

By: Naishtat, Keel, Rodriguez, Dukes

H.B. No. 2327

Substitute the following for H.B. No. 2327:

By: Lewis

C.S.H.B. No. 2327

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the creation, administration, powers, duties,  
3 operation, and financing of the Central Texas Health Care District;  
4 authorizing the imposition of taxes, the issuance of bonds, and the  
5 exercise of the power of eminent domain.

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

7 ARTICLE 1. GENERAL PROVISIONS

8 SECTION 1.001. DEFINITIONS. In this Act:

9 (1) "Additional area" means any territory included in  
10 the district that is not located in the central area.

11 (2) "Board" means the board of directors of the  
12 district.

13 (3) "Central area" means all of the territory within  
14 the boundaries of Travis County, Texas, and any territory within  
15 the boundaries of the city of Austin, Texas, that is located in  
16 another county.

17 (4) "Charitable organization" means an organization  
18 that is organized under the Texas Non-Profit Corporation Act  
19 (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes) or a  
20 nonprofit association governed by the Texas Uniform Unincorporated  
21 Nonprofit Association Act (Article 1396-70.01, Vernon's Texas  
22 Civil Statutes).

23 (5) "Director" means a member of the board.

24 (6) "District" means the Central Texas Health Care

1 District created under this Act.

2 (7) "Oversight committee" means the district  
3 oversight committee established under Section 3.011 of this Act.

4 (8) "Proposed additional area," with respect to a  
5 petition or related election to include additional territory in the  
6 district, means the defined territory outside the boundaries of the  
7 central area to be added to the district in accordance with the  
8 petition.

9 SECTION 1.002. DISTRICT AUTHORIZATION. A hospital district  
10 to be known as the Central Texas Health Care District may be created  
11 and established, and if created, must be maintained, operated, and  
12 financed in the manner provided by Section 9, Article IX, Texas  
13 Constitution, and by this Act.

14 SECTION 1.003. BOUNDARIES. The boundaries of the district  
15 are coextensive with the boundaries of the central area and the  
16 additional area, if any.

17 ARTICLE 2. CREATION OF DISTRICT

18 SECTION 2.001. CREATION ELECTION REQUIRED. (a) The  
19 district may be created in the central area and a tax may be  
20 authorized only if the creation and the tax are approved by a  
21 majority of the registered voters residing in the central area who  
22 vote at an election held for that purpose.

23 (b) The Commissioners Court of Travis County may order a  
24 creation election to be held on its own motion.

25 (c) The Commissioners Court of Travis County shall order a  
26 creation election if the county judge of Travis County receives a  
27 petition signed by at least 100 registered voters residing in the

1 central area that contains the information required by Subsection  
2 (d) of this section.

3 (d) A petition prescribed by Subsection (c) of this section  
4 must:

5 (1) state that the district is to be created and is to  
6 operate under Section 9, Article IX, Texas Constitution, and this  
7 Act;

8 (2) state the name of the proposed district; and

9 (3) contain the proposed district's boundaries as  
10 designated by metes and bounds or other sufficient legal  
11 description.

12 SECTION 2.002. EXPANSION OF PROPOSED DISTRICT TERRITORY.

13 (a) At any time before the Commissioners Court of Travis County  
14 orders an election under Section 2.001 of this Act, registered  
15 voters of a defined territory within one or more counties that are  
16 not included in the central area or in the boundaries of a hospital  
17 district may file a petition with the county judge of each county in  
18 which the defined territory is located requesting the inclusion of  
19 the proposed additional area in the proposed district. The  
20 petition must be signed by at least 100 registered voters residing  
21 in the proposed additional area. The petition must contain the  
22 information described by Section 2.001(d) of this Act and must  
23 delineate the boundaries of the proposed additional area by metes  
24 and bounds or other sufficient legal description. The county judge  
25 of each county in which any portion of the proposed additional area  
26 is located shall notify the Commissioners Court of Travis County on  
27 receipt of a petition that is in the proper form and meets the

1 requirements of this subsection.

2 (b) As soon as practicable after receiving a petition under  
3 Subsection (a) of this section, the Commissioners Court of Travis  
4 County shall hold a hearing on whether including the proposed  
5 additional area in the proposed district is in the best interest of  
6 the proposed district. If the Commissioners Court of Travis County  
7 finds that inclusion is in the best interest of the proposed  
8 district, the Commissioners Court of Travis County shall notify the  
9 commissioners court of each county in which the proposed additional  
10 area is located of that finding.

11 (c) On notification under Subsection (b) of this section,  
12 the commissioners court in each county within the proposed  
13 district, including the proposed additional area, shall order an  
14 election to approve the creation of the proposed district in  
15 accordance with Section 2.003 of this Act. The commissioners court  
16 may not order an election under this subsection unless the  
17 commissioners court of each of the counties in which any portion of  
18 the proposed additional area is located receives that notification.

19 SECTION 2.003. DATE OF ELECTION. (a) After ordering the  
20 election, the Commissioners Court of Travis County shall hold a  
21 creation election in the central area on the first authorized  
22 uniform election date prescribed by Section 41.001, Election Code,  
23 that allows sufficient time to comply with other requirements of  
24 law, notwithstanding Section 3.005, Election Code.

25 (b) If a proposed additional area is to be included in the  
26 proposed district under Section 2.002 of this Act, the  
27 commissioners court in each county in which any portion of the

1 proposed additional area is located shall hold a creation election  
2 in that area on the same uniform election date.

3 (c) The commissioners court of each county in which the  
4 proposed district would be located shall cooperate in holding the  
5 election.

6 SECTION 2.004. BOND PROPOSITION AT ELECTION. (a) The  
7 petition prescribed by Section 2.001 of this Act may include a  
8 request that a proposition be submitted at the election to  
9 determine whether the board may issue general obligation bonds if  
10 the district is created. The petition must specify the maximum  
11 amount of bonds to be issued and their maximum maturity date.

12 (b) Even though the petition does not request submission of  
13 a proposition on whether the board may issue general obligation  
14 bonds, the Commissioners Court of Travis County may submit a  
15 proposition at the creation election on the issuance of bonds.

16 (c) A bond proposition submitted to the voters under this  
17 section must be submitted to the voters voting at each other  
18 election for creation of the district that is being held on the same  
19 uniform election date in the central area and any proposed  
20 additional area.

21 (d) If the election for creation of the district solely in  
22 the central area is held under Section 2.003(a) of this Act, the  
23 board may issue general obligation bonds as provided by this Act if  
24 a majority of the votes cast in the election favor creation of the  
25 district and issuance of the bonds.

26 (e) If an election for creation of the district is held in  
27 the central area under Section 2.003(a) of this Act and an election

1 is held in the proposed additional area under Section 2.003(b) of  
2 this Act, the board may issue general obligation bonds as provided  
3 by this Act only if the majority of votes cast in the election held  
4 under Section 2.003(a) of this Act favor creation of the district  
5 and issuance of the bonds and the majority of votes cast in each  
6 election in the proposed additional area favoring creation of the  
7 district also favor the issuance of the bonds.

8 SECTION 2.005. ELECTION ORDER. The order calling the  
9 election must state:

10 (1) the nature of the election, including the  
11 proposition that is to appear on the ballot;

12 (2) the date of the election;

13 (3) the hours during which the polls will be open; and

14 (4) the location of the polling places.

15 SECTION 2.006. NOTICE. (a) The Commissioners Court of  
16 Travis County and the commissioners court of each other county in  
17 which any portion of the proposed additional area is located shall  
18 give notice of the election by publishing a substantial copy of the  
19 election order in a newspaper with general circulation in the  
20 appropriate county once a week for two consecutive weeks.

21 (b) The first publication must appear at least 35 days  
22 before the date set for the election.

23 SECTION 2.007. BALLOT PROPOSITION. (a) The ballot for a  
24 creation election under this Act shall be printed to permit voting  
25 for or against the proposition: "The creation of the Central Texas  
26 Health Care District and the imposition of annual property taxes  
27 for district purposes at a rate not to exceed one-third of the

1 maximum tax rate authorized by Section 9, Article IX, Texas  
2 Constitution."

