

By: Duncan S.B. No. 1754
(In the Senate - Filed March 11, 2005; March 30, 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.)

A BILL TO BE ENTITLED
AN ACT

relating to the Childress County Hospital District.

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

SECTION 1. Section 4, Chapter 647, Acts of the 59th Legislature, Regular Session, 1965, is amended to read as follows:

Sec. 4. (a) ~~The [Within ten (10) days after such election is held, the Commissioners Court of said County shall convene and canvass the returns thereof, and in the event such election results favorably to the proposition specified in Section 3 hereof, such] District is [shall be] governed by a Board of Directors composed [to consist] of seven (7) members elected as provided by this Act. The Directors serve staggered terms of [Upon creation of the District as above provided, the Commissioners Court shall appoint seven (7) persons as Directors to serve until the first Saturday in April of the calendar year following the creation of the District, at which time seven Directors shall be elected from the County at large. The four (4) Directors receiving the highest number of votes shall serve for two years, the remaining three (3) shall serve for one year. Thereafter, the term of all Directors shall be] two years. Three Directors shall be elected in even-numbered years and four Directors shall be elected in odd-numbered years. Directors are elected at large.~~

(b) ~~A regular election for Directors shall be held on the May uniform election date under Section 41.001, Election Code, [first Saturday in April of] each year [and shall be ordered by the Board]. [Such order shall state the time, place and purpose of the election, and the Board shall appoint the presiding judge, who shall appoint an assistant judge and such clerks as may be required, and such election shall be ordered at least fifteen (15) days prior to the date on which it is to be held. Any person desiring his name to be printed on the ballot as a candidate for Director shall file a petition signed by not less than fifteen (15) qualified voters asking that such name be printed on the ballot, with the secretary of the Board of Directors of the District. Such petition shall be filed with the secretary at least twenty-five (25) days prior to the date of election. Notice of such election shall be published one (1) time in a newspaper of general circulation in the area of the District at least five (5) days before the election.] All vacancies in office [other than for the failure of an original Director herein appointed to qualify] shall be filled by a majority vote of the remaining Directors, and such appointees shall hold office for the unexpired terms for which they were appointed.~~

(c) ~~A [No] Director is not [shall be] entitled to compensation, but is [shall be] entitled to reimbursement for [receive his] actual expenses incurred in attending to the District's business, provided that the [such] expenses are reported in the District's minute book or other District records and approved by the remainder of the Board.~~

(d) ~~Any person who is a resident of the District and a qualified [property owning taxpaying] voter [of the District] shall be eligible to hold office as Director of the District, except that an employee of the District may not serve as a Director.~~

(e) ~~The Board of Directors shall elect from its number a president and [7] vice president and shall appoint a [7] secretary who is not required to be a Director [7 and such other officers as in the judgment of the Board are necessary]. The president has [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.

(f) Any four members of the Board shall constitute a quorum and the concurrence of four Directors shall be sufficient in all matters pertaining to the business of the District. The Board shall require the keeping of a true account of all its meetings and proceedings and shall preserve all contracts, records, notices, duplicate vouchers, duplicate receipts, and all accounts and records of the District at its principal office, where same shall be open to public inspection at all reasonable times.

SECTION 2. Section 5, Chapter 647, Acts of the 59th Legislature, Regular Session, 1965, is amended to read as follows:

Sec. 5. (a) The Board of Directors shall manage, control and administer the hospitals and hospital system of the District. The District through its Board of Directors shall have the power and authority to sue and be sued and to promulgate rules and regulations for the operation of the District. The members of the Board of Directors shall be individually liable only for their individual misapplication of public funds.

