1-1 S.B. No. 434 By: Duncan (In the Senate - Filed February 9, 2005; February 15, 2005, read first time and referred to Committee on Intergovernmental Relations; April 14, 2005, reported favorably by the following vote: Yeas 5, Nays 0; April 14, 2005, sent to printer.) 1-2 1-3

1-5

1-4

1-6 1-7

1-8

1-9

1-10 1-11 1-12 1-13 1-14 1**-**15 1**-**16

1-17 1-18 1-19

1-20 1-21 1-22

1-23

1-24 1**-**25 1**-**26

1-27 1-28 1-29 1-30 1-31 1-32 1-33

1-34

1-35 1**-**36 1-37

1-38 1-39 1-40 1-41 1-42

1-43

1-44 1-45 1-46 1 - 47

1-48

1-49 1-50 1-51

1-52 1-53 1-54 1-55 1-56 1-57

1-58 1-59 1-60 1-61 1-62

1-63

1-64

A BILL TO BE ENTITLED AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
SECTION 1. Section 4, Chapter 58, Acts of the 63rd
Legislature, Regular Session, 1973, is amended to read as follows:
Sec. 4. (a) [Upon the effective date of this Act, the
Commissioners Court of Floyd County shall appoint five temporary
directors for the district. Each of the directors shall subscribe to the constitutional oath of office. Should any of the directors named by the court refuse to act or for any reason fail to qualify as herein required or should a vacancy in office occur, the commissioners court shall fill such vacancy. The terms of office of the first three directors named by the court shall expire on the first Tuesday in April, 1975, and the terms of the last two directors named by the court shall expire on the first Tuesday in April, 1974.] A regular election for directors shall be held on the May uniform election date under Section 41.001, Election Code, [first Tuesday in April in] each year [beginning in 1974], and directors shall be elected at that time and in each succeeding year. The regular election for directors shall be ordered by the board and such order shall state the time, place, and purpose of the election. The board shall appoint the presiding judge who shall appoint an assistant judge and such clerks as may be required. The election shall be ordered in accordance with Section 3.005, Election Code [at least 15 days prior to the date on which the election is to be hold]. Any person desiring the person's [his] name to be printed any held]. Any person desiring the person's [his] name to be printed on the ballot as a candidate for director shall file an application [a petition, signed by not less than 10 qualified voters, asking that such name be printed on the ballot, with the secretary of the board of directors of the district in accordance with Chapter 144, Election Code. [Such petition shall be filed with the secretary at least 25 days prior to the date of election.] Notice of the election shall be published one time in a newspaper of general circulation in the area of the district in accordance with Section 4.003, Election Code [at least five days before the election]. All vacancies in office[, other than for the failure of four or more of the original directors herein appointed to qualify, shall be filled by a majority vote of the remaining directors and such appointees shall hold office for the unexpired term for which they were appointed.

(b) No director shall be entitled to compensation, but shall be entitled to <u>reimbursement of [receive his]</u> actual expenses incurred in attending to the district's business, provided such expenses are approved by the remainder of the board. Any person who is a resident [property-owning taxpaying] voter of the district and who is not an employee of the district shall be eligible to hold office as director of the district but no director may serve more than three successive terms. The board of directors shall elect from its number a president, vice-president, secretary, and such other officers as in the indement of the board are preserved. other officers as in the judgment of the board are necessary. [The president shall be the chief executive officer of the district and shall have the same right to vote as any other director.] The vice-president shall perform all duties and exercise all powers conferred by this Act upon the president when the president is absent or fails and declines to act.

(c) [The directors initially named and their successors in office shall hold office as temporary directors until such time as

the creation of the district has been approved at an election herein provided or for a period of two years, whichever period an election as shorter. At such time as the creation of the district is approved and the returns of the election officially canvassed, the persons acting as temporary directors shall become permanent directors whose terms shall expire as hereinabove provided. [permanent] director[, and his successors in office,] shall qualify by executing the constitutional oath of office.