3 (b) If a municipality or county in the proposed district has  
4 any outstanding bonds issued for hospital purposes, the ballot for  
5 an election under this article shall be printed to provide for  
6 voting for or against the proposition: "The creation of the Central  
7 Texas Health Care District, the imposition of annual property taxes  
8 for district purposes at a rate not to exceed one-third of the  
9 maximum tax rate authorized by Section 9, Article IX, Texas  
10 Constitution, and the assumption by the district of all outstanding  
11 bonds previously issued by any county or any municipality in the  
12 district for hospital purposes."

13 (c) If a bond proposition is submitted to the voters, the  
14 ballot for the election shall contain the proposition prescribed by  
15 Subsection (a) or (b) of this section followed by: "and the issuance  
16 of bonds in an amount not to exceed \_\_\_\_ (insert the amount  
17 prescribed by the petition or the commissioners court's order) and  
18 to mature not later than \_\_\_\_\_ (insert the date prescribed by the  
19 petition or the commissioners court's order)."

20 SECTION 2.008. ELECTION RESULT. (a) A district is created  
21 and organized under this Act if a majority of the votes cast in the  
22 election held in the central area favor the creation of the  
23 district. If a majority of the votes cast in the election in the  
24 central area vote against creation of the district, the district is  
25 not created, regardless of the results of an election held in any  
26 proposed additional area, and another election on the question of  
27 creating the district may not be held before the first anniversary

1 of the most recent election concerning the creation of the  
2 district.

3 (b) If the proposed additional area is located entirely  
4 within one county, the proposed additional area is included in the  
5 proposed district only if the majority of votes cast in the election  
6 held in the proposed additional area favor the creation of the  
7 district. If the proposed additional area contains territory in  
8 more than one county, the portion of the proposed additional area  
9 that is located in a particular county may be included in the  
10 district only if a majority of the votes cast in that portion of the  
11 proposed additional area in that particular county favor creation  
12 of the district.

13 SECTION 2.009. COMMISSIONERS COURT ORDER. When the  
14 district is created, the commissioners court of each county in  
15 which any portion of the district is located shall enter an order in  
16 its minutes that reads substantially as follows:

17 "WHEREAS, at an election held on the \_\_\_ day of \_\_\_,  
18 200\_, in that part of \_\_\_\_\_ County, State of Texas,  
19 described as \_\_\_\_\_(insert description), there was  
20 submitted to the qualified voters the question of  
21 whether that territory should be formed into a  
22 hospital district under state law; and

23 "WHEREAS, at the election \_\_\_\_\_ votes were cast in  
24 favor of formation of the district and \_\_\_\_\_ votes were  
25 cast against formation; and

26 "WHEREAS, the formation of the hospital district  
27 received the affirmative vote of the majority of the



1 votes cast at the election as provided by law;  
2 "NOW, THEREFORE, the Commissioners Court of \_\_\_\_\_  
3 County, State of Texas, finds and orders that the tract  
4 described in this order has been duly and legally  
5 formed into a hospital district (or a portion thereof)  
6 under the name of the Central Texas Health Care  
7 District, under Section 9, Article IX, Texas  
8 Constitution, and has the powers vested by law in the  
9 district."

10 SECTION 2.010. TEMPORARY DIRECTORS. (a) On the date on  
11 which the Commissioners Court of Travis County enters the order  
12 calling a creation election, the Commissioners Court of Travis  
13 County and the Austin City Council shall appoint the temporary  
14 directors of the district. The Commissioners Court of Travis  
15 County and the Austin City Council shall each appoint four  
16 temporary directors, and the city council and the commissioners  
17 court shall jointly appoint one temporary director.

18 (b) If additional territory is proposed to be included in  
19 the district in accordance with Section 2.002 of this Act, the  
20 commissioners court of each county in which any portion of the  
21 proposed additional area is located shall appoint one temporary  
22 director contingent on inclusion of that area in the district. The  
23 commissioners court shall make the appointment on the date on which  
24 the commissioners court enters the order calling for an election  
25 under Section 2.002 of this Act.

26 (c) The temporary directors serve as directors of the  
27 district until:

1           (1) the day after the election to create the district,  
2 if the creation of the district is not approved at the election; or

3           (2) the date on which initial directors under Article  
4 3 of this Act are appointed, if the creation of the district is  
5 approved.

6           (d) A vacancy in the office of temporary director shall be  
7 filled by appointment by the governing body that appointed the  
8 vacating director.

9           (e) The temporary directors are authorized to:

10           (1) plan for the transfer of assets, personnel, and  
11 resources as required or necessary under this Act; and

12           (2) organize the possible finances and operation of  
13 the district.

14                           ARTICLE 3. DISTRICT ADMINISTRATION

15           SECTION 3.001. BOARD OF DIRECTORS. (a) Unless additional  
16 directors are added as provided by Section 3.003 of this Act, the  
17 district is governed by a board of nine directors.

18           (b) The Austin City Council and the Commissioners Court of  
19 Travis County shall each appoint four of the initial directors and  
20 the city council and the commissioners court shall jointly appoint  
21 one of the initial directors.

22           (c) The Austin City Council and the Commissioners Court of  
23 Travis County shall make the appointments required under this  
24 section not later than the 30th day after the date the Commissioners  
25 Court of Travis County enters the order required by Section 2.009 of  
26 this Act.

27           SECTION 3.002. QUALIFICATIONS OF DIRECTORS. (a) To

1 provide the expertise necessary to effectively govern the district,  
2 the governmental bodies that appoint directors under this Act shall  
3 appoint individuals with experience or knowledge with respect to  
4 issues involving the rights of a patient or experience or knowledge  
5 in the health care, finance, insurance, or accounting fields.

6 (b) Two of the directors appointed by the Commissioners  
7 Court of Travis County under Section 3.001(b) of this Act must be  
8 residents of the city of Austin, Texas.

9 (c) A director must reside in the district.

10 SECTION 3.003. ADDITIONAL DIRECTORS FOR ADDITIONAL  
11 AREA. (a) If the district is created to include an additional  
12 area in accordance with Section 2.002 of this Act or is expanded to  
13 include an additional area in accordance with Article 5 of this Act,  
14 additional directors shall be appointed to the board as provided by  
15 this section.

16 (b) If the additional area includes any portion of a county  
17 that is not located in the city of Austin, the commissioners court  
18 of each county in which any portion of the additional area is  
19 located shall appoint one director for every 100,000 residents of  
20 the county who reside in the additional area. The commissioners  
21 court of a county in which any portion of the additional area is  
22 located and in which fewer than 100,000 residents reside in the  
23 additional area shall appoint one director.

24 (c) An appointment under this section must be made not later  
25 than:

26 (1) the 30th day after the date the commissioners  
27 court of the appropriate county enters the order required by

1 Section 2.009 of this Act, if the district is created to include an  
2 additional area in accordance with Section 2.002 of this Act; or

3 (2) the 30th after the date of the election to include  
4 the additional area in the district in accordance with Article 5 of  
5 this Act.

6 SECTION 3.004. SUCCESSOR DIRECTORS. Successor directors  
7 are appointed in the same manner as in the original appointment.

8 SECTION 3.005. TERMS; STAGGERING OF TERMS. (a) The  
9 directors of the district serve staggered four-year terms, with as  
10 near as possible to one-fourth of the directors' terms expiring  
11 each year.

12 (b) The terms of initial directors appointed under Section  
13 3.001(b) of this Act are as follows:

14 (1) the initial directors appointed solely by the  
15 Austin City Council shall draw lots to determine which director  
16 serves a one-year term, which director serves a two-year term,  
17 which director serves a three-year term, and which director serves  
18 a four-year term;

19 (2) the initial directors appointed solely by the  
20 Commissioners Court of Travis County shall draw lots to determine  
21 which director serves a one-year term, which director serves a  
22 two-year term, which director serves a three-year term, and which  
23 director serves a four-year term; and

24 (3) the initial director appointed jointly by the  
25 Austin City Council and the Commissioners Court of Travis County  
26 serves a four-year term.

27 (c) Initial directors appointed under Section 3.003 of this

1 Act shall draw lots to determine:

2 (1) which number of directors equal to as near as  
3 possible as one-fourth of the directors serve a one-year term;

4 (2) which number of directors equal to as near as  
5 possible as one-fourth of the directors serve a two-year term;

6 (3) which number of directors equal to as near as  
7 possible as one-fourth of the directors serve a three-year term;  
8 and

9 (4) which remaining directors serve a four-year term.

10 SECTION 3.006. BOARD VACANCY. A vacancy in the office of  
11 director shall be filled for the unexpired term by appointment by  
12 the governing body that appointed the vacating director.

13 SECTION 3.007. OFFICERS. (a) The board, by a two-thirds  
14 majority vote, shall elect from among its members a president and a  
15 vice president of the board.

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

18 SECTION 3.008. OFFICERS' TERMS; VACANCY. (a) Each officer  
19 of the board serves for a term of one year.

20 (b) The board shall fill a vacancy in a board office for the  
21 unexpired term by a two-thirds majority vote.

22 SECTION 3.009. COMPENSATION. (a) Directors and officers  
23 serve without compensation but may be reimbursed for actual  
24 expenses incurred in the performance of official duties.

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

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

1           (2) approved by the board.

2           SECTION 3.010. MEETINGS; VOTING REQUIREMENT. (a) The  
3 president of the board shall set the agenda for a board meeting.  
4 Two or more directors may place an item on the agenda.

5           (b) Except as otherwise provided by this Act, a majority of  
6 the directors voting at a meeting of the board must concur in a  
7 matter relating to the business of the district.

8           SECTION 3.011. OVERSIGHT COMMITTEE. (a) An oversight  
9 committee for the district is established to perform the duties  
10 prescribed by this section.

11           (b) If the district includes the central area but does not  
12 include any additional area, not later than the 30th day after the  
13 date on which the commissioners court enters the order required by  
14 Section 2.009 of this Act, the Commissioners Court of Travis County  
15 shall appoint two members of the commissioners court to serve as  
16 members of the oversight committee and the Austin City Council  
17 shall appoint two members of the city council to serve as members of  
18 the committee.

19           (c) If the district includes the central area and an  
20 additional area, whether the additional area is included when the  
21 district is created under Article 2 of this Act or is added to the  
22 district at a later time under Article 5 of this Act, the  
23 Commissioners Court of Travis County shall appoint two members of  
24 the commissioners court to serve as members of the oversight  
25 committee, the Austin City Council shall appoint two members of the  
26 city council to serve as members of the committee, and the  
27 commissioners court of each other county in which any portion of the

1 additional area is located shall each appoint one of its members to  
2 serve as a member of the committee. The appointments must be made  
3 not later than:

4 (1) the 30th day after the date on which the applicable  
5 commissioners court enters the order required by Section 2.009 of  
6 this Act, if the additional area is included under Article 2 of this  
7 Act; or

8 (2) the 30th day after the date of the election if the  
9 additional area is included following an election under Article 5  
10 of this Act.

11 (d) Service on the oversight committee under this section is  
12 an additional duty of the office of the member serving if the member  
13 is also a member of the Austin City Council or a member of the  
14 commissioners court of a county.

15 (e) Members of the oversight committee serve two-year  
16 terms.

17 (f) A member of the oversight committee who on the date of  
18 appointment holds office as a member of the Austin City Council or  
19 as a member of a commissioners court is not disqualified from  
20 serving on the board if the member ceases to hold the other office.

21 (g) Members of the oversight committee serve without  
22 compensation but are entitled to reimbursement for reasonable and  
23 necessary expenses incurred in the performance of their duties to  
24 be paid by the appointing entity.

25 (h) The oversight committee shall consult with and advise  
26 the board on district matters.

27 (i) The oversight committee may:

1           (1) call for an election for the dissolution of the  
2 district in accordance with Article 5 of this Act;

3           (2) veto any proposed increase in the tax rate adopted  
4 by the board under Section 8.003 of this Act; and

5           (3) perform any other duty required under this Act.

6           (j) The oversight committee shall meet once each year and at  
7 additional times as provided by this Act or when called by any two  
8 members of the committee.

9           (k) At the initial meeting of the oversight committee, the  
10 members of the committee shall elect a presiding officer from among  
11 its membership to serve a one-year term. The presiding officer  
12 shall set the agenda for each subsequent meeting. Any two members  
13 of the committee may place an item on an agenda.

14           (l) Any action by the oversight committee requires approval  
15 by a two-thirds majority vote.

16           SECTION 3.012. ADMINISTRATOR, ASSISTANT ADMINISTRATOR, AND  
17 ATTORNEY. (a) The board may appoint qualified persons as  
18 administrator of the district, assistant administrator of the  
19 district, and attorney for the district.

20           (b) The administrator, assistant administrator, and  
21 attorney serve at the will of the board.

22           (c) The administrator, assistant administrator, and  
23 attorney are entitled to compensation as determined by the board.

24           (d) Before assuming the administrator's duties, the  
25 administrator shall execute a bond payable to the district in the  
26 amount of not less than \$5,000, as determined by the board,  
27 conditioned on the faithful performance of the administrator's



1 duties under this Act. The board may pay for the bond with district  
2 funds.

3 SECTION 3.013. APPOINTMENTS TO STAFF. The board may:

4 (1) appoint to the staff any doctors the board  
5 considers necessary for the efficient operation of the district;  
6 and

7 (2) make temporary appointments the board considers  
8 necessary.

9 SECTION 3.014. DISTRICT EMPLOYEES. (a) The district may  
10 employ technicians, nurses, fiscal agents, accountants,  
11 architects, additional attorneys, and other necessary employees.

12 (b) The board may delegate to the administrator the  
13 authority to employ persons for the district.

14 SECTION 3.015. GENERAL DUTIES OF ADMINISTRATOR. The  
15 administrator shall:

16 (1) supervise the work and activities of the district;  
17 and

18 (2) direct the general affairs of the district,  
19 subject to the limitations prescribed by the board.

20 SECTION 3.016. RETIREMENT BENEFITS. The board may provide  
21 retirement benefits for employees of the district by:

22 (1) establishing or administering a retirement  
23 program; or

24 (2) electing to participate in the Texas County and  
25 District Retirement System or in any other statewide retirement  
26 system in which the district is eligible to participate.

27 ARTICLE 4. POWERS AND DUTIES

SECTION 4.001. TRANSFER OF HOSPITAL PROPERTY AND FUNDS.

(a) Except as provided by Subsection (b) of this section and Section 4.003 of this Act, on the date prescribed by Subsection (f) of this section, each municipality or county in which any portion of the district is located shall execute and deliver to the board one or more written instruments conveying to the district the title to land, buildings, equipment, medical clinics, and any other property located wholly in the district that is owned by the entity and used to provide health care services or hospital care, including mental health care. The conveyance must include:

(1) the Brackenridge Hospital campus and all buildings on the campus that are owned by the city of Austin, including hospital and clinic buildings, parking facilities, and professional office buildings; and

(2) all supplies, pharmaceuticals, inventory, records, and other property used or needed for the operation of the transferred facilities and owned by the municipality or county.

(b) A municipality is not required under this section to convey to the district any property owned by the municipality that is used in connection with the provision of utility services, including energy, water, wastewater, or sewer services. In addition, a municipality or county is not required to:

(1) transfer to the district any medical facilities used primarily for the treatment of inmates of a jail or any other correctional facilities, including juvenile justice facilities; or

(2) transfer, on the date prescribed by Subsection (f) of this section, any real property or other assets relating to

1 medical clinic facilities on which construction has begun but has  
2 not been completed by that date, provided that immediately  
3 following final completion of the facilities, the facilities,  
4 subject to Subsection (c) of this section, shall be transferred to  
5 the district if the board agrees to the transfer.

6 (c) If a facility to be transferred is located in a building  
7 owned by the municipality or county and the building is also used  
8 for other purposes, the municipality or county may:

9 (1) retain ownership of the building and related land  
10 and lease the facility space to the district; or

11 (2) transfer the building and related land to the  
12 district, with the board's approval, and the district shall lease  
13 to the transferring governmental entity the space not used for the  
14 facility for an initial term of three years unless otherwise agreed  
15 to by the district and the transferring entity.

16 (d) A transfer of any asset under this article that would  
17 violate federal or state law unless a waiver or other authorization  
18 or approval is granted by a federal or state agency, may not occur  
19 until the required waiver, authorization, or approval is obtained.  
20 A facility designated as a federally qualified health center under  
21 42 U.S.C. Section 1396d(1)(2)(B), as amended, may not be  
22 transferred to the district until the board has confirmed that the  
23 transfer will not jeopardize the designation of that facility.

24 (e) Each municipality and county within the district shall  
25 retain responsibility for its public health services and related  
26 facilities, except that by mutual agreement between the  
27 municipality or county and the district, the municipality or county

1 may transfer to the district any or all of its public health  
2 services and related facilities.

3 (f) The initial board shall set a date for a conveyance  
4 required under Subsection (a) of this section that is not later than  
5 the first anniversary of the date of the district's creation.

6 (g) On the date prescribed by Subsection (f) of this  
7 section, each municipality or county described by Subsection (a) of  
8 this section, on receipt of a certificate executed by the board's  
9 president stating that a depository for the district has been  
10 chosen and qualified, shall transfer to the district:

11 (1) all unspent money that is the proceeds of any bonds  
12 assumed by the district under Section 4.006 of this Act; and

13 (2) subject to Subsection (h) of this section, all  
14 unspent money appropriated or dedicated by the municipality or  
15 county to support and maintain facilities being transferred or to  
16 pay for health care services or hospital care, including mental  
17 health care, to be used by the district to operate and maintain  
18 those facilities and pay for those services and care for the  
19 remainder of the year in which the conveyance is made.

20 (h) A municipality or county is not required to transfer  
21 money under Subsection (g)(2) of this section if the conveyance is  
22 scheduled to occur at the end of the municipality's or county's  
23 fiscal year.

24 (i) A municipality or county may transfer to the district  
25 additional money and other assets as the governing body of the  
26 municipality or county determines is appropriate to facilitate the  
27 initial financial viability of the district.

1           (j) Money transferred to the district under this section may  
2 be used only for a purpose for which the municipality or county that  
3 transferred the money could lawfully have used the money if the  
4 money had remained the municipality's or county's money.

5           SECTION 4.002. INITIAL OPERATIONS; TRANSITION. (a) This  
6 section governs the initial operation of facilities and programs  
7 transferred to the district.

8           (b) On conveyance to the district of facilities owned by the  
9 city of Austin, Travis County, or another municipality or county,  
10 the persons who were responsible for the operation of the  
11 facilities immediately before the transfer shall continue to  
12 operate the facilities until the later of:

13                   (1) the date determined by the board; or

14                   (2) the first anniversary of the district's creation,  
15 provided that operational changes affecting a federally qualified  
16 health center may only be made in accordance with Section 4.001(d).

17           (c) After the conveyance of facilities to the district, the  
18 operations of the transferred facilities shall be funded with  
19 district money, and the district, subject to this Act, may  
20 establish the budgets for the operations of those facilities.

21           (d) Subsections (b) and (c) of this section do not apply to  
22 facilities that, on the date on which the facilities are conveyed to  
23 the district, are leased to a person other than the transferring  
24 governmental entity.

25           (e) On creation of the district, the district shall become  
26 responsible for and continue the implementation of the health care  
27 programs, including indigent health care programs, and policies of

1 the city of Austin or Travis County that are in effect in the  
2 central area on the date of the district's creation. The district  
3 shall continue those health care programs and policies until the  
4 later of:

5 (1) the date determined by the board; or

6 (2) the first anniversary of the district's creation.

7 (f) Before facilities owned by the city of Austin or Travis  
8 County are conveyed to the district, the city of Austin or Travis  
9 County shall continue to fund the programs and policies described  
10 by Subsection (e) of this section, as applicable. On conveyance,  
11 the district shall assume the responsibility for funding those  
12 programs and policies.

13 (g) Notwithstanding Subsection (e) of this section, the  
14 city of Austin and Travis County shall continue their  
15 administration functions in relation to the health care programs,  
16 including indigent health care programs, in effect in the central  
17 area until the later of:

18 (1) the date determined by the board; or

19 (2) the first anniversary of the creation of the  
20 district.

21 SECTION 4.003. TRANSFER OF CERTAIN AMBULANCE AND EMERGENCY  
22 MEDICAL SERVICES AND OTHER ASSETS. (a) Following the approval of  
23 the board and the governing body of the municipality or county, a  
24 municipality or county located in the district may transfer to the  
25 district an ambulance service, emergency medical service, search  
26 and rescue service, or medical transport service that is owned or  
27 operated by the municipality or county. The conveyance must

1 include all assets of the transferred service including any  
2 vehicles, aircraft, equipment, and supplies.

3 (b) The transfer required under Subsection (a) of this  
4 section may be made on the same date prescribed for a conveyance  
5 under Section 4.001 of this Act or at a later date.

6 (c) The responsibility and cost of operating any service  
7 that is not transferred to the district under this section  
8 continues to be the responsibility of the municipality or county  
9 owning or operating the service.

10 SECTION 4.004. RETURN OF TRANSFERRED PROPERTY TO  
11 MUNICIPALITY OR COUNTY. The board, by deed or other appropriate  
12 instrument, may transfer to a municipality or county without  
13 charge any property that:

14 (1) was conveyed or otherwise transferred to the  
15 district by the municipality or county under Section 4.001 or 4.003  
16 of this Act; and

17 (2) the board considers is not and will not be useful  
18 for the purpose for which the property was originally transferred  
19 to the district.

20 SECTION 4.005. ASSUMPTION OF CONTRACT OBLIGATIONS. On the  
21 date on which a municipality or county conveys property or other  
22 facilities under Section 4.001 or 4.003 of this Act, the district  
23 shall assume, without prejudice to the rights of third parties, any  
24 outstanding contract obligations legally incurred by the  
25 municipality or county making the conveyance before the date of the  
26 conveyance for:

27 (1) the construction, support, operations, equipping,

1 or maintenance of the transferred property, including any leases on  
2 the assets conveyed to the district in which the municipality or  
3 county, as appropriate, is lessor or lessee; or

4 (2) the provision of health care services or hospital  
5 care, including mental health care, to indigent residents of the  
6 municipality or county, as appropriate.

7 SECTION 4.006. ASSUMPTION OF BONDED INDEBTEDNESS;  
8 CANCELLATION OF UNSOLD MUNICIPAL OR COUNTY BONDS. (a) On the date  
9 on which a county or municipality conveys property or other  
10 facilities under Section 4.001 or 4.003 of this Act, the district  
11 shall assume:

12 (1) any outstanding bonded indebtedness incurred by  
13 the municipality or county, or both, in the acquisition of land,  
14 buildings, equipment, and other property transferred to the  
15 district or in the construction, renovation, and equipping of  
16 transferred facilities; and

17 (2) any other outstanding bonds issued by the  
18 municipality or county for hospital purposes, the proceeds of which  
19 are wholly or partly unspent.

20 (b) If part of a municipality or county is included in the  
21 district and part is not included in the district, the amount of  
22 indebtedness the district assumes under Subsection (a) of this  
23 section is that portion of the total outstanding indebtedness of  
24 the municipality or county for hospital care for all residents of  
25 the municipality or county, as appropriate, that the value of  
26 taxable property in the district bears to the total value of taxable  
27 property in the municipality or county according to the last



1 preceding certified tax appraisal roll of the municipality or  
2 county before the district is confirmed.

3 (c) On making a conveyance to the district as required by  
4 Section 4.001 or 4.003 of this Act, a municipality or county that  
5 issued bonds for hospital purposes is no longer liable for the  
6 payment of those bonds or for providing interest and sinking fund  
7 requirements on those bonds.

8 (d) This section does not limit or affect the rights of a  
9 bondholder against the municipality or county if there is a default  
10 in payment of the principal or interest on the bonds in accordance  
11 with their terms.

12 (e) If the issuance of bonds by the municipality or county  
13 for hospital purposes was approved at a bond election but the bonds  
14 have not been sold on the date on which the conveyance of the  
15 property under Section 4.001 or 4.003 of this Act occurred, the bond  
16 authority is canceled and the municipality or county, or both, may  
17 not sell the bonds.

18 SECTION 4.007. LIMITATION ON GOVERNMENTAL ENTITY. (a) On  
19 or after creation of the district, a municipality, county, or other  
20 governmental entity in which the district is located may not impose  
21 taxes or issue bonds or other obligations for hospital purposes or  
22 for providing medical care for the residents of the district.

23 (b) This section does not prohibit:

24 (1) the financing or operation of facilities or  
25 services as provided by Section 4.002 of this Act;

26 (2) the provision of public health services that have  
27 not been transferred to the district; or

1           (3) the financing or operation of mobile medical  
2 services that have not been transferred to the district.