(b) The Board of Directors shall appoint a qualified person to be known as the chief executive officer ~~[Administrator or Manager]~~ of the hospital district, who ~~[and]~~ may in the person's own ~~[its]~~ discretion appoint an assistant to the chief executive officer. ~~The chief executive officer [Administrator or Manager. Such Administrator or Manager and assistant administrator or assistant manager, if any,] shall receive [such] compensation as may be fixed by the Board, and the Board may execute an employment contract with the chief executive officer. In [such Administrator or Manager and assistant administrator or assistant manager, but in] no event may the [any such] contract be for more than three (3) years, but the contract [same] may be renewed or extended annually.~~

(c) ~~The Board of Directors may delegate to the chief executive officer the authority to manage, control, and administer the hospital, the hospital system, and the business, funds, and resources of the District under the oversight of the Board [The Administrator or Manager shall, upon assuming his duties, execute a bond payable to the hospital district in an amount to be set by the Board of Directors, but in no event less than Twenty-five Thousand Dollars (\$25,000), conditioned that he shall perform the duties required of him, and containing such other conditions as the Board may require]. The chief executive officer [Administrator or Manager] shall keep abreast of and be informed on the latest methods of hospital administration and the care of hospital patients, and shall supervise all the work and activities of the District and shall have general direction of the affairs of the District, subject to such limitations as may be prescribed by the Board.~~

(d) The Board of Directors shall authorize the chief executive officer ~~[have the authority to employ, or may provide that the Administrator or Manager shall have the authority]~~ to employ, for the efficient operation of the District, nurses, technicians, and other employees of the District.

(e) The Board of Directors 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 and agencies of the Federal Government for the treatment of sick, diseased or injured persons for whom the State of Texas or the Federal Government is ~~[are]~~ responsible.

(f) The Board of Directors may purchase or lease property, facilities, and equipment for the District to use in the hospital system and may mortgage or pledge the property, facilities, or equipment as security for the payment of the purchase price.

(g) The Board of Directors may enter into a contract or contracts to provide administrative and other personnel for the operation of the hospital facilities. The term of the contract may not exceed 25 years. The Board may also lease District hospital facilities to individuals, corporations, or other legal entities

and may sell or otherwise dispose of the District's property, facilities, or equipment.

(h) The Board of Directors may spend District money to recruit physicians, nurses, and other trained medical personnel. The Board may contract with one or more full-time medical students or other students in a health occupation, each of whom is enrolled in and in good standing at an accredited medical school, college, or university, to pay, under the terms of the contract, the student's tuition or other expenses in consideration of the student's agreement to serve as an employee or independent contractor for the District.

(i) The Board of Directors may institute a suit to enforce the payment of taxes and to foreclose liens to secure the payment of taxes due to the District.

(j) The Board of Directors may provide or contract for the provision of educational programs or courses for employees and medical staff of the District.

(k) The Board of Directors may institute a suit to collect amounts owed to the District by patients who have not been determined to be unable to pay under Section 18.

(l) The Board of Directors may provide retirement benefits for employees of the District by:

(1) establishing or administering a retirement program; or

(2) electing to participate in the Texas County and District Retirement System or in any other statewide retirement system in which the District is eligible to participate ~~[is also authorized to enter into such contracts or agreements with the State of Texas or the Federal Government as may be required to establish or continue a retirement program for the benefit of the District's employees].~~

SECTION 3. Section 6, Chapter 647, Acts of the 59th Legislature, Regular Session, 1965, is amended to read as follows:

Sec. 6. The District shall be operated on a fiscal year to be established by the Board of Directors. The fiscal year may not be changed when revenue bonds are outstanding or more than one time in a 24-month period. The Board ~~[commencing on October 1 of each year and ending on September 30 of the following year, and it]~~ shall cause an annual audit to be made of the financial condition of said District, which shall at all times be open to inspection at the principal office of the District. In addition, the chief executive officer ~~[Administrator or Manager]~~ shall prepare an annual budget for approval by the Board of Directors of said District. A public hearing on the annual budget shall be held by the Board of Directors after notice of the ~~[such]~~ hearing has been published in accordance with Chapter 551, Government Code ~~[one (1) time at least ten (10) days before the date set therefor]~~. No expenditure may be made for any expense not included in the original annual budget or an amendment to the budget ~~[thereto]~~. The annual budget may be amended from time to time, as the circumstances may require, but the annual budget~~[7]~~ and all amendments to the budget ~~[thereto]~~ shall be approved by the Board of Directors. As soon as practicable after the close of each fiscal year, the chief executive officer ~~[Administrator or Manager]~~ shall prepare for the Board a full sworn statement of all moneys belonging to the District and a full account of the disbursements of same.

