

By: Barrientos

S.B. No. 1791

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the property tax rate levied by a hospital district, the
3 appointment of boards of directors of certain hospital districts,
4 and the transfer of municipal and county hospital property and
5 funds and related obligations to a hospital district.

6 SECTION 1 Sec. 281.004, Health and Safety Code, is amended
7 by to read as follows:

8 Sec. 281.004. BALLOT PROPOSITIONS. (a) Except as provided
9 by Subsection (b), the ballot for an election under this chapter
10 shall be printed to provide for voting for or against the
11 proposition: "The creation of a hospital district and the levy of a
12 tax not to exceed _____ (insert the amount prescribed by the
13 petition, not to exceed 75 cents) on each \$100 of the taxable value
14 of property taxable by the district."

15 (b) If the county or a municipality in the county has any
16 outstanding bonds issued for hospital purposes, the ballot for an
17 election under this chapter shall be printed to provide for voting
18 for or against the proposition: "The creation of a hospital
19 district, the levy of a tax not to exceed _____ (insert the
20 amount prescribed by the petition, not to exceed 75 cents) on each
21 \$100 of the taxable value of property taxable by the district, and
22 the assumption by the district of all outstanding bonds previously
23 issued for hospital purposes by _____ County and by any
24 municipality in the county."

1 SECTION 2. Sec. 281.021, Health and Safety Code, is amended
2 by adding Subsection (d) to read as follows:

3 (d) If prescribed by the petition presented under Section
4 281.003, the commissioners court of a county with a population of
5 more than 650,000 in which a district is created under this chapter
6 shall appoint four directors of a nine-member board, the governing
7 body of the principal municipality in the county shall appoint four
8 directors of a nine-member board, and the commissioners court and
9 the principal municipality governing body shall jointly appoint one
10 director of a nine-member board.

11 SECTION 3. Sec. 281.022, Health and Safety Code, is amended
12 by adding Subsection (c) to read as follows:

13 (c) The members of a board appointed under Section
14 281.021(d) shall serve staggered four-year terms, with as near as
15 possible to one-fourth of the directors' terms expiring each year
16 equally divided among the appointing authorities. The initial
17 directors appointed under Section 281.021(d) shall draw lots to
18 determine which director serves for one-, two-, three- and
19 four-year terms.

20 SECTION 4. Sec. 281.041, Health and Safety Code, is amended
21 to read as follows:

22 Sec. 281.041. TRANSFER OF COUNTY AND MUNICIPAL HOSPITAL
23 PROPERTY AND FUNDS. (a) Except as provided in Subsection (e), on
24 [On] the creation of a district under this chapter and the
25 appointment and qualification of the district board, the county
26 owning the hospital or hospital system, [or] the county and
27 municipality jointly operating a hospital or hospital system, or

1 the municipality owning or operating a hospital or hospital system
2 shall execute and deliver to the district board a written
3 instrument conveying to the district the title to land, buildings,
4 and equipment jointly or separately owned by the county and
5 municipality and used to provide medical services or hospital care,
6 including geriatric care, to indigent or needy persons of the
7 county or municipality.

8 (b) On the creation of a district under this chapter and the
9 appointment and qualification of the district board, the county
10 owning the hospital or hospital system, [~~or~~] the county and
11 municipality jointly operating a hospital or hospital system, or
12 the municipality owning or operating a hospital or hospital system
13 shall, on the receipt of a certificate executed by the board's
14 chairman stating that a depository for the district has been chosen
15 and qualified, transfer to the district:

16 (1) all joint or separate county and municipal funds
17 that are the proceeds of any bonds assumed by the district under
18 Section 281.044; and

19 (2) all unexpended joint or separate county and
20 municipal funds that have been established or appropriated by the
21 county or municipality to support and maintain the hospital
22 facilities for the year in which the district is created, to be used
23 by the district to operate and maintain those facilities for the
24 remainder of the year.

25 (c) Funds transferred to the district under this section may
26 be used only for a purpose for which the county or the municipality
27 that transferred the funds could lawfully have used the funds if the

1 funds had remained the property and funds of the county or
2 municipality.

3 (d) On the creation of the district, the board of managers
4 of the county or municipal hospital system shall continue to manage
5 and control the property and affairs of that system until the board
6 of the district is appointed and organized. At that time, the
7 county or municipal board of managers shall transfer to the
8 district board all county and municipal hospital system records,
9 property, and affairs and shall cease to exist.

10 (e) No county or municipality transferring property or
11 funds under this section is required to transfer to the district:

12 (1) any medical facilities used primarily for the
13 treatment of inmates of a jail or other correctional facilities,
14 including juvenile justice facilities;

15 (2) any property owned by the municipality that is
16 used in connection with the provision of utility services
17 (including electricity, water, wastewater, and sewer services);

18 (3) any real property or other assets relating to
19 medical clinic facilities on which construction has begun but is
20 not complete on the date on which the directors have qualified;

21 (4) any building and related land owned by the county
22 or municipality used for purposes both related and unrelated to the
23 hospital or hospital system, except that:

24 (A) if the county or municipality retains
25 ownership of the building and related land, it shall lease the
26 hospital-related space in the building to the District for an
27 initial term of three years unless a shorter term is mutually agreed

1 to by all parties; or

2 (B) if the county or municipality transfers
3 ownership of the building and related land to the district, the
4 district shall lease the non-hospital-related space in the building
5 to the county or municipality for an initial term of three years
6 unless a shorter term is mutually agreed to by all parties;

7 (5) any assets the transfer of which would violate
8 federal or state law unless the consent of the appropriate agency is
9 obtained, including centers designated as "Federally Qualified
10 Health Center" without appropriate approvals that the transfer of
11 the center to the district would not jeopardize the federal
12 designation;

13 (6) any facilities related to public health functions
14 other than a hospital or hospital district, except that a county or
15 municipality may transfer the facilities and their related
16 functions to the district by mutual agreement;

17 (7) any ambulance services, emergency medical
18 services, search and rescue services, or medical transport services
19 owned or operated by the county or municipality, except that a
20 county or municipality owning or operating such services may
21 transfer all or part of those services and their related buildings
22 and equipment to the district as determined by mutual agreement

23 SECTION 5. Sec. 281.043, Health and Safety Code, is amended
24 to read as follows:

25 Sec. 281.043. ASSUMPTION OF CONTRACT OBLIGATIONS. On the
26 creation of the district, the district assumes, without prejudice
27 to the rights of third parties, any outstanding contract

1 obligations legally incurred by the county or municipality, or
2 both, for the construction, support, [~~or~~] maintenance or operation
3 of hospital facilities and the provision of health care services or
4 hospital care, including mental health care, to indigent residents
5 of the county or municipality before the creation of the district.

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