

By: Naishtat

H.B. No. 2327

A BILL TO BE ENTITLED

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AN ACT

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

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

ARTICLE 1. GENERAL PROVISIONS

SECTION 1.001. DEFINITIONS. In this Act:

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

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

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

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

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

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

14 (b) The legislature intends this Act to be the exclusive
15 authority for the creation of a hospital district that includes all
16 or any part of Travis County, Texas. A hospital district may not be
17 created or expanded under any other law to include any territory in
18 Travis County.

19 SECTION 1.003. BOUNDARIES. The boundaries of the district
20 are coextensive with the boundaries of the central area and the
21 additional area, if any.

22 ARTICLE 2. CREATION OF DISTRICT

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

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

3 (c) The Commissioners Court of Travis County shall order a
4 creation election if the county judge of Travis County receives a
5 petition signed by at least 100 registered voters residing in the
6 central area that contains the information required by Subsection
7 (d) of this section.

8 (d) A petition prescribed by Subsection (c) of this section
9 must:

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

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

14 (3) contain the proposed district's boundaries as
15 designated by metes and bounds or other sufficient legal
16 description.

17 SECTION 2.002. EXPANSION OF PROPOSED DISTRICT TERRITORY.

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

1 delineate the boundaries of the proposed additional area by metes
2 and bounds or other sufficient legal description. The county judge
3 of each county in which any portion of the proposed additional area
4 is located shall notify the Commissioners Court of Travis County on
5 receipt of a petition that is in the proper form and meets the
6 requirements of this subsection.

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

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

24 SECTION 2.003. DATE OF ELECTION. (a) After ordering the
25 election, the Commissioners Court of Travis County shall hold a
26 creation election in the central area on the first authorized
27 uniform election date prescribed by Section 41.001, Election Code,

1 that allows sufficient time to comply with other requirements of
2 law, notwithstanding Section 3.005, Election Code.

3 (b) If a proposed additional area is to be included in the
4 proposed district under Section 2.002 of this Act, the
5 commissioners court in each county in which any portion of the
6 proposed additional area is located shall hold a creation election
7 in that area on the same uniform election date.

8 (c) The commissioners court of each county in which the
9 proposed district would be located shall cooperate in holding the
10 election.

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

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

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

26 (d) If the election for creation of the district solely in
27 the central area is held under Section 2.003(a) of this Act, the

1 board may issue general obligation bonds as provided by this Act if
2 a majority of the votes cast in the election favor creation of the
3 district and issuance of the bonds.

4 (e) If an election for creation of the district is held in
5 the central area under Section 2.003(a) of this Act and an election
6 is held in the proposed additional area under Section 2.003(b) of
7 this Act, the board may issue general obligation bonds as provided
8 by this Act only if the majority of votes cast in the election held
9 under Section 2.003(a) of this Act favor creation of the district
10 and issuance of the bonds and the majority of votes cast in each
11 election in the proposed additional area favoring creation of the
12 district also favor the issuance of the bonds.

13 SECTION 2.005. ELECTION ORDER. The order calling the
14 election must state:

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

17 (2) the date of the election;

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

19 (4) the location of the polling places.

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

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

1 SECTION 2.007. BALLOT PROPOSITION. (a) The ballot for a
2 creation election under this Act shall be printed to permit voting
3 for or against the proposition: "The creation of the Central Texas
4 Health Care District and the imposition of annual property taxes
5 for district purposes at a rate not to exceed the maximum tax rate
6 authorized by Section 9, Article IX, Texas Constitution."

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

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

24 SECTION 2.008. ELECTION RESULT. (a) A district is created
25 and organized under this Act if a majority of the votes cast in the
26 election held in the central area favor the creation of the
27 district. If a majority of the votes cast in the election in the

1 central area vote against creation of the district, the district is
2 not created, regardless of the results of an election held in any
3 proposed additional area, and another election on the question of
4 creating the district may not be held before the first anniversary
5 of the most recent election concerning the creation of the
6 district.