SECTION 4. Section 7, Chapter 647, Acts of the 59th Legislature, Regular Session, 1965, is amended to read as follows:

Sec. 7. (a) The Board of Directors of the hospital district may ~~[shall have the power and authority to]~~ issue and sell general obligation bonds authorized by an election ~~[its bonds]~~ in the name and upon the faith and credit of such hospital district, for hospital or hospital system purposes, to:

(1) purchase, construct, acquire, repair, or renovate buildings or improvements;

(2) equip buildings or improvements; or

(3) acquire and operate a mobile emergency medical or air ambulance service ~~[for the purchase, construction, acquisition, repair or renovation of improvements and equipping the~~

4-1 ~~same for hospitals and the hospital system, as determined by the~~
 4-2 ~~Board, and for any and all of such purposes].~~

4-3 (b) At the time of the issuance of any general obligation
 4-4 ~~[such]~~ bonds a tax shall be levied by the Board sufficient to create
 4-5 an interest and sinking fund and to pay the interest on and
 4-6 principal of said bonds as same mature, providing such tax together
 4-7 with any other taxes levied for said District shall not exceed the
 4-8 limit approved by the voters at the election authorizing the levy of
 4-9 taxes. The District may issue general obligation bonds only if the
 4-10 bonds are authorized by a majority of the voters of the District
 4-11 voting in an election held for that purpose. Section 41.001(a),
 4-12 Election Code, does not apply to a bond election ordered by the
 4-13 Board. A bond election shall be conducted in accordance with
 4-14 Chapter 1251, Government Code, except as otherwise provided in this
 4-15 Act ~~[seventy-five cents (75¢) on each one hundred dollar valuation~~
 4-16 ~~of taxable property in any one year].~~

4-17 (c) Such bonds shall be executed in the name of the hospital
 4-18 district and in its behalf by the president of the Board and
 4-19 attested by the secretary, as provided by Chapter 618, Government
 4-20 Code ~~[Article 717j-1, Vernon's Texas Civil Statutes]~~, and shall be
 4-21 subject to the same requirements in the matter of approval by the
 4-22 Attorney General of Texas and registration by the Comptroller of
 4-23 Public Accounts of the State of Texas as are by law provided for
 4-24 approval and registration of bonds issued by counties.

4-25 (d) Bonds of the District must mature not later than the
 4-26 40th anniversary of the date of issuance and must bear a rate of
 4-27 interest that does not exceed the amount provided by Chapter 1204,
 4-28 Government Code.

4-29 (e) ~~[No bonds shall be issued by such hospital district~~
 4-30 ~~except refunding bonds until authorized by a majority of the~~
 4-31 ~~qualified electors of the District who own taxable property therein~~
 4-32 ~~and who have duly rendered the same for taxation voting at an~~
 4-33 ~~election called for such purpose. Except as provided in Section 8,~~
 4-34 ~~such election shall be called by the Board of Directors and held in~~
 4-35 ~~accordance with the provisions of Chapter 1, Title 22 of the Revised~~
 4-36 ~~Civil Statutes of Texas, as amended, and except as therein~~
 4-37 ~~otherwise provided, shall be conducted in accordance with the~~
 4-38 ~~General Laws of Texas pertaining to elections. The District shall~~
 4-39 ~~make provisions for defraying the costs of all elections called and~~
 4-40 ~~held under the provisions of this Act. The bond election order~~
 4-41 ~~shall specify the date of the election, the amount of bonds to be~~
 4-42 ~~authorized, the maximum maturity thereof, the maximum rate of~~
 4-43 ~~interest they are to bear, the place or places where the election~~
 4-44 ~~shall be held, and the presiding officers thereof.]~~ The bonds of
 4-45 the District may be issued for the purpose of refunding and paying
 4-46 off any bonds issued or assumed by such District. Refunding bonds
 4-47 shall be issued in accordance with Chapter 1207, Government Code.

