

1-1 By: Zaffirini S.B. No. 1846
1-2 (In the Senate - Filed April 7, 2005; April 11, 2005, read
1-3 first time and referred to Committee on Intergovernmental
1-4 Relations; May 2, 2005, reported favorably by the following vote:
1-5 Yeas 4, Nays 0; May 2, 2005, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the powers and duties of the Karnes County Hospital
1-9 District.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Section 3, Chapter 591, Acts of the 61st
1-12 Legislature, Regular Session, 1969, is amended to read as follows:

1-13 Sec. 3. The district authorized to be created by this Act is
1-14 charged with the responsibility of establishing a hospital or a
1-15 hospital system within its boundaries to furnish hospital and
1-16 medical care to the residents of the district. A ~~[After this~~
1-17 ~~district is created as provided in Section 4 of this Act, no other]~~
1-18 municipality or political subdivision of this state other than the
1-19 district may not impose a tax ~~[may levy taxes]~~ or issue bonds or
1-20 other obligations of indebtedness for purpose of providing hospital
1-21 service or medical care within the district. This district shall
1-22 provide all necessary hospital and medical care for the needy
1-23 inhabitants of the district.

1-24 SECTION 2. Section 5, Chapter 591, Acts of the 61st
1-25 Legislature, Regular Session, 1969, is amended to read as follows:

1-26 Sec. 5. (a) The ~~[At such time as the creation of the]~~
1-27 district is governed by a board of seven directors.

1-28 (a-1) Directors ~~[approved and the returns of the election~~
1-29 ~~officially canvassed, the commissioners court shall convene and~~
1-30 ~~appoint seven persons as directors of the district and shall~~
1-31 ~~designate the length of their terms. Four of the appointed persons~~
1-32 ~~shall serve until the first Saturday in April next following, and~~
1-33 ~~three persons so appointed shall serve until the first Saturday in~~
1-34 ~~April of the following year. Successors shall be elected by vote of~~
1-35 ~~the electors of the entire district for two-year terms at elections~~
1-36 ~~held annually on the first Saturday in April. Beginning with the~~
1-37 ~~election year 1973, the directors]~~ shall be elected at large by
1-38 place. To be eligible to hold office on the board, a person must be
1-39 a resident of the place for which the person is elected, as
1-40 designated by the following political subdivisions ~~[, and the person~~
1-41 ~~elected shall be a resident of the designated subdivision in the~~
1-42 ~~district as follows]:~~

1-43 (1) place one, [composed of the area within the
1-44 presently existing] Falls City Common School District;

1-45 (2) place two, [composed of the area within the
1-46 presently existing] Runge Independent School District and Nordheim
1-47 Independent School District;

1-48 (3) places three and four, [composed of the area
1-49 within the presently existing] Karnes City Independent School
1-50 District and Nixon Independent School District; and

1-51 (4) places five, six, and seven, [composed of the
1-52 area within the presently existing] Kenedy Independent School
1-53 District, Pawnee Independent School District, and Pettus
1-54 Independent School District.

1-55 (a-2) A regular election for directors shall be held on the
1-56 May uniform election date under Section 41.001, Election Code, each
1-57 year. Directors from places one, two, three, and four shall be
1-58 elected in odd-numbered years ~~[1973 and biennially thereafter].~~
1-59 Directors from places five, six, and seven shall be elected in
1-60 even-numbered years ~~[1974 and biennially thereafter].~~

1-61 (a-3) Notice of each such election shall be published in a
1-62 newspaper or newspapers which individually or collectively provide
1-63 general circulation in the district in accordance with Section
1-64 4.003, Election Code ~~[one time at least 30 days prior to the date of~~

2-1 ~~the election]~~. Any person desiring to have the person's [~~his~~] name
 2-2 printed on the ballot as a candidate for director shall file an
 2-3 application with the secretary of the board of directors in
 2-4 accordance with Chapter 144, Election Code [~~a petition signed by at~~
 2-5 ~~least 10 qualified property taxpaying electors asking that his name~~
 2-6 ~~be printed on the ballot and designating the place number for which~~
 2-7 ~~he is a candidate. Such petition shall be filed with the secretary~~
 2-8 ~~at least 30 days prior to the date of the election]~~.

2-9 (a-4) Vacancies in office shall be filled for the unexpired
 2-10 term by the remainder of the directors.

2-11 (a-5) Each member of the board of directors shall execute a
 2-12 good and sufficient bond for \$5,000 payable to the [~~said~~] district
 2-13 conditioned upon the faithful performance of the director's [~~his~~]
 2-14 duties and each bond shall be purchased at the expense of the
 2-15 district. All members of the board of directors shall execute the
 2-16 constitutional oath of office.