2 - 1

2-2

2-3

2-4

2-5 2-6 2-7

2-8

2-9 2-10 2-11 2-12 2-13

2-14 2**-**15 2**-**16

2-17

2-18

2-19 2-20 2-21 2-22

2-23

2-24

2**-**25 2**-**26 2-27

2-28

2-29 2-30 2-31 2-32

2-33 2-34 2-35 2-36 2-37 2-38

2-39

2-40 2-41

2-42

2-43 2-44 2-45 2-46

2-47

2-48 2-49 2-50 2-51

2-52 2-53 2-54

2-55 2-56 2-57

2-58

2-59

2-60 2-61

2-62

2-63

2-64

2-65 2-66 2-67

2-68 2-69

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

 Sec. 5. (a) The board of directors shall manage, control, and administer the hospital system and all funds and resources of the district, but in no event shall any operating, depreciation, or building fund reserves be invested in any funds or securities other than those specified in <u>Subchapter A</u>, <u>Chapter 2256</u>, <u>Government Code</u> [Article 836 or 837, <u>Revised Civil Statutes of Texas</u>, 1925, as amended].
- The district, through its board of directors shall have the power and authority to sue and be sued, to promulgate rules and regulations governing the operation of the hospital, hospital system, its staff, and its employees.
- (c) The board of directors shall appoint a qualified person to be known as the administrator or manager of the hospital district and may in its discretion appoint an assistant to the administrator or manager. The administrator or manager and assistant administrator or manager, if any, shall serve at the will of the board and shall receive such compensation as may be fixed by the The administrator or manager shall, upon assuming the administrator's or manager's [his] duties, execute a bond payable to the hospital district in an amount to be set by the board of directors, in no event less than \$5,000, conditioned that the administrator or manager [he] shall perform the duties required of the administrator or manager [him], and containing such other conditions as the board may require.

 The board of directors may pay for the bond with district funds.

 The administrator or manager shall supervise all the work and activities of the district and shall have general direction of the affairs of the district, subject to the limitations as may be prescribed by the board.
- (d) The board of directors shall have the authority to appoint to the staff physicians, dentists, and podiatrists as the board determines are [such doctors as it may be deemed] necessary for the efficient operation of the district, and may provide for temporary appointments to the staff if warranted by circumstances. The board may delegate to the administrator or manager the authority to employ technicians, nurses, and employees of the district. The board shall be authorized to contract with any other political subdivision or governmental agency whereby the district will provide investigatory or other services as to the medical, hospital, or welfare needs of the inhabitants of the district and shall be authorized to contract with any county or incorporated municipality located outside its boundaries for the care and treatment of the sick, diseased, or injured persons of any such county or municipality, and shall have the authority to contract with the State of Texas or agencies of the federal government for the treatment of the sick, diseased, or injured persons.

 (e) The board of directors may spend district money, enter
- agreements, and take other necessary action to recruit physicians and other persons to serve as medical staff members or district employees. The actions may include:
 - advertising and marketing;
 - travel, recruitment, paying and relocation

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

(4) contracting with a full-time medical student or

other student in a health occupation who is enrolled in and in good standing at an accredited medical school, college, or university to

pay the student's tuition or other expenses for the consideration of the student agreeing to serve as an employee or independent contractor for the district.

3-1 3-2

3-3 3-4 3-5 3-6

3-7

3-8 3-9

3-10

3-11 3-12 3-13

3 - 14

3**-**15 3**-**16

3-17

3-18

3-19 3-20 3-21 3-22

3-23

3-24

3**-**25 3**-**26

3-27

3-28 3-29 3-30 3-31

3-32

3**-**33 3**-**34

3**-**35 3**-**36

3**-**37 3**-**38

3-39 3-40 3-41

3-42

3-43

3-44 3-45 3-46 3-47

3-48 3-49 3-50

3-51

3-52

3-53 3-54 3-55

3**-**56 3**-**57

3-58 3-59 3-60 3-61 3-62

3**-**63 3**-**64

3-65 3-66 3-67 3-68

3-69

contractor for the district.