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

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

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

27 "WHEREAS, at the election _____ votes were cast in

1 favor of formation of the district and _____ votes were
2 cast against formation; and

3 "WHEREAS, the formation of the hospital district
4 received the affirmative vote of the majority of the
5 votes cast at the election as provided by law;

6 "NOW, THEREFORE, the Commissioners Court of _____
7 County, State of Texas, finds and orders that the tract
8 described in this order has been duly and legally
9 formed into a hospital district (or a portion thereof)
10 under the name of the Central Texas Health Care
11 District, under Section 9, Article IX, Texas
12 Constitution, and has the powers vested by law in the
13 district."

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

22 (b) If additional territory is proposed to be included in
23 the district in accordance with Section 2.002 of this Act, the
24 commissioners court of each county in which any portion of the
25 proposed additional area is located shall appoint one temporary
26 director contingent on inclusion of that area in the district. The
27 commissioners court shall make the appointment on the date on which

1 the commissioners court enters the order calling for an election
2 under Section 2.002 of this Act.

3 (c) The temporary directors serve as directors of the
4 district until:

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

7 (2) the date on which initial directors under Article
8 3 of this Act are appointed, if the creation of the district is
9 approved.

10 (d) A vacancy in the office of temporary director shall be
11 filled by appointment by the governing body that appointed the
12 vacating director.

13 (e) The temporary directors are authorized to:

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

16 (2) organize the possible finances and operation of
17 the district.

18 ARTICLE 3. DISTRICT ADMINISTRATION

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

22 (b) The Austin City Council and the Commissioners Court of
23 Travis County shall each appoint four of the initial directors and
24 the city council and the commissioners court shall jointly appoint
25 one of the initial directors.

26 (c) The Austin City Council and the Commissioners Court of
27 Travis County shall make the appointments required under this

1 section not later than the 30th day after the date the Commissioners
2 Court of Travis County enters the order required by Section 2.009 of
3 this Act.

4 SECTION 3.002. QUALIFICATIONS OF DIRECTORS. (a) To
5 provide the expertise necessary to effectively govern the district,
6 the governmental bodies that appoint directors under this Act shall
7 appoint individuals with experience or knowledge with respect to
8 issues involving the rights of a patient or experience or knowledge
9 in the health care, finance, insurance, or accounting fields.

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

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

19 (b) If the additional area includes any portion of a county
20 that is not located in the city of Austin and that has a population
21 of more than 100,000, the commissioners court of the county in which
22 the majority of the residents of that additional area reside shall
23 appoint one director for every 100,000 residents of the area
24 according to the most recent federal decennial census.

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

27 (1) the 30th day after the date the commissioners

1 court of the appropriate county enters the order required by
2 Section 2.009 of this Act, if the district is created to include an
3 additional area in accordance with Section 2.002 of this Act; or

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

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

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

13 (b) The terms of initial directors appointed under Section
14 3.001(b) of this Act are as follows:

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

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

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

1 (c) Initial directors appointed under Section 3.003 of this
2 Act shall draw lots to determine:

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

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

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

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

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

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

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

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

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

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

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

27 (1) reported in the district's minute book or other

1 district records; and

2 (2) approved by the board.

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

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

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

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

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

1 committee. The appointments must be made not later than:

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

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

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

13 (e) Members of the oversight committee serve two-year
14 terms.

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

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

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

25 (i) The oversight committee may:

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

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

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

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

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

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

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

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

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

22 (d) Before assuming the administrator's duties, the
23 administrator shall execute a bond payable to the district in the
24 amount of not less than \$5,000, as determined by the board,
25 conditioned on the faithful performance of the administrator's
26 duties under this Act. The board may pay for the bond with district
27 funds.

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

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

5 (2) make temporary appointments the board considers
6 necessary.

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

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

12 SECTION 3.015. GENERAL DUTIES OF ADMINISTRATOR. The
13 administrator shall:

14 (1) supervise the work and activities of the district;
15 and

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

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

20 (1) establishing or administering a retirement
21 program; or

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

25 ARTICLE 4. POWERS AND DUTIES

26 SECTION 4.001. TRANSFER OF HOSPITAL PROPERTY AND FUNDS.

27 (a) Except as provided by Subsection (b) of this section and

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

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

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

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

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

24 (2) transfer, on the date prescribed by Subsection
25 (f) of this section, any real property or other assets relating to
26 medical clinic facilities on which construction has begun but has
27 not been completed by that date, provided that immediately

1 following final completion of the facilities, the facilities,
2 subject to Subsection (c) of this section, shall be transferred to
3 the district if the board agrees to the transfer.

