX ASSESSMENT AND COLLECTION. (a) The directors
17 may levy taxes for the entire year in which the district is
18 established as a result of the election provided in this Act. ~~[All~~
19 ~~taxes of the district shall be assessed and collected on county tax~~
20 ~~values as provided in Subsection (b) of this section unless the~~
21 ~~directors, by majority vote, elect to have taxes assessed and~~
22 ~~collected by the district's own tax assessor-collector under~~
23 ~~Subsection (c) of this section. A determination by the board of~~
24 ~~directors pertaining to the assessment and collection of taxes~~
25 ~~shall be made before December 1 annually and shall govern the manner~~
26 ~~in which taxes are subsequently assessed and collected, until~~
27 ~~changed by a similar action by the board.]~~ Hospital taxes shall be

1 levied on all taxable property within the district subject to
2 hospital district taxation.

3 (b) The Tax Code governs the appraisal, assessment, and
4 collection of district taxes [~~Under this subsection, district taxes~~
5 ~~shall be assessed and collected on county tax values in the same~~
6 ~~manner as provided by law with relation to county taxes. The tax~~
7 ~~assessor-collector of the county in which the district is located~~
8 ~~shall be charged with and required to accomplish the assessment and~~
9 ~~collection of all taxes levied by and on behalf of the district.~~
10 ~~The county assessor-collector of taxes shall charge and deduct from~~
11 ~~payments to the hospital district an amount as fees for assessing~~
12 ~~and collecting the taxes at a rate of one percent of the taxes~~
13 ~~assessed and one percent of the taxes collected, but in no event~~
14 ~~shall the amount paid exceed \$5,000 in any one calendar year. These~~
15 ~~fees shall be deposited in the officers salary fund of the county~~
16 ~~and reported as fees of the office of the county tax~~
17 ~~assessor-collector. Interest and penalties on taxes paid to the~~
18 ~~hospital district shall be the same as in the case of county taxes.~~
19 ~~Discounts shall be the same as allowed by the county. The residue~~
20 ~~of tax collections after deductions of discounts and fees for~~
21 ~~assessing and collecting shall be deposited in the district's~~
22 ~~depository. The bond of the county tax assessor-collector shall~~
23 ~~stand as security for the proper performance of his or her duties as~~
24 ~~assessor-collector of the district, or if in the judgment of the~~
25 ~~board of directors it is necessary, additional bond payable to the~~
26 ~~district may be required. In all matters pertaining to the~~
27 ~~assessment, collection, and enforcement of taxes for the district,~~

1 ~~the county tax assessor-collector may act in all respects according~~
2 ~~to the laws of the State of Texas relating to state and county~~
3 ~~taxes].~~

4 (c) The board of directors may provide for the appointment
5 of a tax assessor-collector for the district or may contract for the
6 assessment and collection of taxes as provided by the Tax Code
7 ~~[Under this subsection, taxes shall be assessed and collected by a~~
8 ~~tax assessor-collector appointed by the board, which shall also fix~~
9 ~~the term of his or her employment, compensation, and requirement~~
10 ~~for bond to assure the faithful performance of his or her duties,~~
11 ~~but in no event may the bond be for less than \$5,000. The directors~~
12 ~~shall annually appoint five persons to serve as a board of~~
13 ~~equalization and shall fix their compensation. Each member of the~~
14 ~~board and the tax assessor-collector must be residents of the~~
15 ~~district, and each shall have the same duties, including the~~
16 ~~obligation to take the oath of office, as required by county~~
17 ~~officials exercising those powers and duties. Except as provided~~
18 ~~in this law to the contrary, all the provisions of Title 122,~~
19 ~~Revised Civil Statutes of Texas, 1925, as amended, shall apply to~~
20 ~~the district].~~

21 SECTION 11. Section 18, Chapter 424, Acts of the 66th
22 Legislature, Regular Session, 1979, is amended to read as follows:

23 Sec. 18. INDIGENT CARE. (a) Not later than the first day
24 of each operating year, the district shall adopt an application
25 procedure to determine eligibility for assistance, as provided by
26 Section 61.053, Health and Safety Code.

27 (b) Whenever a patient residing in the district has been

1 admitted to the facilities of the district, the administrator or
2 manager may have an inquiry made as to the patient's [~~his or her~~]
3 circumstances and those of the relatives of the patient legally
4 liable for the patient's [~~his or her~~] support. If the administrator
5 or manager [~~he or she~~] finds that the patient or the patient's [~~his~~
6 ~~or her~~] relatives are able to pay for the patient's [~~his or~~] care
7 and treatment wholly or partly [~~in whole or in part~~], an order shall
8 be made directing the patient or the patient's [~~his or her~~]
9 relatives to pay to the hospital district for the care and support
10 of the patient a specified sum per week in proportion to their
11 financial ability.

12 (c) The administrator or manager may collect money owed to
13 the district [~~shall have the power and authority to collect these~~
14 ~~sums~~] from the estate of the patient or from the patient's [~~his or~~
15 ~~her~~] relatives legally liable for the patient's [~~his or her~~]
16 support in the manner provided by law for collection of expenses in
17 the last illness of a deceased person.

18 (d) If the administrator or manager finds that the patient
19 or the patient's [~~his or her~~] relatives are not able to pay either
20 wholly or partly [~~in whole or in part~~] for the patient's [~~his or~~
21 ~~her~~] care and treatment in the hospital, they shall become a charge
22 on the hospital district as to the amount of the inability to pay.

23 (e) If [~~Should~~] there is [~~be~~] a dispute as to the ability to
24 pay or doubt in the mind of the administrator or manager, the board
25 of directors shall hear and resolve the dispute and issue its final
26 order after calling witnesses.

27 (f) Appeals from a final order of the board of directors

1 must be made [~~shall lie~~] to the district court. The substantial
2 evidence rule shall apply.

3 SECTION 12. This Act takes effect immediately if it
4 receives a vote of two-thirds of all the members elected to each
5 house, as provided by Section 39, Article III, Texas Constitution.
6 If this Act does not receive the vote necessary for immediate
7 effect, this Act takes effect September 1, 2003.

President of the Senate

Speaker of the House

I certify that H.B. No. 940 was passed by the House on March 28, 2003, by the following vote: Yeas 146, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 940 was passed by the Senate on May 20, 2003, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor