

AN ACT

relating to the powers and duties of the Karnes County Hospital District.

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

SECTION 1. Section 3, Chapter 591, Acts of the 61st Legislature, Regular Session, 1969, is amended to read as follows:

Sec. 3. The district authorized to be created by this Act is charged with the responsibility of establishing a hospital or a hospital system within its boundaries to furnish hospital and medical care to the residents of the district. A ~~[After this district is created as provided in Section 4 of this Act, no other] municipality or political subdivision of this state other than the district may not impose a tax [may levy taxes]~~ or issue bonds or other obligations of indebtedness for purpose of providing hospital service or medical care within the district. This district shall provide all necessary hospital and medical care for the needy inhabitants of the district.

SECTION 2. Section 5, Chapter 591, Acts of the 61st Legislature, Regular Session, 1969, is amended to read as follows:

Sec. 5. (a) The ~~[At such time as the creation of the] district is governed by a board of seven directors.~~

(a-1) Directors ~~[approved and the returns of the election officially canvassed, the commissioners court shall convene and appoint seven persons as directors of the district and shall~~

1 ~~designate the length of their terms. Four of the appointed persons~~  
2 ~~shall serve until the first Saturday in April next following, and~~  
3 ~~three persons so appointed shall serve until the first Saturday in~~  
4 ~~April of the following year. Successors shall be elected by vote of~~  
5 ~~the electors of the entire district for two-year terms at elections~~  
6 ~~held annually on the first Saturday in April. Beginning with the~~  
7 ~~election year 1973, the directors]~~ shall be elected at large by  
8 place. To be eligible to hold office on the board, a person must be  
9 a resident of the place for which the person is elected, as  
10 designated by the following political subdivisions~~[, and the person~~  
11 ~~elected shall be a resident of the designated subdivision in the~~  
12 ~~district as follows]:~~

13           (1) place one, ~~[composed of the area within the~~  
14 ~~presently existing]~~ Falls City Common School District;

15           (2) place two, ~~[composed of the area within the~~  
16 ~~presently existing]~~ Runge Independent School District and Nordheim  
17 Independent School District;

18           (3) places three and four, ~~[composed of the area~~  
19 ~~within the presently existing]~~ Karnes City Independent School  
20 District and Nixon Independent School District; and

21           (4) places five, six, and seven, ~~[composed of the~~  
22 ~~area within the presently existing]~~ Kenedy Independent School  
23 District, Pawnee Independent School District, and Pettus  
24 Independent School District.

25           (a-2) A regular election for directors shall be held on the  
26 May uniform election date under Section 41.001, Election Code, each  
27 year. Directors from places one, two, three, and four shall be

1 elected in odd-numbered years [~~1973 and biennially thereafter~~].  
2 Directors from places five, six, and seven shall be elected in  
3 even-numbered years [~~1974 and biennially thereafter~~].

4       (a-3) Notice of each such election shall be published in a  
5 newspaper or newspapers which individually or collectively provide  
6 general circulation in the district in accordance with Section  
7 4.003, Election Code [~~one time at least 30 days prior to the date of~~  
8 ~~the election~~]. Any person desiring to have the person's [~~his~~] name  
9 printed on the ballot as a candidate for director shall file an  
10 application with the secretary of the board of directors in  
11 accordance with Chapter 144, Election Code [~~a petition signed by at~~  
12 ~~least 10 qualified property taxpaying electors asking that his name~~  
13 ~~be printed on the ballot and designating the place number for which~~  
14 ~~he is a candidate. Such petition shall be filed with the secretary~~  
15 ~~at least 30 days prior to the date of the election~~].

16       (a-4) Vacancies in office shall be filled for the unexpired  
17 term by the remainder of the directors.

18       (a-5) Each member of the board of directors shall execute a  
19 good and sufficient bond for \$5,000 payable to the [~~said~~] district  
20 conditioned upon the faithful performance of the director's [~~his~~]  
21 duties and each bond shall be purchased at the expense of the  
22 district. All members of the board of directors shall execute the  
23 constitutional oath of office.

24       (b) No person shall be appointed or elected as a member of  
25 the board of directors unless the person [~~he~~] is a resident of the  
26 place for [~~district subdivision from~~] which the person [~~he~~] is a  
27 candidate and is a qualified voter. Neither the administrator, an

1 employee of the district, nor a member of the medical staff of the  
2 hospital is [~~shall be~~] eligible to serve as a director.

3 (c) The board of directors shall organize by electing one of  
4 their number as president and one of their number as vice president.  
5 A secretary, who need not be a director, shall also be elected.  
6 Officers shall be elected for a term of one year and vacancies shall  
7 be filled for the unexpired term by the board of directors.

8 (d) Any four members of the board of directors shall  
9 constitute a quorum and a concurrence of four shall be sufficient in  
10 all matters pertaining to the business of the district.

11 (e) All members of the board of directors and officers shall  
12 serve without compensation, but may be reimbursed for actual  
13 expenses incurred in the performance of their official duties upon  
14 the approval of such expenses by the board of directors and so  
15 reported in the minute book of the district or other records of the  
16 district.

17 SECTION 3. Section 6, Chapter 591, Acts of the 61st  
18 Legislature, Regular Session, 1969, is amended to read as follows:

19 Sec. 6. (a) The board of directors shall manage, control  
20 and administer the hospital system and all funds and resources of  
21 the district, but in no event shall any operating, depreciation or  
22 building fund reserves be invested in any funds or securities other  
23 than those specified by Chapter 2256, Government Code [~~in Articles~~  
24 ~~836 or 837, Revised Civil Statutes of Texas, 1925, as amended~~].

25 (b) The board is given full authority to establish rules and  
26 regulations relating to seniority of employees of the district  
27 (including a retirement plan based thereon) and may give effect to

1 previous years of service for those employees who have been  
2 continuously employed in the operation or management of the  
3 hospital facilities acquired or constructed by the district.

4 (c) The district, through its board of directors, shall have  
5 the power and authority to sue and be sued, and shall be entitled to  
6 all causes of action and defenses enjoyed by similar authorities,  
7 to promulgate rules and regulations governing the operation of the  
8 hospital, hospital system, its staff and its employees.

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

24 (e) The board of directors shall have the authority to  
25 appoint to or dismiss from the staff physicians, dentists, and  
26 podiatrists as the board determines are [~~such doctors as it may be~~  
27 ~~deemed~~] necessary for the efficient operation of the district, and

1 may provide for temporary appointments to the staff if warranted by  
2 circumstances.

3 (f) The board may delegate to the administrator [~~or manager~~]  
4 the authority to employ technicians, nurses, and employees of the  
5 district.

6 (g) The [~~Such~~] board shall be authorized to contract with  
7 any other political subdivision or governmental agency whereby the  
8 district will provide investigatory or other services as to the  
9 hospital, or welfare needs of the inhabitants of the district and  
10 shall be authorized to contract with any county or incorporated  
11 municipality located outside its boundaries for the  
12 hospitalization of the sick, diseased, or injured persons of any  
13 such county or municipality, and shall have the authority to  
14 contract with the State of Texas or agencies of the federal  
15 government for the hospital treatment of sick, diseased or injured  
16 persons.

17 SECTION 4. Chapter 591, Acts of the 61st Legislature,  
18 Regular Session, 1969, is amended by adding Section 6A to read as  
19 follows:

20 Sec. 6A. (a) The district may create and sponsor a  
21 nonprofit corporation under the Business Organizations Code and may  
22 contribute money to or solicit money for the corporation.

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

1 corporation.

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

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

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

11 (e) This subsection and Subsection (a-1) expire December  
12 31, 2009.

13 SECTION 5. Section 7, Chapter 591, Acts of the 61st  
14 Legislature, Regular Session, 1969, is amended to read as follows:

15 Sec. 7. (a) The district shall be operated on the basis of  
16 a fiscal year established by the board. The fiscal year may not be  
17 changed:

18 (1) during a period in which revenue bonds of the  
19 district are outstanding; or

20 (2) more than once in a 24-month period.

21 (b) The board [~~commencing on July 1 of each year and ending~~  
22 ~~on June 30 of the following year, and it]~~ shall cause an annual  
23 independent audit to be made of the financial condition of the  
24 [~~said~~] district, which, together with other records of the  
25 district, shall be open to inspection at the principal office of the  
26 district[~~, such audit to be made covering such fiscal year, and the~~  
27 ~~same shall be filed at the office of the district as soon as it is~~

1 ~~completed~~].

2       (c) The administrator [~~or manager~~] shall prepare an annual  
3 budget for approval by the board of directors. The budget shall  
4 [~~also~~] contain a complete financial statement of the district  
5 showing:

6           (1) all outstanding obligations of the district;*i*

7           (2) [~~7~~] the cash on hand to the credit of each [~~and~~  
8 ~~every~~] fund of the district;*i*

9           (3) [~~7~~] the funds received from all sources during the  
10 previous year;*i*

11           (4) [~~7~~] the funds available from all sources during  
12 the ensuing year, with balances expected at end of the year in which  
13 the budget is being prepared;*i*

14           (5) [~~7, and~~] estimated revenues and balances available  
15 to cover the proposed expenditures and disbursements;*i* and

16           (6) the estimated receipts and collections for the  
17 following fiscal year.

18       (d) The board shall hold a [A] public hearing on the annual  
19 budget [~~shall be held by the board of directors after notice of such~~  
20 ~~hearing has been published one time at least 10 days before the date~~  
21 ~~set therefor~~]. Notice of the budget hearing shall be published one  
22 time not later than 10 days before the date of the hearing in a  
23 newspaper or newspapers which individually or collectively provide  
24 general circulation in the hospital district. Any resident  
25 [~~property taxpayer~~] of the district shall have the right to be  
26 present and participate at the [~~in said~~] hearing. At the conclusion  
27 of the hearing, the budget, as proposed by the administrator, shall



1 be acted upon by the board of directors. The board of directors  
2 shall have authority to make such changes in the proposed budget as  
3 in its judgment the law warrants and the interest of the taxpayers  
4 demand.

5 (e) No expenditure may be made for any expense not included  
6 in the annual budget or an amendment thereto.

7 (f) The annual budget may be amended from time to time as the  
8 circumstances may require, but the annual budget, and all  
9 amendments thereto, shall be approved by the board of directors.

10 (g) As soon as practicable after the close of each fiscal  
11 year, the administrator [~~or manager~~] shall prepare for the board a  
12 full sworn statement of all moneys belonging to the district and a  
13 full account of the disbursements of same.

14 SECTION 6. Section 8, Chapter 591, Acts of the 61st  
15 Legislature, Regular Session, 1969, is amended to read as follows:

16 Sec. 8. (a) The board of directors shall have the power and  
17 authority to issue and sell general obligation [~~its~~] bonds in the  
18 name and upon the faith and credit of such hospital district for the  
19 purchase, construction, acquisition, repair or renovation of  
20 buildings, and improvements and equipping the same for hospital  
21 system purposes, and for any or all of such purposes. At the time of  
22 the issuance [~~issuances~~] of any general obligation bonds by the  
23 district, a tax shall be imposed [~~levied~~] by the board sufficient to  
24 create an interest and sinking fund to pay the interest on and  
25 principal of said bonds as same mature, providing such tax,  
26 together with any other taxes levied for said district shall not  
27 exceed the limit approved by the voters at the election authorizing

1 the imposition of taxes [~~rate of tax voted under the provisions of~~  
2 ~~Section 4 of this Act~~]. General obligation bonds may not [~~No bonds~~  
3 ~~shall~~] be issued by the [~~such hospital~~] district [~~except refunding~~  
4 ~~bonds~~] until authorized by a majority of the qualified voters  
5 [~~property taxpaying electors~~] of the district voting at an election  
6 held [~~called~~] for that [~~such~~] purpose. The order for the bond  
7 election and the publication of notice for the election must be  
8 provided in accordance with Chapter 1251, Government Code. The  
9 election [~~shall specify the date of the election, the amount of~~  
10 ~~bonds to be authorized, the maximum rate of interest they are to~~  
11 ~~bear, the place or places where the election shall be held, the~~  
12 ~~presiding judge and alternate judge for each voting place, and~~  
13 ~~provide for clerks as in county elections. Except as to a bond~~  
14 ~~election held pursuant to the provisions of Subsection (b) of this~~  
15 ~~section, where notice shall be given as provided in Section 4,~~  
16 ~~notice of any bond election shall be given as provided in Article~~  
17 ~~704, Revised Civil Statutes of Texas, 1925, as amended, and~~] shall  
18 be conducted in accordance with the general laws of this state  
19 [~~Texas~~] pertaining to general elections, except as modified by the  
20 provisions of this Act.

21 (b) [~~A separate proposition may be submitted at the election~~  
22 ~~for the creation or confirmation of the district as to whether the~~  
23 ~~board of directors, in the event the district is created, shall be~~  
24 ~~authorized to issue bonds for any one or more of the foregoing~~  
25 ~~purposes. The proposition, if submitted, shall specify the purpose~~  
26 ~~for which the bonds are to be issued, the maximum amount of bonds~~  
27 ~~then proposed to be issued, the maximum maturity, and the maximum~~

1 ~~interest rate.~~

2       ~~[(c)]~~ Refunding bonds of the district may be issued for the  
3 purpose of refunding and paying off any outstanding indebtedness  
4 issued or assumed. Such refunding bonds may be sold and the  
5 proceeds therefrom applied to the payment of outstanding  
6 indebtedness, or may be exchanged in whole or in part for not less  
7 than a like principal amount of such outstanding indebtedness  
8 provided that, if refunding bonds are to be exchanged for a like  
9 amount of said outstanding indebtedness, such refunding bonds shall  
10 bear interest at the same or lower rate than borne by the debt  
11 refunded, unless it is shown mathematically that a saving will  
12 result in the total amount of interest to be paid on said refunding  
13 bonds, and provided further that if such refunding bonds are to be  
14 sold and the proceeds thereof applied to the payment of any such  
15 outstanding indebtedness, same shall be issued and payments made in  
16 accordance with Chapter 1207, Government Code ~~[the manner specified~~  
17 ~~by Chapter 503, Acts of the 54th Legislature, Regular Session,~~  
18 ~~1955, as amended (Article 717k, Vernon's Texas Civil Statutes)]~~.

19       (c) ~~[(d)]~~ Bonds of the district must mature not later than  
20 the 40th anniversary of the date of issuance and must bear a rate of  
21 interest that does not exceed the amount permitted by Chapter 1204,  
22 Government Code. Bonds ~~[shall bear interest not to exceed seven~~  
23 ~~percent a year, shall mature within 40 years of their date,~~] shall  
24 be executed in the name of the hospital district and on ~~[in]~~ its  
25 behalf by the president of the board and countersigned by the  
26 secretary in the manner provided by Chapter 618, Government Code  
27 ~~[Chapter 204, Acts of the 57th Legislature, Regular Session, 1961,~~

1 ~~as amended (Article 717j-1, Vernon's Texas Civil Statutes)]~~, and  
2 shall be subject to the same requirements in the matter of approval  
3 by the Attorney General of Texas and registration by the  
4 Comptroller of Public Accounts of the State of Texas as are by law  
5 provided for approval and registration of bonds issued by counties.  
6 Upon the approval of such bonds by the attorney general and  
7 registration by the comptroller, the same shall be incontestable  
8 for any cause.

9 SECTION 7. Section 9, Chapter 591, Acts of the 61st  
10 Legislature, Regular Session, 1969, is amended to read as follows:

11 Sec. 9. The [~~In addition to the power to issue bonds payable~~  
12 ~~from taxes levied by the district, as contemplated by the preceding~~  
13 ~~section, the]~~ board of directors is [~~further~~] authorized to issue,  
14 and to refund any previously issued, revenue bonds for purchasing,  
15 constructing, acquiring, repairing, equipping, or renovating  
16 buildings and improvements for hospital system purposes, and for  
17 acquiring sites therefor, such bonds to be payable from and secured  
18 by a pledge of all or any part of the revenues of the district to be  
19 derived from the operation of its hospital or hospitals, and such  
20 bonds may be additionally secured by a mortgage or deed of trust  
21 lien on any part or all of its properties. Such bonds shall be  
22 issued in the manner and in accordance with the procedures and  
23 requirements specified for the issuance of revenue bonds [~~bond~~] by  
24 county hospital authorities in Sections 264.042, 264.043, and  
25 264.046-264.049, Health and Safety Code [~~8, 10, 11, 12, and 13 of~~  
26 ~~Chapter 122, Acts of the 58th Legislature, 1963 (Article 4494r,~~  
27 ~~Vernon's Texas Civil Statutes)]~~.

1           SECTION 8. Chapter 591, Acts of the 61st Legislature,  
2 Regular Session, 1969, is amended by adding Sections 9A and 9B to  
3 read as follows:

4           Sec. 9A. (a) In addition to the power to issue bonds  
5 payable solely from and secured by taxes imposed by the district as  
6 authorized by Section 8 of this Act and the power to issue bonds  
7 payable from and secured by revenues and other sources as  
8 authorized by Section 9 of this Act, the board of directors may  
9 provide for the security and payment of district bonds from a pledge  
10 of a combination of:

11                   (1) ad valorem taxes as authorized by Section 8 of this  
12 Act; and

13                   (2) the revenues and other sources authorized by  
14 Section 9 of this Act.

15           (b) Bonds, other than refunding bonds, that the board  
16 proposes to secure wholly or partly by an ad valorem tax must be  
17 approved at an election held in the district in accordance with  
18 Section 8 of this Act.

19           Sec. 9B. (a) The district may use the proceeds of bonds  
20 described by Section 8, 9, or 9A of this Act to pay:

21                   (1) any expense the board of directors determines is  
22 reasonable and necessary to effect the issuance, sale, and delivery  
23 of the bonds;

24                   (2) interest on the bonds during a period of  
25 acquisition or construction of a project or facility to be provided  
26 through the bonds;

27                   (3) operation and maintenance costs of a project or

1 facility to be provided through the bonds during an estimated  
2 period of acquisition or construction and for one year after the  
3 project or facility is acquired or constructed;

4 (4) costs related to the financing of the bond funds,  
5 including debt service reserve and contingency funds;

6 (5) costs related to the issuance of the bonds;

7 (6) costs related to the acquisition of land or an  
8 interest in land for a project or facility to be provided through  
9 the bonds; and

10 (7) construction costs of a project or facility to be  
11 provided through the bonds, including the payment of related  
12 professional services and expenses.

13 (b) A "period of acquisition or construction," as that term  
14 is used in Subsection (a), may not exceed five years.

15 SECTION 9. Section 10, Chapter 591, Acts of the 61st  
16 Legislature, Regular Session, 1969, is amended to read as follows:

17 Sec. 10. (a) The board of directors is hereby given  
18 complete discretion as to the type of buildings, both as to number  
19 and location, required to establish and maintain an adequate  
20 hospital system. The hospital system may include:

21 (1) a hospital, clinic, health facility, extended care  
22 facility, outpatient facility, rehabilitation or recreation  
23 facility, pharmacy, medical laboratory, dental laboratory,  
24 physicians' office building, laundry facility, administrative  
25 facility, or other building related to a health facility or system;

26 (2) a single or multi-unit housing facility for  
27 medical staff, nurses, interns, other employees of a health

1 facility or system, patients of a health facility, or relatives of  
2 patients admitted for treatment or care in a health facility;

3 (3) a support facility related to a hospital project,  
4 such as an office building, parking lot or other parking structure,  
5 or a maintenance, safety, or utility facility, and any equipment  
6 related to the support facility; and

7 (4) any other facilities determined by the board to be  
8 ~~[facilities for domiciliary care of the sick, wounded, and injured,~~  
9 ~~facilities for outpatient clinic or clinics, dispensaries,~~  
10 ~~facilities for geriatric domiciliary care, convalescent home~~  
11 ~~facilities, necessary nurses domiciliaries and training centers,~~  
12 ~~blood banks, community mental health centers, and research centers~~  
13 ~~or laboratories, and any other facilities deemed]~~ necessary for  
14 hospital or medical care ~~[by the directors]~~.