3           SECTION 4.008. DISTRICT RESPONSIBILITIES. On creation of  
4 the district, the district shall assume full responsibility, as  
5 required by Section 9, Article IX, Texas Constitution, for  
6 providing medical and hospital care for the district's needy  
7 inhabitants.

8           SECTION 4.009. MANAGEMENT, CONTROL, AND ADMINISTRATION.  
9 The board shall manage, control, and administer the district and  
10 the funds and resources of the district, and the district may impose  
11 a property tax and other taxes in accordance with this Act and other  
12 law.

13           SECTION 4.010. RENAMING DISTRICT. The board may rename the  
14 district if the board considers it appropriate.

15           SECTION 4.011. DISTRICT RULES. The board may adopt rules  
16 governing:

17           (1) the operation of the district and the district's  
18 assets; and

19           (2) the duties, functions, and responsibilities of  
20 district staff and employees.

21           SECTION 4.012. METHODS AND PROCEDURES. The board may  
22 prescribe:

23           (1) the method of making purchases and expenditures by  
24 and for the district; and

25           (2) accounting and control procedures for the  
26 district, including the establishment of a fiscal year.

27           SECTION 4.013. DISTRICT PROPERTY, FACILITIES, EQUIPMENT,

1 AND SERVICES. (a) The board shall determine:

2 (1) the type, number, and location of buildings  
3 necessary or appropriate for the district;

4 (2) the type and quantity of equipment and other  
5 property necessary or appropriate for the district; and

6 (3) the type and quantity of hospital services,  
7 medical services, health care services, including mental health  
8 care and public health services, and ancillary health care services  
9 to be provided by the district.

10 (b) The board may:

11 (1) acquire, by lease or purchase, any interest in  
12 facilities, equipment, or any other property for district purposes;

13 (2) mortgage or pledge the facilities, equipment, or  
14 other property acquired as security for the payment of the purchase  
15 price;

16 (3) lease to physicians, individuals, companies,  
17 corporations, or other legal entities district facilities,  
18 equipment, or other property;

19 (4) sell or otherwise dispose of district facilities,  
20 equipment, or other property;

21 (5) operate or provide for inpatient and outpatient  
22 care of any type and hospitals, clinics, professional office  
23 buildings, laboratories, skilled nursing care, home health care,  
24 hospice care, long-term care, intermediate nursing care,  
25 rehabilitation and physical therapy, occupational therapy,  
26 assisted living care, home health services, and mental health  
27 services, including care for Alzheimer's disease, chemical

1 dependency, and any other mental or behavioral disorder, and any  
2 other health care or medical care services;

3 (6) operate or provide for the operation of a mobile  
4 medical service; and

5 (7) contract with a school district located within the  
6 district to provide nursing services and assistance to employees or  
7 students of the school district.

8 (c) The district may acquire, own, and operate the  
9 facilities and services authorized by this Act within the  
10 district's territory and within the service area that is located  
11 outside the boundaries of the district.

12 (d) The board may determine the rates, charges, and  
13 discounts and the credit and collection procedures relating to  
14 services provided by the district.

15 SECTION 4.014. CONSTRUCTION CONTRACTS. The board may enter  
16 into construction contracts for the district.

17 SECTION 4.015. DISTRICT OPERATING AND MANAGEMENT  
18 CONTRACTS. The board may enter into operating, management, or  
19 other types of contracts relating to hospitals, clinics, or other  
20 health care facilities or to other district programs.

21 SECTION 4.016. EMINENT DOMAIN. (a) The district may  
22 exercise the power of eminent domain to acquire a fee simple or  
23 other interest in property located in the territory of the district  
24 if the property interest is necessary to the exercise of the rights  
25 or authority conferred by this Act.

26 (b) The district must exercise the power of eminent domain  
27 in the manner provided by Chapter 21, Property Code, but the

1 district is not required to deposit in the trial court money or a  
2 bond as provided by Section 21.021(a), Property Code.

3 (c) In a condemnation proceeding brought by the district,  
4 the district is not required to:

5 (1) pay in advance or give bond or other security for  
6 costs in the trial court;

7 (2) give bond for the issuance of a temporary  
8 restraining order or a temporary injunction; or

9 (3) give bond for costs or supersedes on an appeal or  
10 writ of error.

11 SECTION 4.017. EXPENSES FOR MOVING FACILITIES OF RAILROADS  
12 OR UTILITIES. If, in exercising the power of eminent domain, the  
13 board requires relocating, raising, lowering, rerouting, changing  
14 the grade, or altering the construction of any railroad, highway,  
15 pipeline, or electric transmission and electric distribution,  
16 telegraph, or telephone lines, conduits, poles, or facilities, the  
17 district must bear the actual cost of relocating, raising,  
18 lowering, rerouting, changing the grade, or altering the  
19 construction to provide comparable replacement without enhancement  
20 of a facility, after deducting the net salvage value derived from  
21 the old facility.

22 SECTION 4.018. INDIGENT CARE. (a) The district without  
23 charge shall supply to a patient residing in the district the health  
24 care and treatment that the patient or a relative or guardian of the  
25 patient who is legally responsible for the patient's support cannot  
26 pay.

27 (b) Not later than the first day of each operating year, the

1 district shall adopt an application procedure to determine  
2 eligibility for assistance, as provided by Section 61.053, Health  
3 and Safety Code.

4 SECTION 4.019. REIMBURSEMENT FOR SERVICES. (a) The board  
5 shall require reimbursement from a county, municipality, or public  
6 hospital located outside the boundaries of the district for the  
7 district's care and treatment of a sick, diseased, or injured  
8 person of that county, municipality, or public hospital as provided  
9 by Chapter 61, Health and Safety Code.

10 (b) The board shall require reimbursement from the sheriff  
11 or police chief of a county or municipality for the district's care  
12 and treatment of a person confined in a jail facility of the county  
13 or municipality who is not a resident of the district.

14 (c) The board may contract with the state or federal  
15 government or with a municipality, a county, or another hospital  
16 district for the governmental entity to reimburse the district for  
17 treatment of a sick, diseased, or injured person.

18 SECTION 4.020. SERVICE CONTRACTS. (a) The board may  
19 contract with a person, private entity, municipality, county,  
20 special district, other political subdivision of this state, any  
21 other governmental entity, or with a state or federal agency for the  
22 district to:

- 23 (1) furnish a mobile emergency medical service; or  
24 (2) provide for the investigatory or welfare needs of  
25 inhabitants of the district.

26 (b) The district may contract with and otherwise cooperate  
27 with governmental entities within the district's service area and

1 with public and private providers of health care, medical care, and  
2 mental health services to provide or assist in the provision of  
3 services.

4 SECTION 4.021. GIFTS AND ENDOWMENT. On behalf of the  
5 district, the board may accept gifts and endowments to be held in  
6 trust for any purpose and under any direction, limitation, or  
7 provision prescribed in writing by the donor that is consistent  
8 with the proper management of the district.

9 SECTION 4.022. COURT ACTIONS. The board may authorize any  
10 lawsuit to be brought on behalf of the district, and the district  
11 may be sued in any court of this state.

12 SECTION 4.023. PROCEDURES FOR HEALTH MAINTENANCE  
13 ORGANIZATION. The district may establish a health maintenance  
14 organization in accordance with Chapter 843, Insurance Code, or  
15 under the Texas Health Maintenance Organization Act (Chapter 20A,  
16 Vernon's Texas Insurance Code), to provide or arrange for health  
17 care services for the residents of the district.

18 SECTION 4.024. INTEGRATED HEALTH CARE SYSTEM. (a) In this  
19 section:

20 (1) "Integrated health care system" means a nonprofit  
21 corporation or nonprofit association established and operated by  
22 the district or by the district and a medical school in this state  
23 to provide or arrange for comprehensive health care services for  
24 residents of the district.

25 (2) "Nonprofit association" means a nonprofit  
26 association governed by the Texas Uniform Unincorporated Nonprofit  
27 Association Act (Article 1396-70.01, Vernon's Texas Civil

1 Statutes).

2 (3) "Provider" means a physician or a provider, as  
3 those terms are defined by Section 843.002, Insurance Code.

4 (b) The district, on its own or with a medical school in this  
5 state, may establish and operate an integrated health care system.

6 (c) To provide or arrange for comprehensive health care  
7 services, an integrated health care system created under this  
8 section may:

9 (1) own, acquire, lease, or contract for all necessary  
10 assets;

11 (2) enter into contracts with providers for the  
12 provision of health care services directly or indirectly through  
13 subcontract;

14 (3) provide or enter into a contract with an  
15 individual or business entity under which the individual or entity  
16 provides necessary management or administrative services for the  
17 system and the system's providers;

18 (4) enter into a contract or other agreement with a  
19 business or governmental entity under which the system is paid to  
20 provide health care services; and

21 (5) enter into a fee-for-service, capitated, or  
22 risk-sharing health care service arrangement.

23 (d) An integrated health care system that is created under  
24 this section:

25 (1) is subject to:

26 (A) Chapter 551, Government Code;

27 (B) Chapter 552, Government Code;



1 (C) Chapter 843, Insurance Code, or the Texas  
2 Health Maintenance Organization Act (Chapter 20A, Vernon's Texas  
3 Insurance Code);

4 (D) Chapter 844 or Article 21.52F, Insurance  
5 Code; and

6 (E) Chapter 262, Local Government Code; and

7 (2) is a unit of local government for the purposes of  
8 Chapter 101, Civil Practice and Remedies Code.

9 (e) Notwithstanding Subsection (d)(1)(A) of this section,  
10 an integrated health care system created under this section may  
11 hold a closed meeting to deliberate:

12 (1) pricing or financial planning relating to a bid or  
13 negotiation for a contract to provide a service or product line, if  
14 an open meeting would have a detrimental effect on the position of  
15 the integrated health care system in the bid or negotiation  
16 process; or

17 (2) a proposed new service or product line, if the  
18 meeting is held before public announcement of the service or  
19 product line.

20 (f) Notwithstanding Subsection (d)(1)(B) of this section,  
21 information relating to the following is confidential and not  
22 subject to disclosure:

23 (1) pricing or financial planning relating to a bid or  
24 negotiation for a contract to provide a service or product line, if  
25 disclosure would have a detrimental effect on the position of the  
26 integrated health care system in the bid or negotiation process; or

27 (2) a proposed new service or product line, if

1 disclosure is requested before public announcement of the service  
2 or product line.

3 (g) Subject to the requirements and limitations of the local  
4 health care market, an integrated health care system created under  
5 this section shall make reasonable efforts to include in its  
6 provider group community providers other than a hospital of the  
7 district or the medical school, if applicable.

8 SECTION 4.025. CHARITABLE ORGANIZATIONS. The district may  
9 create a charitable organization to facilitate management of a  
10 district health care program by providing or arranging health care  
11 services, developing resources for health care services, or  
12 providing ancillary support services for the district.

13 SECTION 4.026. LOANS AND GRANTS FOR ECONOMIC DEVELOPMENT  
14 PURPOSES. (a) Under the authority granted by Section 52-a,  
15 Article III, Texas Constitution, the district may loan or grant  
16 money to any person for the development of medical education and  
17 research in the district or for the provision of indigent health  
18 care in the district.

19 (b) To the extent allowed by Section 9, Article IX, Texas  
20 Constitution, any municipality or county that is located in the  
21 district or that has residents served by district facilities may  
22 loan or grant money to the district for any district purpose.

23 (c) The legislature finds that loans or grants made by the  
24 municipality or county under this section are for the public  
25 purposes of:

26 (1) developing and diversifying the economy of this  
27 state;

1           (2) eliminating unemployment and underemployment in  
2 this state; and

3           (3) developing and expanding commerce in this state.

4           ARTICLE 5. CHANGE IN BOUNDARIES; DISSOLUTION OF DISTRICT

5           SECTION 5.001. INCLUSION OF ADDITIONAL AREA AFTER CREATION  
6 OF DISTRICT. (a) After the district is created, registered voters  
7 of a defined territory within one or more counties contiguous to  
8 Travis County, Texas, that is not included in the boundaries of the  
9 district or in the boundaries of another hospital district may file  
10 a petition with the secretary of the board requesting the inclusion  
11 of the proposed additional area in the district. The petition must:

12           (1) be signed by at least 100 registered voters from  
13 each county in which the proposed additional area is located who  
14 reside in the proposed additional area, or a majority of the  
15 registered voters, whichever is less; and

16           (2) delineate the boundaries of the defined territory  
17 proposed to be included in the district by metes and bounds or other  
18 sufficient legal description.

19           (b) The board by order shall set a time and place to hold a  
20 hearing on the petition to include the proposed additional area in  
21 the district. The board shall set a date for the hearing that is  
22 after the 30th day after the date the board issues the order.

23           (c) If after the hearing the board finds that annexation of  
24 the proposed additional area into the district would be feasible  
25 and would benefit the district, the board may approve the  
26 annexation by a resolution entered in its minutes. The board is not  
27 required to include all or any portion of the territory of the

1 proposed additional area in the district.

2 (d) The inclusion of the proposed additional area in the  
3 district is final when approved by a majority of the voters at an  
4 election held in the district and by a majority of the voters at a  
5 separate election held in the proposed additional area. If the  
6 district has outstanding debts or taxes, the voters in the election  
7 to approve the inclusion of the proposed additional area must also  
8 determine if the proposed additional area will assume its  
9 proportion of the debts or taxes if added to the district.

10 (e) The election ballots shall be printed to permit voting  
11 for or against the following, as applicable:

12 (1) "Adding (description of territory to be added) to  
13 \_\_\_\_\_ (insert the Central Texas Health Care District or the name  
14 of the district if renamed by the board under Section 4.010 of this  
15 Act)."

16 (2) "(Description of territory to be added) assuming  
17 its proportionate share of the outstanding debts and taxes of  
18 \_\_\_\_\_ (insert the Central Texas Health Care District or the name  
19 of the district if renamed by the board under Section 4.010 of this  
20 Act), if the territory is added to the district."

21 SECTION 5.002. DATE OF INCLUSION ELECTION. After the  
22 election is ordered by the board, the election shall be held on the  
23 first uniform election date prescribed by Section 41.001, Election  
24 Code, that allows sufficient time to comply with the other  
25 requirements of law, notwithstanding Section 3.005, Election Code.

26 SECTION 5.003. NOTICE OF ELECTION. The election shall be  
27 ordered and notice of the election shall be given in the same manner

1 as provided by Sections 2.005 and 2.006 of this Act for ordering and  
2 giving notice of an election authorizing creation of the district.

3 SECTION 5.004. ELECTION RESULT. (a) If the proposed  
4 additional area is located entirely within one county, the proposed  
5 additional area is included in the district if the majority of votes  
6 cast in the election held in the proposed additional area favor  
7 inclusion in the district.

8 (b) If the proposed additional area contains territory in  
9 more than one county, the portion of the proposed additional area  
10 that is located in a particular county may be included in the  
11 district only if a majority of the votes cast in that portion of the  
12 proposed additional area in that particular county favor inclusion  
13 in the district.

14 (c) If additional area is included in the district in  
15 accordance with this section, the commissioners court in each  
16 county in which any portion of the additional area is located shall  
17 appoint:

18 (1) one or more directors to the board in accordance  
19 with Section 3.003 of this Act; and

20 (2) one of its members to serve as a member of the  
21 oversight committee in accordance with Section 3.011 of this Act.

22 SECTION 5.005. DISSOLUTION. (a) The district may be  
23 dissolved as provided by this section.

24 (b) The board may order an election on the question of  
25 dissolving the district and disposing of the district's assets and  
26 obligations. The board shall order an election if the board  
27 receives:

1           (1) a petition requesting an election that is signed  
2 by a number of residents of the district equal to at least five  
3 percent of the registered voters in the district; or

4           (2) a resolution requesting a dissolution election  
5 adopted by the oversight committee.

6           (c) The petition or the resolution of the oversight  
7 committee must contain directions on which method prescribed by  
8 Section 5.006 of this Act should be used to distribute the  
9 district's assets in the event of dissolution.

10          (d) The election shall be held not later than the 60th day  
11 after the date the election is ordered. Section 41.001(a), Election  
12 Code, does not apply to an election ordered under this section.

13          (e) The ballot for the election shall be printed to permit  
14 voting for or against the proposition: "The dissolution of  
15 \_\_\_\_\_ (insert the Central Texas Health Care District or the name  
16 of the district if renamed by the board under Section 4.010 of this  
17 Act)." The ballot must contain information on the method  
18 prescribed by Section 5.006 of this Act that will be used to  
19 distribute the district's assets if the dissolution is approved.  
20 The election shall be held in accordance with the applicable  
21 provisions of the Election Code.

22          (f) If a majority of the votes cast in the election favor  
23 dissolution, the board shall find that the district is dissolved.  
24 If a majority of the votes cast in the election do not favor  
25 dissolution, the board shall continue to administer the district,  
26 and another election on the question of dissolution may not be held  
27 before the first anniversary of the most recent election to

1 dissolve the district.

2 SECTION 5.006. TRANSFER OF ASSETS AFTER DISSOLUTION. (a)  
3 If a majority of the votes cast in the election favor dissolution,  
4 the board, in accordance with the ballot proposition, shall:

5 (1) transfer the land, buildings, improvements,  
6 equipment, and other assets that belong to the district to a county  
7 or another governmental entity in the district that has agreed to  
8 accept the transferred assets; or

9 (2) administer the property, assets, and debts in  
10 accordance with Section 5.007 of this Act.

11 (b) If the district transfers the land, buildings,  
12 improvements, equipment, and other assets to a county or other  
13 governmental entity, the county or entity assumes all debts and  
14 obligations of the district at the time of the transfer, and the  
15 district is dissolved.

16 SECTION 5.007. ADMINISTRATION OF PROPERTY, DEBTS, AND  
17 ASSETS AFTER DISSOLUTION. (a) If the district does not transfer  
18 the land, buildings, improvements, equipment, and other assets to a  
19 county or another governmental entity in the district, the board  
20 shall continue to control and administer the property, debts, and  
21 assets of the district until all money has been disposed of and all  
22 district debts have been paid or settled.

23 (b) After the board finds that the district is dissolved,  
24 the board shall:

25 (1) determine the debt owed by the district; and

26 (2) impose on the property included in the district's  
27 tax rolls a tax that is in proportion of the debt to the property

1 value.

2 (c) The board may institute a suit to enforce payment of  
3 taxes and to foreclose liens to secure the payment of taxes due the  
4 district.

5 SECTION 5.008. RETURN OF SURPLUS PROPERTY TAX MONEY. (a)  
6 When all outstanding debts and obligations of the district are  
7 paid, the board shall order the secretary to return the pro rata  
8 share of all unused property tax money to each district taxpayer.

9 (b) A taxpayer may request that the taxpayer's share of  
10 surplus property tax money be credited to the taxpayer's county  
11 taxes. If a taxpayer requests the credit, the board shall direct  
12 the secretary to transmit the funds to the county tax  
13 assessor-collector.

14 SECTION 5.009. REPORT; DISSOLUTION ORDER. (a) After the  
15 district has paid all of its debts and has disposed of all of its  
16 assets and money as prescribed by Sections 5.007 and 5.008 of this  
17 Act, the board shall file a written report with the commissioners  
18 court of each county in which the district is located containing a  
19 summary of the board's actions in dissolving the district.

20 (b) Not later than the 10th day after the date it receives  
21 the report and determines that the requirements of this section  
22 have been fulfilled, the commissioners court of each county shall  
23 enter an order dissolving the district.

24 ARTICLE 6. DISTRICT FINANCES

25 SECTION 6.001. FISCAL YEAR. (a) The district operates on  
26 the fiscal year established by the board.

27 (b) The fiscal year may not be changed more than once in a



1 24-month period.

2 SECTION 6.002. ANNUAL AUDIT. The board annually shall have  
3 an audit made of the financial condition of the district.

4 SECTION 6.003. DISTRICT AUDIT AND RECORDS. The annual  
5 audit and other district records are open to inspection during  
6 regular business hours at the principal office of the district,  
7 subject to Chapter 181, Health and Safety Code, and any other state  
8 or federal law regulating the privacy of health care information.

9 SECTION 6.004. ANNUAL BUDGET. (a) The administrator of the  
10 district shall prepare a proposed annual budget for the district.

11 (b) The proposed budget must contain a complete financial  
12 statement, including a statement of:

13 (1) the outstanding obligations of the district;

14 (2) the amount of cash on hand to the credit of each  
15 fund of the district;

16 (3) the amount of money received by the district from  
17 all sources during the previous year;

18 (4) the amount of money available to the district from  
19 all sources during the ensuing year;

20 (5) the amount of the balances expected at the end of  
21 the year in which the budget is being prepared;

22 (6) the estimated amount of revenues and balances  
23 available to cover the proposed budget; and

24 (7) the estimated property tax rate that will be  
25 required.

26 SECTION 6.005. NOTICE; HEARING; ADOPTION OF BUDGET. (a)  
27 The board shall hold a public hearing on the proposed annual budget.

1 (b) The board shall publish notice of the hearing in a  
2 newspaper of general circulation in the district not later than the  
3 10th day before the date of the hearing.

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

6 (d) The board shall adopt a budget by acting on the budget  
7 proposed by the administrator. The board may make any changes in  
8 the proposed budget that in the board's judgment the interests of  
9 the district demand.

10 (e) The budget is effective only after adoption by the  
11 board.

12 SECTION 6.006. AMENDING BUDGET. After adoption, the annual  
13 budget may be amended on the board's approval.

14 SECTION 6.007. LIMITATION ON EXPENDITURES. Money may not  
15 be spent for an expense not included in the annual budget or an  
16 amendment to the annual budget.

17 SECTION 6.008. SWORN STATEMENT. As soon as practicable  
18 after the close of the fiscal year, the administrator shall prepare  
19 for the board a sworn statement of the amount of money that belongs  
20 to the district and an account of the disbursements of that money.

21 SECTION 6.009. SPENDING AND INVESTMENT LIMITATIONS. (a)  
22 Except as otherwise provided by this Act, the district may not incur  
23 a debt payable from revenues of the district other than the revenue  
24 on hand or to be on hand in the current and immediately following  
25 fiscal years of the district.

26 (b) The board may invest operating, depreciation, or  
27 building reserves as permitted by law.

1           SECTION 6.010. REVENUE ANTICIPATION BORROWING.        The  
2 district may borrow money from any person for a term of less than 18  
3 months for district purposes if the debt is payable from and secured  
4 solely by money on hand or money reasonably expected to be on hand  
5 during the remainder of the district fiscal year in which the debt  
6 is created or during the following district fiscal year. The  
7 district is not required to submit the evidence of indebtedness for  
8 review, approval, or registry under Chapter 1202, Government Code.

9           SECTION 6.011. DEPOSITORY. (a) The board shall name at  
10 least one bank to serve as depository for district funds.

11           (b) District funds and those transmitted to a bank for  
12 payment of bonds or obligations issued or assumed by the district  
13 shall be deposited as received with the depository bank and must  
14 remain on deposit. This subsection does not limit the power of the  
15 board to place a portion of district funds on time deposit or to  
16 purchase certificates of deposit.

17           (c) Before the district deposits funds in a bank in an  
18 amount that exceeds the maximum amount secured by the Federal  
19 Deposit Insurance Corporation, the bank must execute a bond or  
20 other security in an amount sufficient to secure from loss the  
21 district funds that exceed the amount secured by the Federal  
22 Deposit Insurance Corporation.

23           SECTION 6.012. PROHIBITION AGAINST PARTICIPATION IN TAX  
24 INCREMENT FINANCING. (a) The district may not enter into a  
25 contract or agreement to pay into a tax increment fund any of the  
26 district's tax increment produced from property located in a  
27 reinvestment zone under Chapter 311, Tax Code.

1 (b) The proceeds of a tax imposed under Section 8.001 of  
2 this Act may not be used to make a payment into a tax increment fund  
3 under Chapter 311, Tax Code, if that payment is prohibited by this  
4 section.

5 (c) A project plan or reinvestment zone financing plan  
6 approved under Section 311.011, Tax Code, on or after the effective  
7 date of this Act may not include any of the district's tax increment  
8 or any other funds derived from the district as a source of revenue  
9 to finance or pay project costs.

10 ARTICLE 7. BONDS AND OTHER OBLIGATIONS

11 SECTION 7.001. GENERAL OBLIGATION BONDS. The board may  
12 issue and sell bonds authorized by an election in the name and on  
13 the faith and credit of the district for the purposes provided by  
14 Section 7.009 of this Act.