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

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

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

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

22 (e) Each municipality and county within the district shall
23 retain responsibility for its public health services and related
24 facilities, except that by mutual agreement between the
25 municipality or county and the district, the municipality or county
26 may transfer to the district any or all of its public health
27 services and related facilities.

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

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

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

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

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

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

26 (j) Money transferred to the district under this section may
27 be used only for a purpose for which the municipality or county that

1 transferred the money could lawfully have used the money if the
2 money had remained the municipality's or county's money.

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

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

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

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

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

18 (d) Subsections (b) and (c) of this section do not apply to
19 facilities that, on the date on which the facilities are conveyed to
20 the district, are leased to a person other than the city of Austin
21 or Travis County.

22 (e) On creation of the district, the district shall become
23 responsible for and continue the implementation of the health care
24 programs, including indigent health care programs, and policies of
25 the city of Austin or Travis County that are in effect in the
26 central area on the date of the district's creation. The district
27 shall continue those health care programs and policies until the

1 later of:

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

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

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

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

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

16 (2) the first anniversary of the creation of the
17 district.

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

27 (b) The transfer required under Subsection (a) of this

1 section may be made on the same date prescribed for a conveyance
2 under Section 4.001 of this Act or at a later date.

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

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

11 (1) was conveyed or otherwise transferred to the
12 district by the municipality or county under Section 4.001 or 4.003
13 of this Act; and

14 (2) the board considers is not and will not be useful
15 for the purpose for which the property was originally transferred
16 to the district.

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

24 (1) the construction, support, operations, equipping,
25 or maintenance of the transferred property, including any leases on
26 the assets conveyed to the district in which the municipality or
27 county, as appropriate, is lessor or lessee; or

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

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

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

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

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

27 (c) On making a conveyance to the district as required by

1 Section 4.001 or 4.003 of this Act, a municipality or county that
2 issued bonds for hospital purposes is no longer liable for the
3 payment of those bonds or for providing interest and sinking fund
4 requirements on those bonds.

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

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

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

20 (b) This section does not prohibit:

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

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

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

27 SECTION 4.008. DISTRICT RESPONSIBILITIES. On creation of

1 the district, the district assumes full responsibility, as required
2 by Section 9, Article IX, Texas Constitution, for providing medical
3 and hospital care for the district's needy inhabitants.

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

9 SECTION 4.010. RENAMING DISTRICT. The board may rename the
10 district if the board considers it appropriate.

11 SECTION 4.011. DISTRICT RULES. The board may adopt rules
12 governing:

13 (1) the operation of the district and the district's
14 assets; and

15 (2) the duties, functions, and responsibilities of
16 district staff and employees.

17 SECTION 4.012. METHODS AND PROCEDURES. The board may
18 prescribe:

19 (1) the method of making purchases and expenditures by
20 and for the district; and

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

23 SECTION 4.013. DISTRICT PROPERTY, FACILITIES, EQUIPMENT,
24 AND SERVICES. (a) The board shall determine:

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

27 (2) the type and quantity of equipment and other

1 property necessary or appropriate for the district; and

2 (3) the type and quantity of hospital services,
3 medical services, health care services, including mental health
4 care and public health services, and ancillary health care services
5 to be provided by the district.

6 (b) The board may:

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

9 (2) mortgage or pledge the facilities, equipment, or
10 other property acquired as security for the payment of the purchase
11 price;

12 (3) lease to physicians, individuals, companies,
13 corporations, or other legal entities district facilities,
14 equipment, or other property;

15 (4) sell or otherwise dispose of district facilities,
16 equipment, or other property;

17 (5) operate or provide for inpatient and outpatient
18 care of any type and hospitals, clinics, professional office
19 buildings, laboratories, skilled nursing care, home health care,
20 hospice care, long-term care, intermediate nursing care,
21 rehabilitation and physical therapy, assisted living care, home
22 health services, and mental health services, including care for
23 Alzheimer's disease, chemical dependency, and any other mental or
24 behavioral disorder, and any other health care or medical care
25 services;

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

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

4 (c) The district may acquire, own, and operate the
5 facilities and services authorized by this Act within the
6 district's territory and within the service area that is located
7 outside the boundaries of the district.