15 (b) The district, through its board of directors, is  
16 ~~[further]~~ authorized to enter into an operating or management  
17 contract with regard to its facilities or a part thereof, or may  
18 lease all or part of its buildings and facilities upon terms and  
19 conditions considered to be to the best interest of its  
20 inhabitants, provided that in no event shall any lease be for a  
21 period in excess of 25 years from the date entered.

22 (c) The district is authorized ~~[shall be empowered]~~ to sell  
23 or otherwise dispose of any property, real or personal, or  
24 equipment of any nature upon terms and conditions found by the board  
25 to be in the best interest of its inhabitants.

26 SECTION 10. Section 11, Chapter 591, Acts of the 61st  
27 Legislature, Regular Session, 1969, is amended to read as follows:

1           Sec. 11. The board of directors of such district shall have  
2 the power to prescribe the method and manner of making purchases and  
3 expenditures by and for such hospital district, and shall also be  
4 authorized to prescribe all accounting and control procedures. All  
5 contracts for construction or purchases involving an [~~the~~]  
6 expenditure in excess of the amount provided by Section 271.024,  
7 Local Government Code, must comply with the competitive bidding  
8 requirements provided by Subchapter B, Chapter 271, Local  
9 Government Code [~~of more than \$2,000 may be made only after~~  
10 ~~advertising in the manner provided by Chapter 163, Acts of the 42nd~~  
11 ~~Legislature, Regular Session, 1931, as amended (Article 2368a,~~  
12 ~~Vernon's Texas Civil Statutes)]. The provisions of Chapter 2253,  
13 Government Code [~~Article 5160, Revised Civil Statutes of Texas,~~  
14 ~~1925, as amended], relating to performance and payment of bonds  
15 shall apply to construction contracts let by the district. The  
16 district may acquire equipment for use in its hospital system and  
17 mortgage or pledge the property so acquired as security for the  
18 payment of the purchase price, but any such contract shall provide  
19 for the entire obligation of the district to be retired within five  
20 years from the date of the contract. Except as permitted in the  
21 preceding sentence and as permitted by Sections 8, [~~and~~] 9, and 9A,  
22 the district may incur no obligation payable from any revenues of  
23 the district, taxes or otherwise except those on hand or to be on  
24 hand within the then current and following fiscal year of the  
25 district.~~~~

26           SECTION 11. Section 15, Chapter 591, Acts of the 61st  
27 Legislature, Regular Session, 1969, is amended to read as follows:



1           Sec. 15. (a) The district shall have the right and power of  
2 eminent domain for the purpose of acquiring by condemnation any and  
3 all property of any kind and character in fee simple, or any lesser  
4 interest therein, within the boundaries of the district necessary  
5 to the powers, rights and privileges conferred by this Act, in the  
6 manner provided by Chapter 21, Property Code.

7           (b) The district is not required to deposit in the trial  
8 court money or a bond as provided by Section 21.021, Property Code  
9 ~~[the general law with respect to condemnation by counties, provided~~  
10 ~~that the district shall not be required to make deposits in the~~  
11 ~~registry of the trial court of the sum required by paragraph 2 of~~  
12 ~~Article 3268, Revised Civil Statutes of Texas, 1925, as amended, or~~  
13 ~~to make bond as therein provided].~~

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

20           SECTION 12. Section 16, Chapter 591, Acts of the 61st  
21 Legislature, Regular Session, 1969, is amended to read as follows:

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

24           (b) The board may provide for the appointment of a tax  
25 assessor-collector for the district or may contract for the  
26 assessment and collection of taxes as provided by the Tax Code ~~[The~~  
27 ~~directors shall have the authority to levy taxes for the entire year~~

1 ~~in which the district is established as the result of the election~~  
2 ~~herein provided. All taxes of the district shall be assessed and~~  
3 ~~collected on county tax values as provided in Subsection (1) hereof~~  
4 ~~unless the directors, by majority vote, elect to have taxes~~  
5 ~~assessed and collected by its own tax assessor-collector under~~  
6 ~~Subsection (2) hereof. Any such election may be made prior to~~  
7 ~~December 1 annually and shall govern the manner in which taxes are~~  
8 ~~thereafter assessed and collected, until changed by a similar~~  
9 ~~resolution.~~

10 ~~[(1) Under this subsection, district taxes shall be~~  
11 ~~assessed and collected on county tax values in the same manner as~~  
12 ~~provided by law with relation to county taxes. The tax~~  
13 ~~assessor-collector of the county in which said district is situated~~  
14 ~~shall be charged and required to accomplish the assessment and~~  
15 ~~collection of all taxes levied by and on behalf of the district.~~  
16 ~~The assessor-collector of taxes shall charge and deduct from~~  
17 ~~payments to the hospital district an amount as fees for assessing~~  
18 ~~and collecting the taxes at a rate of not exceeding two percent of~~  
19 ~~the amounts collected as may be determined by the board of~~  
20 ~~directors, but in no event shall the amount paid exceed \$5,000 in~~  
21 ~~any one calendar year. Such fees shall be deposited in the officers~~  
22 ~~salary fund of the county and reported as fees of office of the~~  
23 ~~county tax assessor-collector. Interest and penalties on taxes~~  
24 ~~paid to the hospital district shall be the same as in the case of~~  
25 ~~county taxes. Discounts shall be the same as allowed by the county.~~  
26 ~~The residue of tax collections after deduction of discounts and~~  
27 ~~fees for assessing and collecting shall be deposited in the~~

1 ~~district's depository. The bond of the county tax~~  
2 ~~assessor-collector shall stand as security for the proper~~  
3 ~~performance of his duties as assessor-collector of the district,~~  
4 ~~or, if in the judgment of the district board of directors it is~~  
5 ~~necessary, additional bond payable to the district may be required.~~  
6 ~~In all matters pertaining to the assessment, collection and~~  
7 ~~enforcement of taxes for the district, the county tax~~  
8 ~~assessor-collector shall be authorized to act in all respects~~  
9 ~~according to the laws of the State of Texas relating to state and~~  
10 ~~county taxes.~~

11 ~~[(2) Under this subsection, taxes shall be assessed and~~  
12 ~~collected by a tax assessor-collector appointed by the directors~~  
13 ~~who shall also fix the terms of his employment, compensation, and~~  
14 ~~requirement for bond to assure the faithful performance of his~~  
15 ~~duties, but in no event shall such bond be for less than \$5,000. The~~  
16 ~~directors shall also annually appoint five persons to serve as a~~  
17 ~~board of equalization and shall fix their compensation. Each~~  
18 ~~member of the board and the tax assessor shall be residents of the~~  
19 ~~district and own real property subject to hospital district~~  
20 ~~taxation, and each shall have the same duties, including the~~  
21 ~~obligation to execute the oath of office, as required by county~~  
22 ~~officials exercising such powers and duties. Except as in this law~~  
23 ~~provided to the contrary, all provisions of Title 122, Revised~~  
24 ~~Civil Statutes of Texas, 1925, as amended, shall apply to the~~  
25 ~~district].~~

26 SECTION 13. Section 18, Chapter 591, Acts of the 61st  
27 Legislature, Regular Session, 1969, is amended to read as follows:

1           Sec. 18. The district shall provide health care and  
2 treatment to individuals determined to be indigent in accordance  
3 with policies and procedures adopted by the board of directors  
4 ~~[Whenever a patient residing within the district has been admitted~~  
5 ~~to the facilities thereof, the administrator or manager may cause~~  
6 ~~inquiry to be made as to his circumstances and those of the~~  
7 ~~relatives of such patient legally liable for his support. If he~~  
8 ~~finds that such patient or said relatives are able to pay for his~~  
9 ~~care and treatment in whole or in part, an order shall be made~~  
10 ~~directing such patient or said relatives to pay to the hospital~~  
11 ~~district for the care and support of such patient a specified sum~~  
12 ~~per week in proportion to their financial ability. The~~  
13 ~~administrator or manager shall have power and authority to collect~~  
14 ~~such sums from the estate of the patient or his relatives legally~~  
15 ~~liable for his support in the manner provided by law for collection~~  
16 ~~of expenses in the last illness of a deceased person. If the~~  
17 ~~administrator or manager finds that such patient or said relatives~~  
18 ~~are not able to pay either in whole or in part for his care and~~  
19 ~~treatment in such hospital, same shall become a charge upon the~~  
20 ~~hospital district as to the amount of the inability to pay. Should~~  
21 ~~there be any dispute as to the ability to pay or doubt in the mind of~~  
22 ~~the administrator or manager, the board of directors shall hear and~~  
23 ~~determine same after calling witnesses, and shall make such order~~  
24 ~~or orders as may be proper. Appeals from the final order of the~~  
25 ~~board shall lie to the district court. The substantial evidence~~  
26 ~~rule shall apply].~~