15 SECTION 7.002. TAXES, REVENUES, AND OTHER FORMS OF  
16 FINANCING TO PAY GENERAL OBLIGATION BONDS. (a) At the time the  
17 bonds are issued by the district, the board shall impose a tax in an  
18 amount sufficient to create an interest and sinking fund to pay the  
19 principal of and interest on the bonds as they mature.

20 (b) The tax required by this section together with any other  
21 tax the district imposes in any year may not exceed the limit  
22 approved by the voters at the election authorizing the imposition  
23 of taxes.

24 (c) General obligation bonds may also be secured by all or  
25 part of the district's revenues and mortgages, deed of trust liens,  
26 or other security interests on all or part of the district's  
27 property. The board may grant the security interest on the basis of

1 the order of priority set by the board.

2 SECTION 7.003. GENERAL OBLIGATION BOND ELECTION. (a) The  
3 district may issue general obligation bonds only if the bonds are  
4 authorized by a majority of the voters of the district voting at an  
5 election held for that purpose under this section or under Article 2  
6 of this Act.

7 (b) The board may order a bond election. The order calling  
8 the election must state:

9 (1) the nature and date of the election;

10 (2) the hours during which the polls will be open;

11 (3) the location of the polling places;

12 (4) the amount of bonds to be authorized; and

13 (5) the maximum maturity of the bonds.

14 (c) Notice of a bond election shall be given as provided by  
15 Section 1251.003, Government Code.

16 SECTION 7.004. REVENUE BONDS. (a) The board may issue  
17 revenue bonds for the purposes provided by Section 7.009 of this  
18 Act.

19 (b) The revenue bonds must be payable from and secured by a  
20 pledge of all or part of the revenue derived from the operation of  
21 the district's health services system. The board may grant the  
22 security interest on the basis of the priority set by the board.

23 (c) The bonds may be additionally secured by a mortgage,  
24 deed of trust lien, or other security interest on all or part of the  
25 district property.

26 SECTION 7.005. REFUNDING BONDS. The board may, without an  
27 election, issue refunding bonds to refund outstanding general

1 obligation bonds issued or assumed by the district and may impose a  
2 tax to pay the bonds.

3 SECTION 7.006. INTEREST AND MATURITY. District bonds must  
4 mature not later than the 50th anniversary of the date of their  
5 issuance and must bear interest at a rate not to exceed that  
6 provided by Chapter 1204, Government Code.

7 SECTION 7.007. EXECUTION OF BONDS. The board president  
8 shall execute the bonds in the name of the district. The board  
9 secretary shall countersign the bonds in the manner provided by  
10 Chapter 618, Government Code. Printed facsimile signatures may be  
11 substituted for the actual signatures of the board's president or  
12 secretary.

13 SECTION 7.008. TAX STATUS OF BONDS. Because the district  
14 created under this Act is a public entity performing an essential  
15 public function, bonds issued by the district, any transaction  
16 relating to the bonds, and profits made in the sale of the bonds are  
17 free from taxation by the state or by any municipality, county,  
18 special district, or other political subdivision of the state.

19 SECTION 7.009. USES OF BOND PROCEEDS. (a) General  
20 obligation bonds and revenue bonds may be issued to:

21 (1) finance and refinance any capital expenditure of  
22 the district;

23 (2) provide working capital for the construction of  
24 any new project until the first anniversary of the date the  
25 construction began;

26 (3) provide capitalized interest on the bonds for not  
27 more than two years;

- 1 (4) pay the issuance costs of the bonds;
- 2 (5) pay for liquidity or credit enhancement for the
- 3 bonds; and
- 4 (6) provide debt service reserve funds for the bonds.

5 (b) In addition, bond proceeds may be used to acquire,

6 construct, renovate, improve, equip, and furnish property of any

7 type for district purposes.

8 SECTION 7.010. ADDITIONAL FINANCING AUTHORITY. The

9 district has all of the powers granted to an "issuer" by Chapter

10 1371, Government Code, including the authority to issue an

11 obligation as defined by Section 1371.001 of that code.

12 ARTICLE 8. PROPERTY TAXES

13 SECTION 8.001. TAX AUTHORIZED. (a) Subject to Section

14 8.003 of this Act, the board annually may impose property taxes in

15 an amount not to exceed the limit approved by the voters at the

16 election authorizing the imposition of taxes.

17 (b) The taxes may be used to pay:

- 18 (1) the indebtedness issued or assumed by the
- 19 district; and
- 20 (2) the maintenance and operating expenses of the
- 21 district.

22 (c) The district may not impose taxes to pay the principal

23 of or interest on revenue bonds issued under this Act.

24 SECTION 8.002. BOARD AUTHORITY. Notwithstanding Section

25 26.12, Tax Code, the board may impose taxes for the entire year in

26 which the district is created.

27 SECTION 8.003. TAX RATE. (a) The tax rate for all purposes

1 may not exceed one-third of the maximum tax rate authorized by  
2 Section 9, Article IX, Texas Constitution.

3 (b) The board shall propose a tax rate after considering the  
4 income of the district from sources other than taxation and the uses  
5 to which the other income is committed or pledged with an allowance  
6 made for contingencies in revenues and expenses. After the board  
7 proposes a tax rate, the board shall submit a notice of the proposed  
8 rate in writing to the oversight committee.

9 (c) The oversight committee may meet and veto the proposed  
10 tax rate contained in the tax rate notice only if the proposed tax  
11 rate is greater than the tax rate adopted for the preceding year. A  
12 veto is not effective unless a copy of the minutes of the meeting of  
13 the oversight committee at which the veto was adopted is delivered  
14 to the board not later than the 30th day after the date on which the  
15 tax rate notice is received by the oversight committee. The minutes  
16 of the meeting must reflect that the veto was approved by resolution  
17 adopted by the oversight committee in accordance with the  
18 requirements of this Act.

19 (d) If the oversight committee fails to submit the veto  
20 notice to the board in accordance with Subsection (c) of this  
21 section or the proposed tax rate is not greater than the tax rate  
22 adopted for the preceding year, the board shall adopt the proposed  
23 tax rate.

24 (e) If the veto notice is delivered to the board in  
25 accordance with the requirements of this section, the board shall  
26 provide to the oversight committee a subsequent tax rate notice  
27 containing a new proposed tax rate. The new proposed tax rate is



1 subject to the veto procedures prescribed by this section. If the  
2 new proposed rate is not vetoed by the committee, the board shall  
3 adopt that rate.

4 SECTION 8.004. TAX ASSESSMENT AND COLLECTION. (a) The Tax  
5 Code governs the appraisal, assessment, and collection of district  
6 taxes.

7 (b) The board may provide for the appointment of a tax  
8 assessor-collector for the district or may contract for the  
9 assessment and collection of taxes as provided by the Tax Code.

10 SECTION 8.005. SALES TAX. The board may impose a sales and  
11 use tax in the manner and for the purposes prescribed by Subchapter  
12 E, Chapter 285, Health and Safety Code.

13 ARTICLE 9. MISCELLANEOUS PROVISIONS

14 SECTION 9.001. LIMITATION ON STATE ASSISTANCE. The state  
15 may not become obligated for the support or maintenance of the  
16 district, and the legislature may not make a direct appropriation  
17 for the construction, maintenance, or improvement of a facility of  
18 the district.

19 SECTION 9.002. REQUIRED PUBLICATION. Proof of publication  
20 of the notice required in the enactment of this Act under the  
21 provisions of Section 9, Article IX, Texas Constitution, has been  
22 made in the manner and form provided by law pertaining to the  
23 enactment of local and special laws, and the notice is found and  
24 declared proper and sufficient to satisfy the requirement.

25 SECTION 9.003. POWERS CUMULATIVE. The powers granted to  
26 the district by this Act are cumulative of all other powers granted  
27 by other laws that are by their terms applicable to the district.

1           SECTION 9.004. EFFECTIVE DATE.    This Act takes effect  
2 immediately if it receives a vote of two-thirds of all the members  
3 elected to each house, as provided by Section 39, Article III, Texas  
4 Constitution. If this Act does not receive the vote necessary for  
5 immediate effect, this Act takes effect September 1, 2003.