4-48 (f) The Board of Directors may issue and sell revenue bonds
 4-49 in the name and on the faith and credit of the District to purchase,
 4-50 construct, acquire, repair, renovate, or equip buildings or
 4-51 improvements for hospitals and the hospital system and to acquire
 4-52 sites to be used for hospital purposes. The bonds shall be payable
 4-53 from and secured by a pledge of all or part of the revenues derived
 4-54 from the operation of the District's hospital system. The bonds may
 4-55 be additionally secured by a mortgage or deed of trust on all or
 4-56 part of the District's property. The revenue bonds shall be issued
 4-57 in the manner provided by Sections 264.042, 264.043, 264.046,
 4-58 264.047, 264.048, and 264.049, Health and Safety Code, for the
 4-59 issuance of revenue bonds by county hospital authorities ~~[Such~~
 4-60 ~~refunding bonds may be sold and the proceeds thereof applied to the~~
 4-61 ~~payment of outstanding bonds, or may be exchanged in whole or in~~
 4-62 ~~part for not less than a like principal amount of such outstanding~~
 4-63 ~~bonds, provided that, if refunding bonds are to be exchanged for a~~
 4-64 ~~like amount of said outstanding bonds, such refunding bonds shall~~
 4-65 ~~bear interest at the same or lower rate than borne by the bonds~~
 4-66 ~~refunded, unless it is shown mathematically that a saving will~~
 4-67 ~~result in the total amount of interest to be paid on said refunding~~
 4-68 ~~bonds, and provided further that if such refunding bonds are to be~~
 4-69 ~~sold and the proceeds thereof applied to the payment of any such~~

~~outstanding bonds or other refundable indebtedness, same shall be issued and payments made in the manner specified by Article 717k, Vernon's Texas Civil Statutes].~~

SECTION 5. Section 11, Chapter 647, Acts of the 59th Legislature, Regular Session, 1965, is amended to read as follows:

Sec. 11. The Board of Directors of such District shall have the power to prescribe the method and manner of making purchases and expenditures by and for such hospital district, and also shall be authorized to prescribe all accounting and control procedures and to make such rules and regulations as may be required to carry out the provisions of this Act. A contract for construction that requires expenditures in excess of the amount prescribed by Section 271.024, Local Government Code, may be made only after competitive bidding as provided by Subchapter B, Chapter 271, Local Government Code ~~[All purchases involving the expenditure of more than Two Thousand Dollars (\$2,000) may be made only after advertising in the manner provided by Article 2368a, Vernon's Texas Civil Statutes, as amended].~~

SECTION 6. Section 12, Chapter 647, Acts of the 59th Legislature, Regular Session, 1965, is amended to read as follows:

Sec. 12. The Board of Directors of the District shall name one or more banks ~~[within its boundaries]~~ to serve as depository for the funds of the District. All such funds shall, as derived and collected, be immediately deposited with such depository bank or banks, except that sufficient funds shall be remitted to the bank or banks for the payment of principal of and interest on the outstanding bonds of the District or other obligations assumed by it and in time that such money may be received by said bank or banks for payment on or prior to the date of maturity of such principal and interest so to be paid. To the extent that funds in the depository bank or banks are not insured by the Federal Deposit Insurance Corporation, they shall be secured in the manner provided by law for security of county funds. Membership on the Board of Directors of an officer or director of a bank disqualifies the ~~[shall not disqualify such]~~ bank from being designated as depository for the District's funds.

SECTION 7. Section 16, Chapter 647, Acts of the 59th Legislature, Regular Session, 1965, is amended to read as follows:

Sec. 16. (a) The Board of Directors may annually impose property taxes in an amount not to exceed the limit approved by the voters at the election authorizing the imposition of taxes. The tax rate for all purposes may not exceed 75 cents on each \$100 valuation of all taxable property in the District. The taxes may be used to pay for indebtedness issued or assumed by the District and for the maintenance and operating expenses of the District. The District may not impose taxes to pay the principal of or interest on revenue bonds.

(b) The Tax Code governs the appraisal, assessment, and collection of District taxes. The Board 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 District taxes shall be assessed and collected on county tax values in the same manner as provided by law with relation to county taxes upon all taxable property within said District, subject to hospital district taxation. The Tax Assessor-Collector of Childress County shall be charged and required to accomplish the assessment and collection of all taxes levied by and on behalf of the District. The Assessor-Collector of taxes shall charge and deduct from payments to the hospital district the dues for assessing and collecting the taxes at a rate of not to exceed one per cent (1%) for assessing, and one per cent (1%) for collecting, each based upon the amount collected, but in no event shall such fee to the Tax Assessor-Collector exceed Five Thousand Dollars (\$5,000) in any one calendar year. Such fees shall be deposited in the officers' salary fund of the County and reported as fees of office of the County Assessor-Collector. Interest and penalties on taxes paid to the hospital district shall be the same as in the case of County taxes. Discounts shall be the same as allowed by the County. The residue of tax collections, after~~

deduction of discounts and fees for assessing and collecting, shall be deposited in the District's depository.

[The Board of Directors shall have the authority to levy the aforesaid tax for the entire year in which said District is established as the result of the election herein provided. The bond of the County Tax Assessor-Collector shall stand as security for the proper performance of his duties as Assessor-Collector of the District, or if in the judgment of the Board of Directors of the District it is necessary, additional bond payable to the District may be required. In all matters pertaining to the assessment, collection and enforcement of taxes for the District, the County Tax Assessor-Collector shall be authorized to act in all respects according to the laws of the State of Texas relating to State and County taxes].

SECTION 8. Section 18, Chapter 647, Acts of the 59th Legislature, Regular Session, 1965, is amended to read as follows:

Sec. 18. (a) Whenever a patient residing within the District has been admitted to a district facility [the facilities thereof], the chief executive officer [Administrator or Manager] shall have an [cause] inquiry [to be] made as to the patient's [his] circumstances and the circumstances [those] of the relatives of the [such] patient legally liable for the patient's [his] support.

(b) If the chief executive officer [he] finds that the [such] patient or the patient's [said] relatives are able to pay for the patient's [his] care and treatment wholly or partly, the chief executive officer [in whole or in part, an order] shall issue an order [be made] directing the [such] patient or the patient's [said] relatives to pay to the hospital district for the support of the [such] patient a specified sum per week in proportion to the [their] financial ability of the patient or the patient's relatives. A patient or the patient's relative may not be required to pay an amount greater than[, but such sum shall not exceed] the actual per capita cost of maintenance.

(c) The chief executive officer may collect money owed to the District [Administrator or Manager shall have power and authority to collect such sums] from the estate of the patient or from the patient's [his] relatives legally liable for the patient's [his] support in the manner provided by law for collection of expenses in the last illness of a deceased person.

(d) If the chief executive officer [Administrator or Manager] finds that the [such] patient or the patient's [said] relatives are not able to pay either wholly or partly [in whole or in part] for the patient's [his] care and treatment in the [such] hospital, the cost of the patient's care [same] shall become a charge on [upon] the hospital district as to the amount of the inability to pay.

(e) If [Should] there is [be] any dispute as to the ability to pay or doubt in the mind of the chief executive officer [Administrator or Manager], the Board of Directors shall hear and determine same after calling witnesses, and shall make such order or orders as may be proper. Appeals from a final order of the Board must be made [shall lie] to the District Court. The substantial evidence rule shall apply.

SECTION 9. Chapter 647, Acts of the 59th Legislature, Regular Session, 1965, is amended by adding Sections 20A, 20B, and 21A to read as follows:

Sec. 20A. (a) The Board of Directors may borrow money at a rate not to exceed the maximum annual percentage rate allowed by law for District obligations at the time the loan is made if the Board declares that:

(1) money is not available to meet authorized obligations of the District; and

(2) an emergency exists.

(b) To secure a loan, the Board of Directors may pledge:

(1) District revenues that are not pledged to pay bonded indebtedness of the District;

(2) District taxes to be imposed in the next 12-month period that are not pledged to pay the principal of or interest on District bonds; or

(3) District bonds that have been authorized but not sold.

(c) A loan for which District taxes or bonds are pledged must mature not later than the first anniversary of the date the loan is made. A loan for which District revenues are pledged must mature not later than the fifth anniversary of the date the loan is made.

(d) The Board of Directors may not spend money obtained from a loan under this section for any purpose other than:

(1) the purpose for which the Board declared an emergency; and

(2) if District taxes or bonds are pledged to pay the loan, the purpose for which the pledged taxes were imposed or the pledged bonds were authorized.

Sec. 20B. (a) The Board may borrow money at a rate not to exceed the maximum annual percentage rate allowed by law for District obligations at the time the loan is made.

(b) To secure a loan, the Board may pledge:

(1) District revenues that are not pledged to pay bonded indebtedness of the District;

(2) District taxes to be imposed in the next 12-month period that are not pledged to pay the principal of or interest on District bonds; or

(3) District bonds that have been authorized but not sold.

(c) A loan for which District taxes or bonds are pledged must mature not later than the first anniversary of the date the loan is made. A loan for which district revenues are pledged must mature not later than the fifth anniversary of the date the loan is made.

Sec. 21A. (a) The District may be dissolved only if the dissolution is approved by a majority of the qualified voters of the District voting in an election called and 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 a number of residents of the District equal to at least 15 percent of the registered voters in the District.

(c) The election shall be held not later than the 60th day after the date the election is ordered. Section 41.001(a), Election Code, does not apply to an election ordered under this section. The order calling the election shall state:

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

(2) the date of the election;

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

(4) the location of the polling places.

(d) 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 less than 35 days before the date set for the election. The ballot for the election shall be printed to permit voting for or against the proposition: "The dissolution of the Childress County Hospital District."

(e) 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.

(f) If a majority of the votes in the election favor dissolution, the Board of Directors shall:

(1) transfer the land, buildings, improvements, equipment, and other assets that belong to the District to a county or another governmental entity in the county in which the District is located;

(2) sell the assets and liabilities to another person or entity; or

(3) administer the property, assets, and debts until all funds have been disposed of and all District debts have been paid or settled.

(g) If the District transfers the land, buildings, improvements, equipment, and other assets to a county or other governmental entity, the county or entity assumes all debts and obligations of the District at the time of the transfer, at which time the District is dissolved. If the District does not transfer the land, buildings, improvements, equipment, and other assets to a county or other governmental entity, or sell those assets and the liabilities to another person, 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.

(h) After the Board of Directors finds that the District is dissolved, the Board shall:

(1) determine the debt owed by the District; and

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

(i) When all outstanding debts and obligations of the District are paid, the Board of Directors shall order the secretary to return the pro rata share of all unused tax money to each District taxpayer.

(j) 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 funds to the county tax assessor-collector.

(k) After the District has paid all its debts and has disposed of all its assets and funds as prescribed by this section, the Board of Directors shall file a written report with the Commissioners Court of Childress County setting forth a summary of the Board's actions in dissolving the District.

(l) 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 Childress County shall enter an order dissolving the District and releasing the Board of Directors of the District from any further duty or obligation.

(m) The District may provide for the sale or transfer of the District's assets and liabilities to another person or entity and the District's subsequent dissolution. The dissolution of the District and the sale or transfer of the District's assets and liabilities to another person or entity may not contravene a trust indenture or bond resolution relating to the outstanding bonds of the District. The dissolution and sale or transfer does not diminish or impair the rights of a holder of an outstanding bond, warrant, or other obligation of the District.

(n) The sale or transfer of the District's assets and liabilities must satisfy the debt and bond obligations of the District in a manner that protects the interests of the residents of the District, including the residents' collective property rights in the District's assets. A grant from federal funds is an obligation to be repaid in satisfaction. The District may not transfer or dispose of the District's assets except for due compensation unless the transfer is made to another governmental entity that serves the District and the transferred assets are to be used for the benefit of the residents of the District.

SECTION 10. 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 effect, this Act takes effect September 1, 2005.

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