27           SECTION 14. Chapter 591, Acts of the 61st Legislature,

1 Regular Session, 1969, is amended by adding Section 24A to read as  
2 follows:

3 Sec. 24A. (a) The district may be dissolved only if the  
4 dissolution is approved by a majority of the registered voters of  
5 the district voting in an election held for that purpose.

6 (b) The board may order an election on the question of  
7 dissolving the district and disposing of the district's assets and  
8 obligations. The board shall order an election if the board  
9 receives a petition requesting an election that is signed by at  
10 least 15 percent of the registered voters in the district.

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

15 (d) The order calling an election under this section must  
16 state:

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

19 (2) the date of the election;

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

21 (4) the location of the polling places.

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

27 (f) The ballot for the election must be printed to permit

1 voting for or against the proposition: "The dissolution of the  
2 Karnes County Hospital District."

3 (g) If a majority of the votes in the election favor  
4 dissolution, the board shall find that the district is dissolved.  
5 If a majority of the votes in the election do not favor dissolution,  
6 the board shall continue to administer the district, and another  
7 election on the question of dissolution may not be held before the  
8 first anniversary of the most recent election to dissolve the  
9 district.

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

12 (1) transfer the land, buildings, improvements,  
13 equipment, and other assets that belong to the district to Karnes  
14 County or another governmental entity in Karnes County; or

15 (2) administer the property, assets, and debts until  
16 all money has been disposed of and all district debts have been paid  
17 or settled.

18 (i) If the district transfers the land, buildings,  
19 improvements, equipment, and other assets to Karnes County or  
20 another governmental entity, the county or entity assumes all debts  
21 and obligations of the district at the time of the transfer and the  
22 district is dissolved.

23 (j) If the district does not transfer the land, buildings,  
24 improvements, equipment, and other assets to Karnes County or  
25 another governmental entity, the board shall administer the  
26 property, assets, and debts of the district until all funds have  
27 been disposed of and all district debts have been paid or settled,

1 at which time the district is dissolved.

2 (k) After the board finds that the district is dissolved,  
3 the board shall:

4 (1) determine any remaining debt owed by the district;  
5 and

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

9 (l) When all outstanding debts and obligations of the  
10 district are paid, the board shall order the secretary to return to  
11 each district taxpayer the taxpayer's pro rata share of all unused  
12 tax money.

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

17 (n) After the district has paid all its debts and has  
18 disposed of all its assets and money as prescribed by this section,  
19 the board shall file a written report with the Commissioners Court  
20 of Karnes County summarizing the board's actions in dissolving the  
21 district.

22 (o) Not later than the 10th day after the date it receives  
23 the report and determines that the requirements of this section  
24 have been fulfilled, the Commissioners Court of Karnes County shall  
25 enter an order dissolving the district and releasing the board of  
26 directors of the district from any further duty or obligation.

27 SECTION 15. Section 4, Chapter 591, Acts of the 61st

1 Legislature, Regular Session, 1969, is repealed.

2 SECTION 16. This Act takes effect immediately if it  
3 receives a vote of two-thirds of all the members elected to each  
4 house, as provided by Section 39, Article III, Texas Constitution.  
5 If this Act does not receive the vote necessary for immediate  
6 effect, this Act takes effect September 1, 2005.

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Speaker of the House

I hereby certify that S.B. No. 1846 passed the Senate on  
May 5, 2005, by the following vote: Yeas 29, Nays 0.

\_\_\_\_\_  
Secretary of the Senate

I hereby certify that S.B. No. 1846 passed the House on  
May 25, 2005, by the following vote: Yeas 144, Nays 0, two  
present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor