

By: Duncan

S.B. No. 434

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the powers and duties of the Lockney General Hospital
3 District.

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

5 SECTION 1. Section 4, Chapter 58, Acts of the 63rd
6 Legislature, Regular Session, 1973, is amended to read as follows:

7 Sec. 4. (a) [~~Upon the effective date of this Act, the~~
8 ~~Commissioners Court of Floyd County shall appoint five temporary~~
9 ~~directors for the district. Each of the directors shall subscribe~~
10 ~~to the constitutional oath of office. Should any of the directors~~
11 ~~named by the court refuse to act or for any reason fail to qualify as~~
12 ~~herein required or should a vacancy in office occur, the~~
13 ~~commissioners court shall fill such vacancy. The terms of office of~~
14 ~~the first three directors named by the court shall expire on the~~
15 ~~first Tuesday in April, 1975, and the terms of the last two~~
16 ~~directors named by the court shall expire on the first Tuesday in~~
17 ~~April, 1974.] A regular election for directors shall be held on the
18 May uniform election date under Section 41.001, Election Code,
19 [~~first Tuesday in April in~~] each year [~~beginning in 1974~~], and
20 directors shall be elected at that time and in each succeeding year.
21 The regular election for directors shall be ordered by the board and
22 such order shall state the time, place, and purpose of the election.
23 The board shall appoint the presiding judge who shall appoint an
24 assistant judge and such clerks as may be required. The election~~

1 shall be ordered in accordance with Section 3.005, Election Code
2 ~~[at least 15 days prior to the date on which the election is to be~~
3 ~~held]~~. Any person desiring the person's ~~[his]~~ name to be printed on
4 the ballot as a candidate for director shall file an application ~~[a~~
5 ~~petition, signed by not less than 10 qualified voters, asking that~~
6 ~~such name be printed on the ballot,~~] with the secretary of the board
7 of directors of the district in accordance with Chapter 144,
8 Election Code. ~~[Such petition shall be filed with the secretary at~~
9 ~~least 25 days prior to the date of election.]~~ Notice of the
10 election shall be published one time in a newspaper of general
11 circulation in the area of the district in accordance with Section
12 4.003, Election Code ~~[at least five days before the election]~~. All
13 vacancies in office~~[, other than for the failure of four or more of~~
14 ~~the original directors herein appointed to qualify,~~] shall be
15 filled by a majority vote of the remaining directors and such
16 appointees shall hold office for the unexpired term for which they
17 were appointed.

18 (b) No director shall be entitled to compensation, but shall
19 be entitled to reimbursement of ~~[receive his]~~ actual expenses
20 incurred in attending to the district's business, provided such
21 expenses are approved by the remainder of the board. Any person who
22 is a resident ~~[property-owning taxpaying]~~ voter of the district and
23 who is not an employee of the district shall be eligible to hold
24 office as director of the district but no director may serve more
25 than three successive terms. The board of directors shall elect
26 from its number a president, vice-president, secretary, and such
27 other officers as in the judgment of the board are necessary. ~~[The~~

1 ~~president shall be the chief executive officer of the district and~~
2 ~~shall have the same right to vote as any other director.]~~ The
3 vice-president shall perform all duties and exercise all powers
4 conferred by this Act upon the president when the president is
5 absent or fails and declines to act.

6 (c) ~~[The directors initially named and their successors in~~
7 ~~office shall hold office as temporary directors until such time as~~
8 ~~the creation of the district has been approved at an election as~~
9 ~~herein provided or for a period of two years, whichever period is~~
10 ~~shorter. At such time as the creation of the district is so~~
11 ~~approved and the returns of the election officially canvassed, the~~
12 ~~persons acting as temporary directors shall become permanent~~
13 ~~directors whose terms shall expire as hereinabove provided.]~~ Each
14 ~~[permanent] director[, and his successors in office,]~~ shall qualify
15 by executing the constitutional oath of office.

16 SECTION 2. Section 5, Chapter 58, Acts of the 63rd
17 Legislature, Regular Session, 1973, is amended to read as follows:

18 Sec. 5. (a) The board of directors shall manage, control,
19 and administer the hospital system and all funds and resources of
20 the district, but in no event shall any operating, depreciation, or
21 building fund reserves be invested in any funds or securities other
22 than those specified in Subchapter A, Chapter 2256, Government Code
23 ~~[Article 836 or 837, Revised Civil Statutes of Texas, 1925, as~~
24 ~~amended]~~.

25 (b) The district, through its board of directors shall have
26 the power and authority to sue and be sued, to promulgate rules and
27 regulations governing the operation of the hospital, hospital

1 system, its staff, and its employees.

2 (c) The board of directors shall appoint a qualified person
3 to be known as the administrator or manager of the hospital district
4 and may in its discretion appoint an assistant to the administrator
5 or manager. The administrator or manager and assistant
6 administrator or manager, if any, shall serve at the will of the
7 board and shall receive such compensation as may be fixed by the
8 board. The administrator or manager shall, upon assuming the
9 administrator's or manager's ~~[his]~~ duties, execute a bond payable
10 to the hospital district in an amount to be set by the board of
11 directors, in no event less than \$5,000, conditioned that the
12 administrator or manager ~~[he]~~ shall perform the duties required of
13 the administrator or manager ~~[him]~~, and containing such other
14 conditions as the board may require. The board of directors may pay
15 for the bond with district funds. The administrator or manager
16 shall supervise all the work and activities of the district and
17 shall have general direction of the affairs of the district,
18 subject to the limitations as may be prescribed by the board.

19 (d) The board of directors shall have the authority to
20 appoint to the staff physicians, dentists, and podiatrists as the
21 board determines are ~~[such doctors as it may be deemed]~~ necessary
22 for the efficient operation of the district, and may provide for
23 temporary appointments to the staff if warranted by circumstances.
24 The board may delegate to the administrator or manager the
25 authority to employ technicians, nurses, and employees of the
26 district. The board shall be authorized to contract with any other
27 political subdivision or governmental agency whereby the district

1 will provide investigatory or other services as to the medical,
2 hospital, or welfare needs of the inhabitants of the district and
3 shall be authorized to contract with any county or incorporated
4 municipality located outside its boundaries for the care and
5 treatment of the sick, diseased, or injured persons of any such
6 county or municipality, and shall have the authority to contract
7 with the State of Texas or agencies of the federal government for
8 the treatment of the sick, diseased, or injured persons.

9 (e) The board may spend district money, enter into
10 agreements, and take other necessary action to recruit physicians
11 and other persons to serve as medical staff members or district
12 employees. The actions may include:

13 (1) advertising and marketing;

14 (2) paying travel, recruitment, and relocation
15 expenses;

16 (3) providing a loan or scholarship to a physician or a
17 person currently enrolled in health care education courses at an
18 institution of higher education who contracts to become a medical
19 staff member or district employee; or

20 (4) contracting with a full-time medical student or
21 other student in a health occupation who is enrolled in and in good
22 standing at an accredited medical school, college, or university to
23 pay the student's tuition or other expenses for the consideration
24 of the student agreeing to serve as an employee or independent
25 contractor for the district.

26 SECTION 3. Chapter 58, Acts of the 63rd Legislature,
27 Regular Session, 1973, is amended by adding Section 5A to read as

1 follows:

2 Sec. 5A. (a) The district may create and sponsor a
3 nonprofit corporation under the Business Organizations Code and may
4 contribute money to or solicit money for the corporation.

5 (a-1) On or before December 31, 2009, the district may
6 create and sponsor a nonprofit corporation under the Texas
7 Non-Profit Corporation Act (Article 1396-1.01, et seq., Vernon's
8 Texas Civil Statutes) or the Business Organizations Code, as
9 applicable, and may contribute money to or solicit money for the
10 corporation.

11 (b) A corporation created under this section may use money
12 contributed by the district only to provide health care or other
13 services the district is authorized to provide under this Act.

14 (c) The corporation may invest the corporation's money in
15 any manner in which the district may invest the district's money,
16 including investing money as authorized by Chapter 2256, Government
17 Code.

18 (d) The board shall establish controls to ensure that the
19 corporation uses its money as required by this section.

20 (e) This subsection and Subsection (a-1) expire December
21 31, 2009.

22 SECTION 4. Section 7, Chapter 58, Acts of the 63rd
23 Legislature, Regular Session, 1973, is amended to read as follows:

24 Sec. 7. The board of directors shall have the power and
25 authority to issue and sell general obligation bonds in the name and
26 upon the faith and credit of the district for the purchase,
27 construction, acquisition, repair, or renovation of buildings and

1 improvements and equipping the same for hospital purposes, and for
2 any or all of such purposes. At the time of the issuance of any
3 general obligation bonds, [~~except revenue bonds issued under~~
4 ~~Section 8(b) hereof,~~] a tax shall be levied by the board sufficient
5 to create an interest and sinking fund to pay the interest on and
6 principal of said bonds, as same mature, providing such tax
7 together with any other taxes levied for said district shall not
8 exceed the limit approved by the voters at the election authorizing
9 the imposition of taxes [~~rate of tax voted under the provisions of~~
10 ~~Section 3 of this Act~~]. General obligation bonds may not [~~Except as~~
11 ~~provided in Section 8, no bonds shall~~] be issued by or on behalf of
12 the hospital district until authorized by a majority of the
13 qualified electors of the district. The order for the bond election
14 and the publication of notice for the election must be provided in
15 accordance with Chapter 1251, Government Code. The election [~~shall~~
16 ~~specify the date of the election, the amount of bonds to be~~
17 ~~authorized, the maximum maturity thereof, the maximum rate of~~
18 ~~interest they are to bear, the place or places where the election~~
19 ~~shall be held, the presiding judge and alternate judge for each~~
20 ~~voting place, and the clerks as in county elections. Notice of any~~
21 ~~bond election shall be published as provided in Article 704,~~
22 ~~Revised Civil Statutes of Texas, 1925, as amended, and~~] shall be
23 conducted in accordance with the general laws of this state [~~Texas~~]
24 pertaining to general elections, except as modified by the
25 provisions of this Act [~~, provided, however, an election to~~
26 ~~authorize the issuance of bonds may be held at the same time as the~~
27 ~~election for which provision is made in Section 3 of this Act, and~~

1 ~~in such event notice of a bond election may be given in the manner~~
2 ~~provided in Section 3 of this Act].~~

3 SECTION 5. Section 8, Chapter 58, Acts of the 63rd
4 Legislature, Regular Session, 1973, is amended to read as follows:

5 Sec. 8. (a) Refunding bonds may be issued by the board of
6 directors for the purpose of refunding and paying off any
7 outstanding indebtedness it has issued or assumed. Such refunding
8 bonds may be sold and the proceeds thereof applied to the payment of
9 outstanding indebtedness, or may be exchanged in whole or in part
10 for not less than a like principal amount of such outstanding
11 indebtedness. If such refunding bonds are to be sold and the
12 proceeds thereof applied to the payment of any such outstanding
13 indebtedness, same shall be issued and payments made in accordance
14 with Chapter 1207, Government Code [~~the manner specified by Chapter~~
15 ~~503, Acts of the 54th Legislature, 1955, as amended (Article 717k,~~
16 ~~Vernon's Texas Civil Statutes)~~]. Refunding bonds shall not bear
17 interest in excess of the rate permitted by Chapter 1204,
18 Government Code [~~Chapter 784, Acts of the 61st Legislature, Regular~~
19 ~~Session, 1969, as amended (Article 717k-3, Vernon's Texas Civil~~
20 ~~Statutes)~~].

21 (b) The [~~In addition to the power to issue bonds payable~~
22 ~~from taxes levied by the district, as contemplated by the preceding~~
23 ~~section, the]~~ board is [~~further~~] authorized to issue, and to refund
24 any previously issued, revenue bonds for purchasing, constructing,
25 acquiring, repairing, equipping, or renovating buildings and
26 improvements for hospital purposes, and for acquiring sites
27 therefor, such bonds to be payable from and secured by a pledge of

1 all or any part of the revenues of the district to be derived from
2 the operation of its hospital or hospitals, and such bonds may be
3 additionally secured by a mortgage or deed of trust lien on any part
4 or all of its properties. Such bonds shall be issued in the manner
5 and in accordance with the procedures and requirements specified
6 for the issuance of revenue bonds by county hospital authorities in
7 Sections 264.042, 264.043, and 264.046-264.049, Health and Safety
8 Code [~~Sections 8, 10, 11, 12, and 13, Chapter 122, Acts of the 58th~~
9 ~~Legislature, 1963 (Article 4494r, Vernon's Texas Civil Statutes)] .~~

10 SECTION 6. Section 9, Chapter 58, Acts of the 63rd
11 Legislature, Regular Session, 1973, is amended to read as follows:

12 Sec. 9. (a) Bonds of the district must mature not later
13 than the 40th anniversary of the date of issuance and must bear a
14 rate of interest that does not exceed the amount provided by Chapter
15 1204, Government Code [~~Bonds of the district shall mature within 40~~
16 ~~years of their date and may bear interest at a rate or rates not to~~
17 ~~exceed that prescribed by Chapter 3, Acts of the 61st Legislature,~~
18 ~~Regular Session, 1969, as amended (Article 717k-2, Vernon's Texas~~
19 ~~Civil Statutes)] .~~

20 (b) Bonds shall be executed in the name of the hospital
21 district and on [~~in~~] its behalf by the president of the board and
22 countersigned by the secretary of the board in the manner provided
23 by Chapter 618, Government Code [~~Chapter 204, Acts of the 57th~~
24 ~~Legislature, Regular Session, 1961, as amended (Article 717j-1,~~
25 ~~Vernon's Texas Civil Statutes)] , and shall be subject to the same
26 requirements in the matter of approval by the Attorney General of
27 Texas and registration by the Comptroller of Public Accounts of the~~

1 State of Texas as are by law provided for approval and registration
2 of bonds issued by counties. Upon the approval of such bonds by the
3 attorney general and registration by the comptroller, the same
4 shall be incontestable for any cause.

5 SECTION 7. Section 11, Chapter 58, Acts of the 63rd
6 Legislature, Regular Session, 1973, is amended to read as follows:

7 Sec. 11. The board of directors of the district shall have
8 the power to prescribe the method and manner of making purchases and
9 expenditures by and for the district, and shall also be authorized
10 to prescribe all accounting and control procedures. All contracts
11 for construction involving an [the] expenditure in excess of the
12 amount provided by Section 271.024, Local Government Code, must
13 comply with the competitive bidding requirements as provided by
14 Subchapter B, Chapter 271, Local Government Code [of more than
15 \$2,000 may be made only after advertising in the manner provided by
16 Chapter 163, Acts of the 42nd Legislature, Regular Session, 1931,
17 as amended (Article 2368a, Vernon's Texas Civil Statutes)]. The
18 provisions of Chapter 2253, Government Code [Article 5160, Revised
19 Civil Statutes of Texas, 1925], relating to performance and payment
20 bonds shall apply to construction contracts let by the district.
21 The district may acquire equipment for use in its hospital system
22 and mortgage or pledge the property so acquired as security for the
23 payment of the purchase price, but any such contract shall provide
24 for the entire obligation of the district to be retired within five
25 years from the date of the contract. Except as permitted in the
26 preceding sentence and as permitted by Sections 7 and 8 of this Act,
27 the board may not incur any obligation payable from any revenues of

1 the district, taxes or otherwise, except from funds on hand or to be
2 on hand within the then current and following fiscal year of the
3 district.

4 SECTION 8. Section 15, Chapter 58, Acts of the 63rd
5 Legislature, Regular Session, 1973, is amended to read as follows:

6 Sec. 15. (a) The district shall have the right and power of
7 eminent domain for the purpose of acquiring by condemnation any and
8 all property of any kind and character in fee simple, or any lesser
9 interest therein, within the boundaries of the district necessary
10 to the powers, rights, and privileges conferred by this Act, in the
11 manner provided by the general law with respect to condemnation by
12 counties.

13 (b) The district is not required to deposit in the trial
14 court money or bond as provided by Section 21.021, Property Code. ~~[~~
15 ~~provided that the district shall not be required to make deposits in~~
16 ~~the registry of the trial court of the sum required by Paragraph 2~~
17 ~~of Article 3268, Revised Civil Statutes of Texas, 1925, or to make~~
18 ~~bond as therein provided.]~~

19 (c) In condemnation proceedings being prosecuted by the
20 district, the district shall not be required to pay in advance or
21 give bond or other security for costs in the trial court, nor to
22 give any bond otherwise required for the issuance of a temporary
23 restraining order or a temporary injunction or to give bond for
24 costs or for supersedeas or any appeal or writ of error.

25 SECTION 9. Section 16, Chapter 58, Acts of the 63rd
26 Legislature, Regular Session, 1973, is amended to read as follows:

27 Sec. 16. (a) The Tax Code governs the appraisal,

1 assessment, and collection of district taxes.

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

5 ~~[The directors shall have the authority to levy taxes for the entire~~
6 ~~year in which the district is established as the result of the~~
7 ~~election herein provided. All taxes of the district shall be~~
8 ~~assessed and collected by the assessor-collector appointed by the~~
9 ~~directors, who shall also fix the terms of his employment,~~
10 ~~compensation, and requirement for bond to assure the faithful~~
11 ~~performance of his duties, but in no event shall such bond be for~~
12 ~~less than \$5,000. The directors shall also annually appoint five~~
13 ~~persons to serve as a board of equalization and shall fix their~~
14 ~~compensation. The tax assessor and collector need not be a resident~~
15 ~~of the district. Each member of the board shall be a resident of the~~
16 ~~district. Members of the board and tax assessor and collector shall~~
17 ~~have the same duties, including the obligation to execute the oath~~
18 ~~of office, as required by county officials exercising such powers~~
19 ~~and duties. Except as in this law provided to the contrary, all the~~
20 ~~provisions of Title 122, Revised Civil Statutes of Texas, 1925, as~~
21 ~~amended, shall apply to the district.]~~

22 SECTION 10. Chapter 58, Acts of the 63rd Legislature,
23 Regular Session, 1973, is amended by adding Section 27 to read as
24 follows:

25 Sec. 27. (a) The district may be dissolved only if the
26 dissolution is approved by a majority of the registered voters of
27 the district voting in an election held for that purpose.

1 (b) The board may order an election on the question of
2 dissolving the district and disposing of the district's assets and
3 obligations. The board shall order an election if the board
4 receives a petition requesting an election that is signed by at
5 least 15 percent of the registered voters in the district.

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

10 (d) The order calling an election under this section must
11 state:

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

14 (2) the date of the election;

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

16 (4) the location of the polling places.

17 (e) The board shall give notice of the election by
18 publishing a substantial copy of the election order in a newspaper
19 with general circulation in the district once a week for two
20 consecutive weeks. The first publication must appear not later
21 than the 35th day before the date set for the election.

22 (f) The ballot for the election must be printed to permit
23 voting for or against the proposition: "The dissolution of the
24 Lockney General Hospital District."

25 (g) If a majority of the votes in the election favor
26 dissolution, the board shall find that the district is dissolved.
27 If a majority of the votes in the election do not favor dissolution,

1 the board shall continue to administer the district, and another
2 election on the question of dissolution may not be held before the
3 first anniversary of the most recent election to dissolve the
4 district.

5 (h) If a majority of the votes in the election favor
6 dissolution, the board shall:

7 (1) transfer the land, buildings, improvements,
8 equipment, and other assets that belong to the district to Floyd
9 County or another governmental entity in Floyd County; or

10 (2) administer the property, assets, and debts until
11 all money has been disposed of and all district debts have been paid
12 or settled.

13 (i) If the district transfers the land, buildings,
14 improvements, equipment, and other assets to Floyd County or
15 another governmental entity, the county or entity assumes all debts
16 and obligations of the district at the time of the transfer, and the
17 district is dissolved.

18 (j) If the district does not transfer the land, buildings,
19 improvements, equipment, and other assets to a county or other
20 governmental entity, the board shall administer the property,
21 assets, and debts of the district until all funds have been disposed
22 of and all district debts have been paid or settled, at which time
23 the district is dissolved.

24 (k) After the board finds that the district is dissolved,
25 the board shall:

26 (1) determine any remaining debt owed by the district;
27 and

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

4 (1) When all outstanding debts and obligations of the
5 district are paid, the board shall order the secretary to return to
6 each district taxpayer the taxpayer's pro rata share of all unused
7 tax money.

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

12 (n) After the district has paid all its debts and has
13 disposed of all its assets and money as prescribed by this section,
14 the board shall file a written report with the Commissioners Court
15 of Floyd County summarizing the board's actions in dissolving the
16 district.

17 (o) Not later than the 10th day after the date it receives
18 the report and determines that the requirements of this section
19 have been fulfilled, the Commissioners Court of Floyd County shall
20 enter an order dissolving the district and releasing the board of
21 directors of the district from any further duty or obligation.

22 SECTION 11. Sections 3 and 23, Chapter 58, Acts of the 63rd
23 Legislature, Regular Session, 1973, are repealed.

24 SECTION 12. This Act takes effect immediately if it
25 receives a vote of two-thirds of all the members elected to each
26 house, as provided by Section 39, Article III, Texas Constitution.
27 If this Act does not receive the vote necessary for immediate

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1 effect, this Act takes effect September 1, 2005.