2-17 (b) No person shall be appointed or elected as a member of
 2-18 the board of directors unless the person [~~he~~] is a resident of the
 2-19 place for [~~district subdivision from~~] which the person [~~he~~] is a
 2-20 candidate and is a qualified voter. Neither the administrator, an
 2-21 employee of the district, nor a member of the medical staff of the
 2-22 hospital is [~~shall be~~] eligible to serve as a director.

2-23 (c) The board of directors shall organize by electing one of
 2-24 their number as president and one of their number as vice president.
 2-25 A secretary, who need not be a director, shall also be elected.
 2-26 Officers shall be elected for a term of one year and vacancies shall
 2-27 be filled for the unexpired term by the board of directors.

2-28 (d) Any four members of the board of directors shall
 2-29 constitute a quorum and a concurrence of four shall be sufficient in
 2-30 all matters pertaining to the business of the district.

2-31 (e) All members of the board of directors and officers shall
 2-32 serve without compensation, but may be reimbursed for actual
 2-33 expenses incurred in the performance of their official duties upon
 2-34 the approval of such expenses by the board of directors and so
 2-35 reported in the minute book of the district or other records of the
 2-36 district.

2-37 SECTION 3. Section 6, Chapter 591, Acts of the 61st
 2-38 Legislature, Regular Session, 1969, is amended to read as follows:

2-39 Sec. 6. (a) The board of directors shall manage, control
 2-40 and administer the hospital system and all funds and resources of
 2-41 the district, but in no event shall any operating, depreciation or
 2-42 building fund reserves be invested in any funds or securities other
 2-43 than those specified by Chapter 2256, Government Code [~~in Articles~~
 2-44 ~~836 or 837, Revised Civil Statutes of Texas, 1925, as amended]~~.

2-45 (b) The board is given full authority to establish rules and
 2-46 regulations relating to seniority of employees of the district
 2-47 (including a retirement plan based thereon) and may give effect to
 2-48 previous years of service for those employees who have been
 2-49 continuously employed in the operation or management of the
 2-50 hospital facilities acquired or constructed by the district.

2-51 (c) The district, through its board of directors, shall have
 2-52 the power and authority to sue and be sued, and shall be entitled to
 2-53 all causes of action and defenses enjoyed by similar authorities,
 2-54 to promulgate rules and regulations governing the operation of the
 2-55 hospital, hospital system, its staff and its employees.

2-56 (d) The board of directors may appoint a qualified person to
 2-57 be known as the administrator [~~or manager~~] of the hospital district
 2-58 [~~and may in its discretion appoint an assistant or assistants to the~~
 2-59 ~~administrator or manager]~~. Such administrator [~~or manager and~~
 2-60 ~~assistant administrator or manager, if any,~~] shall serve at the
 2-61 will of the board and shall receive such compensation as may be
 2-62 fixed by the board. [~~The administrator or manager shall, upon~~
 2-63 ~~assuming his duties, execute a bond payable to the hospital~~
 2-64 ~~district in an amount to be set by the board of directors, in no~~
 2-65 ~~event less than \$5,000 conditioned that he shall perform the duties~~
 2-66 ~~required of him, and containing such other conditions as the board~~
 2-67 ~~may require.] The administrator [~~or manager~~] shall supervise all
 2-68 the work and activities of the district and shall have general
 2-69 direction of the affairs of the district, subject to the~~

3-1 limitations as may be prescribed by the board.

3-2 (e) The board of directors shall have the authority to
 3-3 appoint to or dismiss from the staff physicians, dentists, and
 3-4 podiatrists as the board determines are [such doctors as it may be
 3-5 deemed] necessary for the efficient operation of the district, and
 3-6 may provide for temporary appointments to the staff if warranted by
 3-7 circumstances.

3-8 (f) The board may delegate to the administrator [~~or manager~~]
 3-9 the authority to employ technicians, nurses, and employees of the
 3-10 district.

3-11 (g) The [~~Such~~] board shall be authorized to contract with
 3-12 any other political subdivision or governmental agency whereby the
 3-13 district will provide investigatory or other services as to the
 3-14 hospital, or welfare needs of the inhabitants of the district and
 3-15 shall be authorized to contract with any county or incorporated
 3-16 municipality located outside its boundaries for the
 3-17 hospitalization of the sick, diseased, or injured persons of any
 3-18 such county or municipality, and shall have the authority to
 3-19 contract with the State of Texas or agencies of the federal
 3-20 government for the hospital treatment of sick, diseased or injured
 3-21 persons.

3-22 SECTION 4. Chapter 591, Acts of the 61st Legislature,
 3-23 Regular Session, 1969, is amended by adding Section 6A to read as
 3-24 follows:

3-25 Sec. 6A. (a) The district may create and sponsor a
 3-26 nonprofit corporation under the Business Organizations Code and may
 3-27 contribute money to or solicit money for the corporation.

3-28 (a-1) On or before December 31, 2009, the district may
 3-29 create and sponsor a nonprofit corporation under the Texas
 3-30 Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's
 3-31 Texas Civil Statutes) or the Business Organizations Code, as
 3-32 applicable, and may contribute money to or solicit money for the
 3-33 corporation.

3-34 (b) A corporation created under this section may use money
 3-35 contributed by the district only to provide health care or other
 3-36 services the district is authorized to provide under this Act.

3-37 (c) The corporation may invest the corporation's money in
 3-38 any manner in which the district may invest the district's money,
 3-39 including investing money as authorized by Chapter 2256, Government
 3-40 Code.

3-41 (d) The board shall establish controls to ensure that the
 3-42 corporation uses its money as required by this section.

3-43 (e) This subsection and Subsection (a-1) expire December
 3-44 31, 2009.

3-45 SECTION 5. Section 7, Chapter 591, Acts of the 61st
 3-46 Legislature, Regular Session, 1969, is amended to read as follows:

3-47 Sec. 7. (a) The district shall be operated on the basis of
 3-48 a fiscal year established by the board. The fiscal year may not be
 3-49 changed:

3-50 (1) during a period in which revenue bonds of the
 3-51 district are outstanding; or

3-52 (2) more than once in a 24-month period.

3-53 (b) The board [~~commencing on July 1 of each year and ending~~
 3-54 ~~on June 30 of the following year, and it]~~ shall cause an annual
 3-55 independent audit to be made of the financial condition of the
 3-56 [said] district, which, together with other records of the
 3-57 district, shall be open to inspection at the principal office of the
 3-58 district [~~, such audit to be made covering such fiscal year, and the~~
 3-59 ~~same shall be filed at the office of the district as soon as it is~~
 3-60 ~~completed].~~

3-61 (c) The administrator [~~or manager~~] shall prepare an annual
 3-62 budget for approval by the board of directors. The budget shall
 3-63 [also] contain a complete financial statement of the district
 3-64 showing:

3-65 (1) all outstanding obligations of the district;

3-66 (2) [~~7~~] the cash on hand to the credit of each [~~and~~
 3-67 ~~every]~~ fund of the district;

3-68 (3) [~~7~~] the funds received from all sources during the
 3-69 previous year;

4-1 (4) [~~7~~] the funds available from all sources during
 4-2 the ensuing year, with balances expected at end of the year in which
 4-3 the budget is being prepared;

4-4 (5) [~~7~~ and] estimated revenues and balances available
 4-5 to cover the proposed expenditures and disbursements; and

4-6 (6) the estimated receipts and collections for the
 4-7 following fiscal year.

4-8 (d) The board shall hold a [A] public hearing on the annual
 4-9 budget [~~shall be held by the board of directors after notice of such~~
 4-10 ~~hearing has been published one time at least 10 days before the date~~
 4-11 ~~set therefor~~]. Notice of the budget hearing shall be published one
 4-12 time not later than 10 days before the date of the hearing in a
 4-13 newspaper or newspapers which individually or collectively provide
 4-14 general circulation in the hospital district. Any resident
 4-15 [property taxpayer] of the district shall have the right to be
 4-16 present and participate at the [in said] hearing. At the conclusion
 4-17 of the hearing, the budget, as proposed by the administrator, shall
 4-18 be acted upon by the board of directors. The board of directors
 4-19 shall have authority to make such changes in the proposed budget as
 4-20 in its judgment the law warrants and the interest of the taxpayers
 4-21 demand.

4-22 (e) No expenditure may be made for any expense not included
 4-23 in the annual budget or an amendment thereto.

4-24 (f) The annual budget may be amended from time to time as the
 4-25 circumstances may require, but the annual budget, and all
 4-26 amendments thereto, shall be approved by the board of directors.

4-27 (g) As soon as practicable after the close of each fiscal
 4-28 year, the administrator [~~or manager~~] shall prepare for the board a
 4-29 full sworn statement of all moneys belonging to the district and a
 4-30 full account of the disbursements of same.

4-31 SECTION 6. Section 8, Chapter 591, Acts of the 61st
 4-32 Legislature, Regular Session, 1969, is amended to read as follows:

4-33 Sec. 8. (a) The board of directors shall have the power and
 4-34 authority to issue and sell general obligation [its] bonds in the
 4-35 name and upon the faith and credit of such hospital district for the
 4-36 purchase, construction, acquisition, repair or renovation of
 4-37 buildings, and improvements and equipping the same for hospital
 4-38 system purposes, and for any or all of such purposes. At the time of
 4-39 the issuance [issuances] of any general obligation bonds by the
 4-40 district, a tax shall be imposed [levied] by the board sufficient to
 4-41 create an interest and sinking fund to pay the interest on and
 4-42 principal of said bonds as same mature, providing such tax,
 4-43 together with any other taxes levied for said district shall not
 4-44 exceed the limit approved by the voters at the election authorizing
 4-45 the imposition of taxes [rate of tax voted under the provisions of
 4-46 Section 4 of this Act]. General obligation bonds may not [No bonds
 4-47 shall] be issued by the [such hospital] district [except refunding
 4-48 bonds] until authorized by a majority of the qualified voters
 4-49 [property taxpaying electors] of the district voting at an election
 4-50 held [called] for that [such] purpose. The order for the bond
 4-51 election and the publication of notice for the election must be
 4-52 provided in accordance with Chapter 1251, Government Code. The
 4-53 election [shall specify the date of the election, the amount of
 4-54 bonds to be authorized, the maximum rate of interest they are to
 4-55 bear, the place or places where the election shall be held, the
 4-56 presiding judge and alternate judge for each voting place, and
 4-57 provide for clerks as in county elections. Except as to a bond
 4-58 election held pursuant to the provisions of Subsection (b) of this
 4-59 section, where notice shall be given as provided in Section 4,
 4-60 notice of any bond election shall be given as provided in Article
 4-61 704, Revised Civil Statutes of Texas, 1925, as amended, and] shall
 4-62 be conducted in accordance with the general laws of this state
 4-63 [Texas] pertaining to general elections, except as modified by the
 4-64 provisions of this Act.

4-65 (b) [~~A separate proposition may be submitted at the election~~
 4-66 ~~for the creation or confirmation of the district as to whether the~~
 4-67 ~~board of directors, in the event the district is created, shall be~~
 4-68 ~~authorized to issue bonds for any one or more of the foregoing~~
 4-69 ~~purposes. The proposition, if submitted, shall specify the purpose~~

5-1 ~~for which the bonds are to be issued, the maximum amount of bonds~~
5-2 ~~then proposed to be issued, the maximum maturity, and the maximum~~
5-3 ~~interest rate.~~

5-4 [~~(c)~~] Refunding bonds of the district may be issued for the
5-5 purpose of refunding and paying off any outstanding indebtedness
5-6 issued or assumed. Such refunding bonds may be sold and the
5-7 proceeds therefrom applied to the payment of outstanding
5-8 indebtedness, or may be exchanged in whole or in part for not less
5-9 than a like principal amount of such outstanding indebtedness
5-10 provided that, if refunding bonds are to be exchanged for a like
5-11 amount of said outstanding indebtedness, such refunding bonds shall
5-12 bear interest at the same or lower rate than borne by the debt
5-13 refunded, unless it is shown mathematically that a saving will
5-14 result in the total amount of interest to be paid on said refunding
5-15 bonds, and provided further that if such refunding bonds are to be
5-16 sold and the proceeds thereof applied to the payment of any such
5-17 outstanding indebtedness, same shall be issued and payments made in
5-18 accordance with Chapter 1207, Government Code [~~the manner specified~~
5-19 ~~by Chapter 503, Acts of the 54th Legislature, Regular Session,~~
5-20 ~~1955, as amended (Article 717k, Vernon's Texas Civil Statutes)].~~

5-21 (c) [~~(d)~~] Bonds of the district must mature not later than
5-22 the 40th anniversary of the date of issuance and must bear a rate of
5-23 interest that does not exceed the amount permitted by Chapter 1204,
5-24 Government Code. Bonds [shall bear interest not to exceed seven
5-25 percent a year, shall mature within 40 years of their date,] shall
5-26 be executed in the name of the hospital district and on [~~in~~] its
5-27 behalf by the president of the board and countersigned by the
5-28 secretary in the manner provided by Chapter 618, Government Code
5-29 [~~Chapter 204, Acts of the 57th Legislature, Regular Session, 1961,~~
5-30 ~~as amended (Article 717j-1, Vernon's Texas Civil Statutes)],~~ and
5-31 shall be subject to the same requirements in the matter of approval
5-32 by the Attorney General of Texas and registration by the
5-33 Comptroller of Public Accounts of the State of Texas as are by law
5-34 provided for approval and registration of bonds issued by counties.
5-35 Upon the approval of such bonds by the attorney general and
5-36 registration by the comptroller, the same shall be incontestable
5-37 for any cause.

5-38 SECTION 7. Section 9, Chapter 591, Acts of the 61st
5-39 Legislature, Regular Session, 1969, is amended to read as follows:

5-40 Sec. 9. ~~The [In addition to the power to issue bonds payable~~
5-41 ~~from taxes levied by the district, as contemplated by the preceding~~
5-42 ~~section, the]~~ board of directors is [~~further~~] authorized to issue,
5-43 and to refund any previously issued, revenue bonds for purchasing,
5-44 constructing, acquiring, repairing, equipping, or renovating
5-45 buildings and improvements for hospital system purposes, and for
5-46 acquiring sites therefor, such bonds to be payable from and secured
5-47 by a pledge of all or any part of the revenues of the district to be
5-48 derived from the operation of its hospital or hospitals, and such
5-49 bonds may be additionally secured by a mortgage or deed of trust
5-50 lien on any part or all of its properties. Such bonds shall be
5-51 issued in the manner and in accordance with the procedures and
5-52 requirements specified for the issuance of revenue bonds [bond] by
5-53 county hospital authorities in Sections 264.042, 264.043, and
5-54 264.046-264.049, Health and Safety Code [8, 10, 11, 12, and 13 of
5-55 Chapter 122, Acts of the 58th Legislature, 1963 (Article 4494r,
5-56 Vernon's Texas Civil Statutes)].

5-57 SECTION 8. Chapter 591, Acts of the 61st Legislature,
5-58 Regular Session, 1969, is amended by adding Sections 9A and 9B to
5-59 read as follows:

5-60 Sec. 9A. (a) In addition to the power to issue bonds
5-61 payable solely from and secured by taxes imposed by the district as
5-62 authorized by Section 8 of this Act and the power to issue bonds
5-63 payable from and secured by revenues and other sources as
5-64 authorized by Section 9 of this Act, the board of directors may
5-65 provide for the security and payment of district bonds from a pledge
5-66 of a combination of:

- 5-67 (1) ad valorem taxes as authorized by Section 8 of this
5-68 Act; and
- 5-69 (2) the revenues and other sources authorized by

6-1 Section 9 of this Act.
 6-2 (b) Bonds, other than refunding bonds, that the board
 6-3 proposes to secure wholly or partly by an ad valorem tax must be
 6-4 approved at an election held in the district in accordance with
 6-5 Section 8 of this Act.
 6-6 Sec. 9B. (a) The district may use the proceeds of bonds
 6-7 described by Section 8, 9, or 9A of this Act to pay:
 6-8 (1) any expense the board of directors determines is
 6-9 reasonable and necessary to effect the issuance, sale, and delivery
 6-10 of the bonds;
 6-11 (2) interest on the bonds during a period of
 6-12 acquisition or construction of a project or facility to be provided
 6-13 through the bonds;
 6-14 (3) operation and maintenance costs of a project or
 6-15 facility to be provided through the bonds during an estimated
 6-16 period of acquisition or construction and for one year after the
 6-17 project or facility is acquired or constructed;
 6-18 (4) costs related to the financing of the bond funds,
 6-19 including debt service reserve and contingency funds;
 6-20 (5) costs related to the issuance of the bonds;
 6-21 (6) costs related to the acquisition of land or an
 6-22 interest in land for a project or facility to be provided through
 6-23 the bonds; and
 6-24 (7) construction costs of a project or facility to be
 6-25 provided through the bonds, including the payment of related
 6-26 professional services and expenses.
 6-27 (b) A "period of acquisition or construction," as that term
 6-28 is used in Subsection (a), may not exceed five years.
 6-29 SECTION 9. Section 10, Chapter 591, Acts of the 61st
 6-30 Legislature, Regular Session, 1969, is amended to read as follows:
 6-31 Sec. 10. (a) The board of directors is hereby given
 6-32 complete discretion as to the type of buildings, both as to number
 6-33 and location, required to establish and maintain an adequate
 6-34 hospital system. The hospital system may include:
 6-35 (1) a hospital, clinic, health facility, extended care
 6-36 facility, outpatient facility, rehabilitation or recreation
 6-37 facility, pharmacy, medical laboratory, dental laboratory,
 6-38 physicians' office building, laundry facility, administrative
 6-39 facility, or other building related to a health facility or system;
 6-40 (2) a single or multi-unit housing facility for
 6-41 medical staff, nurses, interns, other employees of a health
 6-42 facility or system, patients of a health facility, or relatives of
 6-43 patients admitted for treatment or care in a health facility;
 6-44 (3) a support facility related to a hospital project,
 6-45 such as an office building, parking lot or other parking structure,
 6-46 or a maintenance, safety, or utility facility, and any equipment
 6-47 related to the support facility; and
 6-48 (4) any other facilities determined by the board to be
 6-49 [facilities for domiciliary care of the sick, wounded, and injured,
 6-50 facilities for outpatient clinic or clinics, dispensaries,
 6-51 facilities for geriatric domiciliary care, convalescent home
 6-52 facilities, necessary nurses domiciliaries and training centers,
 6-53 blood banks, community mental health centers, and research centers
 6-54 or laboratories, and any other facilities deemed] necessary for
 6-55 hospital or medical care [by the directors].
 6-56 (b) The district, through its board of directors, is
 6-57 [further] authorized to enter into an operating or management
 6-58 contract with regard to its facilities or a part thereof, or may
 6-59 lease all or part of its buildings and facilities upon terms and
 6-60 conditions considered to be to the best interest of its
 6-61 inhabitants, provided that in no event shall any lease be for a
 6-62 period in excess of 25 years from the date entered.
 6-63 (c) The district is authorized [shall be empowered] to sell
 6-64 or otherwise dispose of any property, real or personal, or
 6-65 equipment of any nature upon terms and conditions found by the board
 6-66 to be in the best interest of its inhabitants.
 6-67 SECTION 10. Section 11, Chapter 591, Acts of the 61st
 6-68 Legislature, Regular Session, 1969, is amended to read as follows:
 6-69 Sec. 11. The board of directors of such district shall have

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

7-25 SECTION 11. Section 15, Chapter 591, Acts of the 61st
 7-26 Legislature, Regular Session, 1969, is amended to read as follows:

7-27 Sec. 15. (a) The district shall have the right and power of
 7-28 eminent domain for the purpose of acquiring by condemnation any and
 7-29 all property of any kind and character in fee simple, or any lesser
 7-30 interest therein, within the boundaries of the district necessary
 7-31 to the powers, rights and privileges conferred by this Act, in the
 7-32 manner provided by Chapter 21, Property Code.

7-33 (b) The district is not required to deposit in the trial
 7-34 court money or a bond as provided by Section 21.021, Property Code
 7-35 [the general law with respect to condemnation by counties, provided
 7-36 that the district shall not be required to make deposits in the
 7-37 registry of the trial court of the sum required by paragraph 2 of
 7-38 Article 3268, Revised Civil Statutes of Texas, 1925, as amended, or
 7-39 to make bond as therein provided].

7-40 (c) In condemnation proceedings being prosecuted by the
 7-41 district, the district shall not be required to pay in advance or
 7-42 give bond or other security for costs in the trial court, nor to
 7-43 give any bond otherwise required for the issuance of a temporary
 7-44 restraining order or a temporary injunction nor to give bond for
 7-45 costs or for supersedeas on any appeal or writ of error.

7-46 SECTION 12. Section 16, Chapter 591, Acts of the 61st
 7-47 Legislature, Regular Session, 1969, is amended to read as follows:

7-48 Sec. 16. (a) The Tax Code governs the appraisal,
 7-49 assessment, and collection of district taxes.

7-50 (b) The board may provide for the appointment of a tax
 7-51 assessor-collector for the district or may contract for the
 7-52 assessment and collection of taxes as provided by the Tax Code [The
 7-53 directors shall have the authority to levy taxes for the entire year
 7-54 in which the district is established as the result of the election
 7-55 herein provided. All taxes of the district shall be assessed and
 7-56 collected on county tax values as provided in Subsection (1) hereof
 7-57 unless the directors, by majority vote, elect to have taxes
 7-58 assessed and collected by its own tax assessor-collector under
 7-59 Subsection (2) hereof. Any such election may be made prior to
 7-60 December 1 annually and shall govern the manner in which taxes are
 7-61 thereafter assessed and collected, until changed by a similar
 7-62 resolution.

7-63 ~~[(1) Under this subsection, district taxes shall be~~
 7-64 ~~assessed and collected on county tax values in the same manner as~~
 7-65 ~~provided by law with relation to county taxes. The tax~~
 7-66 ~~assessor-collector of the county in which said district is situated~~
 7-67 ~~shall be charged and required to accomplish the assessment and~~
 7-68 ~~collection of all taxes levied by and on behalf of the district.~~
 7-69 ~~The assessor-collector of taxes shall charge and deduct from~~

8-1 ~~payments to the hospital district an amount as fees for assessing~~
 8-2 ~~and collecting the taxes at a rate of not exceeding two percent of~~
 8-3 ~~the amounts collected as may be determined by the board of~~
 8-4 ~~directors, but in no event shall the amount paid exceed \$5,000 in~~
 8-5 ~~any one calendar year. Such fees shall be deposited in the officers~~
 8-6 ~~salary fund of the county and reported as fees of office of the~~
 8-7 ~~county tax assessor-collector. Interest and penalties on taxes~~
 8-8 ~~paid to the hospital district shall be the same as in the case of~~
 8-9 ~~county taxes. Discounts shall be the same as allowed by the county.~~
 8-10 ~~The residue of tax collections after deduction of discounts and~~
 8-11 ~~fees for assessing and collecting shall be deposited in the~~
 8-12 ~~district's depository. The bond of the county tax~~
 8-13 ~~assessor-collector shall stand as security for the proper~~
 8-14 ~~performance of his duties as assessor-collector of the district,~~
 8-15 ~~or, if in the judgment of the district board of directors it is~~
 8-16 ~~necessary, additional bond payable to the district may be required.~~
 8-17 ~~In all matters pertaining to the assessment, collection and~~
 8-18 ~~enforcement of taxes for the district, the county tax~~
 8-19 ~~assessor-collector shall be authorized to act in all respects~~
 8-20 ~~according to the laws of the State of Texas relating to state and~~
 8-21 ~~county taxes.~~

8-22 ~~[(2) Under this subsection, taxes shall be assessed and~~
 8-23 ~~collected by a tax assessor-collector appointed by the directors~~
 8-24 ~~who shall also fix the terms of his employment, compensation, and~~
 8-25 ~~requirement for bond to assure the faithful performance of his~~
 8-26 ~~duties, but in no event shall such bond be for less than \$5,000. The~~
 8-27 ~~directors shall also annually appoint five persons to serve as a~~
 8-28 ~~board of equalization and shall fix their compensation. Each~~
 8-29 ~~member of the board and the tax assessor shall be residents of the~~
 8-30 ~~district and own real property subject to hospital district~~
 8-31 ~~taxation, and each shall have the same duties, including the~~
 8-32 ~~obligation to execute the oath of office, as required by county~~
 8-33 ~~officials exercising such powers and duties. Except as in this law~~
 8-34 ~~provided to the contrary, all provisions of Title 122, Revised~~
 8-35 ~~Civil Statutes of Texas, 1925, as amended, shall apply to the~~
 8-36 ~~district].~~

8-37 SECTION 13. Section 18, Chapter 591, Acts of the 61st
 8-38 Legislature, Regular Session, 1969, is amended to read as follows:

8-39 Sec. 18. The district shall provide health care and
 8-40 treatment to individuals determined to be indigent in accordance
 8-41 with policies and procedures adopted by the board of directors
 8-42 [Whenever a patient residing within the district has been admitted
 8-43 to the facilities thereof, the administrator or manager may cause
 8-44 inquiry to be made as to his circumstances and those of the
 8-45 relatives of such patient legally liable for his support. If he
 8-46 finds that such patient or said relatives are able to pay for his
 8-47 care and treatment in whole or in part, an order shall be made
 8-48 directing such patient or said relatives to pay to the hospital
 8-49 district for the care and support of such patient a specified sum
 8-50 per week in proportion to their financial ability. The
 8-51 administrator or manager shall have power and authority to collect
 8-52 such sums from the estate of the patient or his relatives legally
 8-53 liable for his support in the manner provided by law for collection
 8-54 of expenses in the last illness of a deceased person. If the
 8-55 administrator or manager finds that such patient or said relatives
 8-56 are not able to pay either in whole or in part for his care and
 8-57 treatment in such hospital, same shall become a charge upon the
 8-58 hospital district as to the amount of the inability to pay. Should
 8-59 there be any dispute as to the ability to pay or doubt in the mind of
 8-60 the administrator or manager, the board of directors shall hear and
 8-61 determine same after calling witnesses, and shall make such order
 8-62 or orders as may be proper. Appeals from the final order of the
 8-63 board shall lie to the district court. The substantial evidence
 8-64 rule shall apply].

8-65 SECTION 14. Chapter 591, Acts of the 61st Legislature,
 8-66 Regular Session, 1969, is amended by adding Section 24A to read as
 8-67 follows:

8-68 Sec. 24A. (a) The district may be dissolved only if the
 8-69 dissolution is approved by a majority of the registered voters of

9-1 the district voting in an election held for that purpose.

9-2 (b) The board may order an election on the question of
 9-3 dissolving the district and disposing of the district's assets and
 9-4 obligations. The board shall order an election if the board
 9-5 receives a petition requesting an election that is signed by at
 9-6 least 15 percent of the registered voters in the district.

9-7 (c) An election ordered under this section shall be held not
 9-8 later than the 60th day after the date the election is ordered.
 9-9 Section 41.001, Election Code, does not apply to an election
 9-10 ordered under this section.

9-11 (d) The order calling an election under this section must
 9-12 state:

9-13 (1) the nature of the election, including the
 9-14 proposition that is to appear on the ballot;

9-15 (2) the date of the election;

9-16 (3) the hours during which the polls will be open; and

9-17 (4) the location of the polling places.

9-18 (e) The board shall give notice of the election by
 9-19 publishing a substantial copy of the election order in a newspaper
 9-20 with general circulation in the district once a week for two
 9-21 consecutive weeks. The first publication must appear not later
 9-22 than the 35th day before the date set for the election.

9-23 (f) The ballot for the election must be printed to permit
 9-24 voting for or against the proposition: "The dissolution of the
 9-25 Karnes County Hospital District."

9-26 (g) If a majority of the votes in the election favor
 9-27 dissolution, the board shall find that the district is dissolved.
 9-28 If a majority of the votes in the election do not favor dissolution,
 9-29 the board shall continue to administer the district, and another
 9-30 election on the question of dissolution may not be held before the
 9-31 first anniversary of the most recent election to dissolve the
 9-32 district.

9-33 (h) If a majority of the votes in the election favor
 9-34 dissolution, the board shall:

9-35 (1) transfer the land, buildings, improvements,
 9-36 equipment, and other assets that belong to the district to Karnes
 9-37 County or another governmental entity in Karnes County; or

9-38 (2) administer the property, assets, and debts until
 9-39 all money has been disposed of and all district debts have been paid
 9-40 or settled.

9-41 (i) If the district transfers the land, buildings,
 9-42 improvements, equipment, and other assets to Karnes County or
 9-43 another governmental entity, the county or entity assumes all debts
 9-44 and obligations of the district at the time of the transfer and the
 9-45 district is dissolved.

9-46 (j) If the district does not transfer the land, buildings,
 9-47 improvements, equipment, and other assets to Karnes County or
 9-48 another governmental entity, the board shall administer the
 9-49 property, assets, and debts of the district until all funds have
 9-50 been disposed of and all district debts have been paid or settled,
 9-51 at which time the district is dissolved.

9-52 (k) After the board finds that the district is dissolved,
 9-53 the board shall:

9-54 (1) determine any remaining debt owed by the district;
 9-55 and

9-56 (2) impose on the property included in the district's
 9-57 tax rolls a tax that is in proportion of the debt to the property
 9-58 value.

9-59 (l) When all outstanding debts and obligations of the
 9-60 district are paid, the board shall order the secretary to return to
 9-61 each district taxpayer the taxpayer's pro rata share of all unused
 9-62 tax money.

9-63 (m) A taxpayer may request that the taxpayer's share of
 9-64 surplus tax money be credited to the taxpayer's county taxes. If a
 9-65 taxpayer requests the credit, the board shall direct the secretary
 9-66 to transmit the money to the county tax assessor-collector.

9-67 (n) After the district has paid all its debts and has
 9-68 disposed of all its assets and money as prescribed by this section,
 9-69 the board shall file a written report with the Commissioners Court

10-1 of Karnes County summarizing the board's actions in dissolving the
10-2 district.

10-3 (o) Not later than the 10th day after the date it receives
10-4 the report and determines that the requirements of this section
10-5 have been fulfilled, the Commissioners Court of Karnes County shall
10-6 enter an order dissolving the district and releasing the board of
10-7 directors of the district from any further duty or obligation.

10-8 SECTION 15. Section 4, Chapter 591, Acts of the 61st
10-9 Legislature, Regular Session, 1969, is repealed.

10-10 SECTION 16. This Act takes effect immediately if it
10-11 receives a vote of two-thirds of all the members elected to each
10-12 house, as provided by Section 39, Article III, Texas Constitution.
10-13 If this Act does not receive the vote necessary for immediate
10-14 effect, this Act takes effect September 1, 2005.

10-15 * * * * *