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

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

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

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

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

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

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

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

Sec. 7. The board of directors shall have the power and

authority to issue and sell general obligation bonds in the name and upon the faith and credit of the district for the purchase, construction, acquisition, repair, or renovation of buildings and improvements and equipping the same for hospital purposes, and for any or all of such purposes. At the time of the issuance of any general obligation bonds, [except revenue bonds issued under Section 8(b) hereof, a tax shall be levied by the board sufficient to create an interest and sinking fund to pay the interest on and principal of said bonds, as same mature, providing such tax together with any other taxes levied for said district shall not exceed the limit approved by the voters at the election authorizing the imposition of taxes [rate of tax voted under the provisions of Section 3 of this Act]. General obligation bonds may not [Except as provided in Section 8, no bonds shall be issued by or on behalf of the hospital district until authorized by a majority of the qualified electors of the district. The order for the bond election and the publication of notice for the election must be provided in accordance with Chapter 1251, Government Code. The election [shall specify the date of the election, the amount of bonds to be authorized, the maximum maturity thereof, the maximum rate interest they are to bear, the place or places where the election shall be held, the presiding judge and alternate judge for each voting place, and the clerks as in county elections. Notice of any bond election shall be published as provided in Article 704, Revised Civil Statutes of Texas, 1925, as amended, and shall be conducted in accordance with the general laws of this state [Texas] pertaining to general elections, except as modified by the provisions of this Act[, provided, however, an election to authorize the issuance of bonds may be held at the same time as the election for which provision is made in Section 3 of this Act, and in such event notice of a bond election may be given in the manner provided in Section 3 of this Act].

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

Sec. 8. (a) Refunding bonds may be issued by the board of directors for the purpose of refunding and paying off any outstanding indebtedness it has issued or assumed. Such refunding bonds may be sold and the proceeds thereof applied to the payment of outstanding indebtedness, or may be exchanged in whole or in part

for not less than a like principal amount of such outstanding indebtedness. If such refunding bonds are to be sold and the proceeds thereof applied to the payment of any such outstanding indebtedness, same shall be issued and payments made in accordance with Chapter 1207, Government Code [the manner specified by Chapter 503, Acts of the 54th Legislature, 1955, as amended (Article 717k, Vernon's Texas Civil Statutes)]. Refunding bonds shall not bear interest in excess of the rate permitted by <u>Chapter 1204</u>, <u>Government Code</u> [Chapter 784, Acts of the 61st Legislature, Regular Session, 1969, as amended (Article 717k-3, Vernon's Texas Civil Session, Statutes)].

4-1 4-2 4-3

4-4 4-5 4-6 4-7

4-8 4-9

4-10 4-11

4-12 4-13

4 - 144-15 4-16 4-17 4-18

4-19

4-20 4-21

4-22

4-23

4-24

4-25 4-26 4-27

4-28 4-29 4-30 4-31 4-32

4-33 4 - 344-35 4-36

4-37

4-38

4-39 4-40 4-41

4-42 4-43

4-44

4-45 4-46 4-47 4-48 4-49

4-50 4-51

4-52 4-53

4-54 4-55 4-56 4-57

4-58 4-59 4-60 4-61

4-62 4-63

4-64 4-65

4-66 4-67 4-68

4-69

(b) The [In addition to the power to issue bonds payable from taxes levied by the district, as contemplated by the preceding section, the board is [further] authorized to issue, and to refund any previously issued, revenue bonds for purchasing, constructing, acquiring, repairing, equipping, or renovating buildings and improvements for hospital purposes, and for acquiring sites therefor, such bonds to be payable from and secured by a pledge of all or any part of the revenues of the district to be derived from the operation of its hospital or hospitals, and such bonds may be additionally secured by a mortgage or deed of trust lien on any part or all of its properties. Such bonds shall be issued in the manner and in accordance with the procedures and requirements specified for the issuance of revenue bonds by county hospital authorities in Sections 264.042, 264.043, and 264.046-264.049, Health and Safety Code [Sections 8, 10, 11, 12, and 13, Chapter 122, Acts of the 58th Legislature, 1963 (Article 4494r, Vernon's Texas Civil Statutes)].

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

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

(b) Bonds shall be executed in the name of the hospital district and on [in] its behalf by the president of the board and countersigned by the secretary of the board in the manner provided by Chapter 618, Government Code [Chapter 204, Acts of the 57th Legislature, Regular Session, 1961, as amended (Article 717j-1, Vernon's Texas Civil Statutes)], and shall be subject to the same requirements in the matter of approval by the Attorney General of Texas and registration by the Comptroller of Public Accounts of the State of Texas as are by law provided for approval and registration of bonds issued by counties. Upon the approval of such bonds by the attorney general and registration by the comptroller, the same shall be incontestable for any cause.

SECTION 7. Section 11, Chapter 58, Acts of the 63rd Legislature, Regular Session, 1973, is amended to read as follows: Sec. 11. The board of directors of the district shall have

the power to prescribe the method and manner of making purchases and expenditures by and for the district, and shall also be authorized to prescribe all accounting and control procedures. All contracts for construction involving an [the] expenditure in excess of the amount provided by Section 271.024, Local Government Code, must comply with the competitive bidding requirements as provided by Subchapter B, Chapter 271, Local Government Code [of more than \$2,000 may be made only after advertising in the manner provided by Chapter 163, Acts of the 42nd Legislature, Regular Session, 1931, as amended (Article 2368a, Vernon's Texas Civil Statutes)]. The provisions of <u>Chapter 2253</u>, <u>Government Code</u> [Article 5160, Revised Civil Statutes of Texas, 1925], relating to performance and payment bonds shall apply to construction contracts let by the district. The district may acquire equipment for use in its hospital system and mortgage or pledge the property so acquired as security for the payment of the purchase price, but any such contract shall provide for the entire obligation of the district to be retired within five years from the date of the contract. Except as permitted in the

preceding sentence and as permitted by Sections 7 and 8 of this Act, the board may not incur any obligation payable from any revenues of the district, taxes or otherwise, except from funds on hand or to be on hand within the then current and following fiscal year of the district.

5**-**1 5**-**2

5-3 5-4 5-5

5-6

5**-**7 5**-**8

5**-**9 5**-**10

5-11

5-12

5-13

5**-**14 5**-**15

5-16 5-17

5-18 5-19 5-20

5**-**21 5**-**22

5-23 5-24

5-25 5-26

5-27 5-28 5-29

5-30 5-31 5-32

5-33 5-34 5-35 5-36

5-37

5**-**38

5**-**39 5**-**40

5-41

5-42

5**-**43 5**-**44

5-45

5-46

5-47 5-48 5-49 5-50

5-51

5-52

5**-**53

5-54 5-55 5-56 5-57

5-58

5-59

5-60 5-61 5-62

5-63

5-64

5-65

5**-**66 5**-**67

5**-**68 5**-**69 SECTION 8. Section 15, Chapter 58, Acts of the 63rd Legislature, Regular Session, 1973, is amended to read as follows:

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

 (b) The district is not required to deposit in the trial
- (b) The district is not required to deposit in the trial court money or bond as provided by Section 21.021, Property Code [τ provided that the district shall not be required to make deposits in the registry of the trial court of the sum required by Paragraph 2 of Article 3268, Revised Civil Statutes of Texas, 1925, or to make bond as therein provided].
- (c) In condemnation proceedings being prosecuted by the district, the district shall not be required to pay in advance or give bond or other security for costs in the trial court, nor to give any bond otherwise required for the issuance of a temporary restraining order or a temporary injunction or to give bond for costs or for supersedeas or any appeal or writ of error.

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

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

Sec. 16. (a) The Tax Code governs the appraisal, assessment, and collection of district taxes.

(b) The board of directors may provide for the appointment

(b) The board of directors may provide for the appointment of a tax assessor-collector for the district or may contract for the assessment and collection of taxes as provided by the Tax Code. [The directors shall have the authority to levy taxes for the entire year in which the district is established as the result of the election herein provided. All taxes of the district shall be assessed and collected by the assessor-collector appointed by the directors, who shall also fix the terms of his employment, compensation, and requirement for bond to assure the faithful performance of his duties, but in no event shall such bond be for less than \$5,000. The directors shall also annually appoint five persons to serve as a board of equalization and shall fix their compensation. The tax assessor and collector need not be a resident of the district. Each member of the board shall be a resident of the district. Each member of the board shall be a resident of the district. Members of the board and tax assessor and collector shall have the same duties, including the obligation to execute the oath of office, as required by county officials exercising such powers and duties. Except as in this law provided to the contrary, all the provisions of Title 122, Revised Civil Statutes of Texas, 1925, as amended, shall apply to the district.]

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

- Sec. 27. (a) The district may be dissolved only if the dissolution is approved by a majority of the registered voters of the district voting in an election held for that purpose.
- (b) The board of directors may order an election on the question of dissolving the district and disposing of the district's assets and obligations. The board shall order an election if the board receives a petition requesting an election that is signed by at least 15 percent of the registered voters in the district.
- (c) An election ordered under this section shall be held not later than the 60th day after the date the election is ordered. Section 41.001, Election Code, does not apply to an election ordered under this section.
- ordered under this section.

 (d) The order calling an election under this section must state:
- (1) the nature of the election, including the proposition that is to appear on the ballot;

- the date of the election;
- (3) the hours during which the polls will be open; and
- the location of the polling places. (4)
- The board of directors shall give notice of the election by publishing a substantial copy of the election order in a newspaper with general circulation in the district once a week for two consecutive weeks. The first publication must appear not later than the 35th day before the date set for the election.

(f) The ballot for the election must be printed to permit voting for or against the proposition: "The dissolution of the

Lockney General Hospital District."

6-1

6-2

6-3

6-4 6-5

6-6

6-7

6-8

6-9 6-10

6-11

6-12 6-13

6-14 6**-**15 6**-**16 6-17

6-18

6-19 6**-**20 6**-**21 6-22

6-23

6-24 6**-**25 6**-**26

6-27

6-28

6-29 6-30

6-31

6-32

6-33 6-34 6-35 6-36

6-37 6-38

6-39 6-40

6-41

6-42

6-43

6-44

6-45 6-46 6-47 6-48

6-49 6-50 6-51 6-52 6-53

6-54 6-55 6-56

6-57

6-58 6-59 6-60 6-61 6-62

6-63

6-64

6-65 6-66 6-67 6-68 6-69

- (g) If a majority of the votes in the election favor dissolution, the board of directors shall find that the district is dissolved. If a majority of the votes in the election do not favor dissolution, the board shall continue to administer the district, and another election on the question of dissolution may not be held before the first anniversary of the most recent election to dissolve the district.
- (h) If a majority of the votes in the election favor dissolution, the board of directors shall:

 (1) transfer the land, buildings, improvements,
- and other assets that belong to the district to Floyd County or another governmental entity in Floyd County; or
- (2) administer the property, assets, and debts until all money has been disposed of and all district debts have been paid or settled.
 (i) If
- the <u>district</u> transfers the land, build<u>ings</u>, improvements, equipment, and other assets to Floyd County or another governmental entity, the county or entity assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved.
- (j) If the district does not transfer the land, buildings, improvements, equipment, and other assets to a county or other governmental entity, the board of directors shall administer the property, assets, and debts of the district until all funds have been disposed of and all district debts have been paid or settled, at which time the district is dissolved.
- (k) After the board of directors finds that the district is dissolved, the board shall:
 - determine any remaining debt owed by the district;

and impose on the property included in the district's tax rolls a tax that is in proportion of the debt to the property value.

- (1) When all outstanding debts and obligations of the district are paid, the board of directors shall order the secretary to return to each district taxpayer the taxpayer's pro rata share of all unused tax money.
- (m) A taxpayer may request that the taxpayer's share of surplus tax money be credited to the taxpayer's county taxes. If a taxpayer requests the credit, the board of directors shall direct the secretary to transmit the money to the county tax assessor-collector.
- (n) After the district has paid all its debts and has disposed of all its assets and money as prescribed by this section, the board of directors shall file a written report with the Commissioners Court of Floyd County summarizing the board's actions
- in dissolving the district.

 (o) Not later than the 10th day after the date it receives the report and determines that the requirements of this section have been fulfilled, the Commissioners Court of Floyd County shall enter an order dissolving the district and releasing the board of directors of the district from any further duty or obligation.
 SECTION 11. Sections 3 and 23, Chapter 58, Acts of the 63rd

Legislature, Regular Session, 1973, are repealed.

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

S.B. No. 434

7-1 effect, this Act takes effect September 1, 2005.

7-2 * * * * *