8 (d) The board may determine the rates, charges, and
9 discounts and the credit and collection procedures relating to
10 services provided by the district.

11 SECTION 4.014. CONSTRUCTION CONTRACTS. The board may enter
12 into construction contracts for the district.

13 SECTION 4.015. DISTRICT OPERATING AND MANAGEMENT
14 CONTRACTS. The board may enter into operating, management, or
15 other types of contracts relating to hospitals, clinics, or other
16 health care facilities or to other district programs.

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

22 (b) The district must exercise the power of eminent domain
23 in the manner provided by Chapter 21, Property Code, but the
24 district is not required to deposit in the trial court money or a
25 bond as provided by Section 21.021(a), Property Code.

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

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

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

5 (3) give bond for costs or supersedeas on an appeal or
6 writ of error.

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

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

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

27 SECTION 4.019. REIMBURSEMENT FOR SERVICES. (a) The board

1 shall require reimbursement from a county, municipality, or public
2 hospital located outside the boundaries of the district for the
3 district's care and treatment of a sick, diseased, or injured
4 person of that county, municipality, or public hospital as provided
5 by Chapter 61, Health and Safety Code.

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

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

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

- 19 (1) furnish a mobile emergency medical service; or
20 (2) provide for the investigatory or welfare needs of
21 inhabitants of the district.

22 (b) The district may contract with and otherwise cooperate
23 with governmental entities within the district's service area and
24 with public and private providers of health care, medical care, and
25 mental health services to provide or assist in the provision of
26 services.

27 SECTION 4.021. GIFTS AND ENDOWMENT. On behalf of the

1 district, the board may accept gifts and endowments to be held in
2 trust for any purpose and under any direction, limitation, or
3 provision prescribed in writing by the donor that is consistent
4 with the proper management of the district.

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

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

14 SECTION 4.024. INTEGRATED HEALTH CARE SYSTEM. (a) In this
15 section:

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

21 (2) "Nonprofit association" means a nonprofit
22 association governed by the Texas Uniform Unincorporated Nonprofit
23 Association Act (Article 1396-70.01, Vernon's Texas Civil
24 Statutes).

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

27 (b) The district, on its own or with a medical school in this

1 state, may establish and operate an integrated health care system.

2 (c) To provide or arrange for comprehensive health care
3 services, an integrated health care system created under this
4 section may:

5 (1) own, acquire, lease, or contract for all necessary
6 assets;

7 (2) enter into contracts with providers for the
8 provision of health care services directly or indirectly through
9 subcontract;

10 (3) provide or enter into a contract with an
11 individual or business entity under which the individual or entity
12 provides necessary management or administrative services for the
13 system and the system's providers;

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

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

19 (d) An integrated health care system that is created under
20 this section:

21 (1) is subject to:

22 (A) Chapter 551, Government Code;

23 (B) Chapter 552, Government Code;

24 (C) Chapter 843, Insurance Code, or the Texas
25 Health Maintenance Organization Act (Chapter 20A, Vernon's Texas
26 Insurance Code);

27 (D) Chapter 844 or Article 21.52F, Insurance

1 Code; and

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

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

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

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

13 (2) a proposed new service or product line, if the
14 meeting is held before public announcement of the service or
15 product line.

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

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

23 (2) a proposed new service or product line, if
24 disclosure is requested before public announcement of the service
25 or product line.

26 (g) Subject to the requirements and limitations of the local
27 health care market, an integrated health care system created under

1 this section shall make reasonable efforts to include in its
2 provider group community providers other than a hospital of the
3 district or the medical school, if applicable.

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

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

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

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

22 (1) developing and diversifying the economy of this
23 state;

24 (2) eliminating unemployment and underemployment in
25 this state; and

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

27 ARTICLE 5. CHANGE IN BOUNDARIES; DISSOLUTION OF DISTRICT

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

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

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

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

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

25 (d) The inclusion of the proposed additional area in the
26 district is final when approved by a majority of the voters at an
27 election held in the district and by a majority of the voters at a

1 separate election held in the proposed additional area. If the
2 district has outstanding debts or taxes, the voters in the election
3 to approve the inclusion of the proposed additional area must also
4 determine if the proposed additional area will assume its
5 proportion of the debts or taxes if added to the district.

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

8 (1) "Adding (description of territory to be added) to
9 _____ (insert the Central Texas Health Care District or the name
10 of the district if renamed by the board under Section 4.010 of this
11 Act)."

12 (2) "(Description of territory to be added) assuming
13 its proportionate share of the outstanding debts and taxes of
14 _____ (insert the Central Texas Health Care District or the name
15 of the district if renamed by the board under Section 4.010 of this
16 Act), if the territory is added to the district."

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

22 SECTION 5.003. NOTICE OF ELECTION. The election shall be
23 ordered and notice of the election shall be given in the same manner
24 as provided by Sections 2.005 and 2.006 of this Act for ordering and
25 giving notice of an election authorizing creation of the district.

26 SECTION 5.004. ELECTION RESULT. (a) If the proposed
27 additional area is located entirely within one county, the proposed

1 additional area is included in the district if the majority of votes
2 cast in the election held in the proposed additional area favor
3 inclusion in the district.

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

10 (c) If additional area is included in the district in
11 accordance with this section, the commissioners court in each
12 county in which any portion of the additional area is located shall
13 appoint:

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

16 (2) one member to the oversight committee in
17 accordance with Section 3.011 of this Act.

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

20 (b) The board may order an election on the question of
21 dissolving the district and disposing of the district's assets and
22 obligations. The board shall order an election if the board
23 receives:

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

27 (2) a resolution requesting a dissolution election

1 adopted by the oversight committee.

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

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

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

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

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

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

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

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

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

19 (b) After the board finds that the district is dissolved,
20 the board shall:

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

22 (2) impose on the property included in the district's
23 tax rolls a tax that is in proportion of the debt to the property
24 value.

25 (c) The board may institute a suit to enforce payment of
26 taxes and to foreclose liens to secure the payment of taxes due the
27 district.

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

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

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

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

20 ARTICLE 6. DISTRICT FINANCES

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

23 (b) The fiscal year may not be changed more than once in a
24 24-month period.

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

27 SECTION 6.003. DISTRICT AUDIT AND RECORDS. The annual

1 audit and other district records are open to inspection during
2 regular business hours at the principal office of the district,
3 subject to Chapter 181, Health and Safety Code, and any other state
4 or federal law regulating the privacy of health care information.

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

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

9 (1) the outstanding obligations of the district;

10 (2) the amount of cash on hand to the credit of each
11 fund of the district;

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

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

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

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

20 (7) the estimated property tax rate that will be
21 required.

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

24 (b) The board shall publish notice of the hearing in a
25 newspaper of general circulation in the district not later than the
26 10th day before the date of the hearing.

27 (c) Any resident of the district is entitled to be present

1 and participate at the hearing.

2 (d) The board shall adopt a budget by acting on the budget
3 proposed by the administrator. The board may make any changes in
4 the proposed budget that in the board's judgment the interests of
5 the district demand.

6 (e) The budget is effective only after adoption by the
7 board.

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

10 SECTION 6.007. LIMITATION ON EXPENDITURES. Money may not
11 be spent for an expense not included in the annual budget or an
12 amendment to the annual budget.

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

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

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

24 SECTION 6.010. REVENUE ANTICIPATION BORROWING. The
25 district may borrow money from any person for a term of less than 18
26 months for district purposes if the debt is payable from and secured
27 solely by money on hand or money reasonably expected to be on hand

1 during the remainder of the district fiscal year in which the debt
2 is created or during the following district fiscal year. The
3 district is not required to submit the evidence of indebtedness for
4 review, approval, or registry under Chapter 1202, Government Code.

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

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

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

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

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

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

6 ARTICLE 7. BONDS AND OTHER OBLIGATIONS

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

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

16 (b) The tax required by this section together with any other
17 tax the district imposes in any year may not exceed the limit
18 approved by the voters at the election authorizing the imposition
19 of taxes.

20 (c) General obligation bonds may also be secured by all or
21 part of the district's revenues and mortgages, deed of trust liens,
22 or other security interests on all or part of the district's
23 property. The board may grant the security interest on the basis of
24 the order of priority set by the board.

25 SECTION 7.003. GENERAL OBLIGATION BOND ELECTION. (a) The
26 district may issue general obligation bonds only if the bonds are
27 authorized by a majority of the voters of the district voting at an

1 election held for that purpose under this section or under Article 2
2 of this Act.

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

- 5 (1) the nature and date of the election;
- 6 (2) the hours during which the polls will be open;
- 7 (3) the location of the polling places;
- 8 (4) the amount of bonds to be authorized; and
- 9 (5) the maximum maturity of the bonds.

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

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

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

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

22 SECTION 7.005. REFUNDING BONDS. The board may, without an
23 election, issue refunding bonds to refund outstanding general
24 obligation bonds issued or assumed by the district and may impose a
25 tax to pay the bonds.

26 SECTION 7.006. INTEREST AND MATURITY. District bonds must
27 mature not later than the 50th anniversary of the date of their

1 issuance and must bear interest at a rate not to exceed that
2 provided by Chapter 1204, Government Code.

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

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

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

17 (1) finance and refinance any capital expenditure of
18 the district;

19 (2) provide working capital for the construction of
20 any new project until the first anniversary of the date the
21 construction began;

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

24 (4) pay the issuance costs of the bonds;

25 (5) pay for liquidity or credit enhancement for the
26 bonds; and

27 (6) provide debt service reserve funds for the bonds.

1 (b) In addition, bond proceeds may be used to acquire,
2 construct, renovate, improve, equip, and furnish property of any
3 type for district purposes.

4 SECTION 7.010. ADDITIONAL FINANCING AUTHORITY. The
5 district has all of the powers granted to an "issuer" by Chapter
6 1371, Government Code, including the authority to issue an
7 obligation as defined by Section 1371.001 of that code.

8 ARTICLE 8. PROPERTY TAXES

9 SECTION 8.001. TAX AUTHORIZED. (a) Subject to Section
10 8.003 of this Act, the board annually may impose property taxes in
11 an amount not to exceed the limit approved by the voters at the
12 election authorizing the imposition of taxes.

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

14 (1) the indebtedness issued or assumed by the
15 district; and

16 (2) the maintenance and operating expenses of the
17 district.

18 (c) The district may not impose taxes to pay the principal
19 of or interest on revenue bonds issued under this Act.

20 SECTION 8.002. BOARD AUTHORITY. Notwithstanding Section
21 26.12, Tax Code, the board may impose taxes for the entire year in
22 which the district is created.

23 SECTION 8.003. TAX RATE. (a) The tax rate for all purposes
24 may not exceed the maximum tax rate authorized by Section 9, Article
25 IX, Texas Constitution.

26 (b) The board shall propose a tax rate after considering the
27 income of the district from sources other than taxation and the uses

1 to which the other income is committed or pledged with an allowance
2 made for contingencies in revenues and expenses. After the board
3 proposes a tax rate, the board shall submit a notice of the proposed
4 rate in writing to the oversight committee.

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

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

20 (e) If the veto notice is delivered to the board in
21 accordance with the requirements of this section, the board shall
22 provide to the oversight committee a subsequent tax rate notice
23 containing a new proposed tax rate. The new proposed tax rate is
24 subject to the veto procedures prescribed by this section. If the
25 new proposed rate is not vetoed by the committee, the board shall
26 adopt that rate.

27 SECTION 8.004. TAX ASSESSMENT AND COLLECTION. (a) The Tax

1 Code governs the appraisal, assessment, and collection of district
2 taxes.

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

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

9 ARTICLE 9. MISCELLANEOUS PROVISIONS

10 SECTION 9.001. LIMITATION ON STATE ASSISTANCE. The state
11 may not become obligated for the support or maintenance of the
12 district, and the legislature may not make a direct appropriation
13 for the construction, maintenance, or improvement of a facility of
14 the district.

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

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

24 SECTION 9.004. EFFECTIVE DATE. This Act takes effect
25 immediately if it receives a vote of two-thirds of all the members
26 elected to each house, as provided by Section 39, Article III, Texas
27 Constitution. If this Act does not receive the vote necessary for

H.B. No. 2327

1 immediate effect, this Act takes effect September 1, 2003.