

By: Guillen

H.B. No. 2619

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the powers and duties of the Starr County Hospital  
3 District.

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

5 SECTION 1. Section 4, Chapter 118, Acts of the 63rd  
6 Legislature, Regular Session, 1973, is amended to read as follows:

7 Sec. 4. (a) All powers of the district shall be exercised  
8 by a board of five trustees. Each trustee shall serve for two years  
9 and until a a [~~his~~] successor shall be elected and qualified. To  
10 qualify for election as a trustee, a person must be at least 21  
11 years of age, have been a resident of the district for at least two  
12 years and of the commissioners precinct from which the person [~~he~~]  
13 is to be elected unless the person [~~he~~] is running at-large, for at  
14 least two years, and be a qualified voter [~~property-taxpaying~~  
15 ~~elector~~]. Each trustee shall subscribe to the oath of office and  
16 shall execute a good and sufficient commercial bond for \$1,000  
17 payable to the district, conditioned upon the faithful performance  
18 of the trustee's [~~his~~] duties. The bond may be paid from funds of  
19 the district. The board of trustees of the district shall serve  
20 without compensation but may be reimbursed for actual expenses  
21 incurred by them in the performance of their official duties, upon  
22 the approval of such expenses by the board of trustees. A majority  
23 of trustees shall constitute a quorum.

24 (b) [~~On the effective date of this Act, the Commissioners~~

1 ~~Court of Starr County shall appoint five persons to serve as~~  
2 ~~temporary trustees. Each temporary trustee shall subscribe the~~  
3 ~~constitutional oath of office.~~

4 ~~[(c) At the election to create the district, the voters of~~  
5 ~~each commissioner's precinct in the proposed district shall receive~~  
6 ~~a separate ballot to elect one trustee from their precinct to manage~~  
7 ~~and control the affairs of the district, the ballot to be as~~  
8 ~~prescribed by the commissioners court.~~

9 ~~[(d)] Any person who is qualified to serve on the board of~~  
10 ~~trustees and who desires to have the person's [~~his~~] name printed on~~  
11 ~~the ballot shall file an application with the secretary of the board~~  
12 ~~of trustees in accordance with Chapter 144, Election Code [~~his name~~~~  
13 ~~with the commissioners court, specifying whether he is running from~~  
14 ~~a precinct or at-large, at least 30 days prior to the date of the~~  
15 ~~first election].~~

16 ~~(c) One trustee shall be elected from [(e) ~~There shall be a~~~~  
17 ~~balloting place in each precinct, to be designated by the~~  
18 ~~commissioners court, and] each commissioner's precinct [~~shall~~~~  
19 ~~elect one trustee from the resident qualified taxpaying electors of~~  
20 ~~the precinct].~~

21 ~~[(f)] The fifth trustee shall be elected at-large, by a~~  
22 ~~majority vote of all the voters [~~electors~~] of the district. An~~

23 ~~[(g) On the first Saturday in April, 1977, an election shall~~  
24 ~~be held in the district to elect the members representing the~~  
25 ~~odd-numbered precincts and the member-at-large, and on the first~~  
26 ~~Saturday in April, 1978, an election shall be held in the district~~  
27 ~~to elect members representing the even-numbered precincts in the~~

1 ~~district. After these elections, an~~ election shall be held each  
2 year on the May uniform election date as provided by Section 41.001,  
3 Election Code, and the ~~[first Saturday in April to elect members to~~  
4 ~~the board with]~~ members representing odd-numbered precincts and the  
5 member-at-large shall be ~~[being]~~ elected in odd-numbered years and  
6 the members representing the even-numbered precincts shall be  
7 ~~[being]~~ elected in even-numbered years. The elections shall be  
8 ordered by the board. Notice of the election shall be by  
9 publication ~~[at least twice]~~ in a newspaper of general circulation  
10 in the district in accordance with Section 4.003, Election Code~~[,~~  
11 ~~and the first of such publications shall be at least 14 days prior~~  
12 ~~to such election]~~. Any vacancy occurring in the board of trustees  
13 shall be filled for the unexpired term by a majority of the  
14 remaining trustees.

15 (d) ~~[(h)]~~ The board of trustees shall elect from its number  
16 a president, a vice-president, and a secretary of the board of  
17 trustees and of the district, and such other officers as in the  
18 judgment of the board are necessary. The president shall preside  
19 over meetings ~~[be the chief executive officer]~~ of the district ~~[and~~  
20 ~~the presiding officer of the board,~~] and shall have the same right  
21 to vote as any other trustee. The vice-president shall perform all  
22 duties and exercise all power conferred by this Act upon the  
23 president when the president is absent or fails or declines to act.  
24 The secretary shall keep and sign the minutes of the meetings of the  
25 board of trustees; and in his absence at any board meeting a  
26 secretary pro tem shall be named for that meeting who may exercise  
27 all the duties and powers of the secretary for such meeting, and

1 sign the minutes at such meeting. The secretary shall be the  
2 custodian of all minutes and records of the district[. ~~The board~~  
3 ~~shall select all necessary engineers, architects, attorneys,~~  
4 ~~auditors, and other employees. The board shall adopt a seal for the~~  
5 ~~district. The temporary or permanent trustees of the district~~  
6 ~~shall have full right and authority to call the confirmation and tax~~  
7 ~~election as provided by this Act and to take whatever actions are~~  
8 ~~necessary to create the district, authorize the tax aforementioned,~~  
9 ~~and authorize the tax bonds or refunding bonds of the district].~~

10 (e) [~~(i)~~] The board of trustees may use district funds,  
11 enter into agreements, and take other necessary action to recruit  
12 or otherwise obtain physicians and other personnel for the  
13 district's medical staff or for employment with the district,  
14 including:

- 15 (1) advertising and marketing;
- 16 (2) paying recruitment expenses;
- 17 (3) paying travel and relocation expenses;
- 18 (4) providing guarantees, subsidies, loans, and  
19 scholarships;
- 20 (5) sharing personnel; and
- 21 (6) authorizing a physician to use space in district  
22 facilities or providing a rent subsidy to a physician.

23 (f) [~~(j)~~] The board of trustees may use district funds,  
24 enter into agreements, and take other necessary action to conduct,  
25 participate in, or assist health care education programs for the  
26 public and for current or potential medical staff members or  
27 employees.

1 SECTION 2. Section 5(g), Chapter 118, Acts of the 63rd  
2 Legislature, Regular Session, 1973, is amended to read as follows:

3 (g) The board shall cause an annual audit to be made by an  
4 independent public accountant of the books and records of the  
5 district as soon as practicable after the close of each fiscal  
6 year [~~, such audit to cover such fiscal year, and to be made by an~~  
7 ~~independent public accountant~~]. Once each year, as soon as  
8 practicable after the close of the fiscal year, the administrator  
9 shall report to the board of trustees a full sworn statement of all  
10 moneys belonging to the district and a full account of all  
11 disbursements during the previous fiscal year [~~and choses in action~~  
12 ~~received by such administrator and how disbursed or otherwise~~  
13 ~~disposed of~~]. Such report shall show in detail the operations of  
14 the district for the year. The board of trustees shall prepare a  
15 budget showing: (1) the proposed expenditures and disbursements;  
16 (2) the estimated receipts and collections for the next fiscal  
17 year; and (3) the amount of taxes required to be levied and  
18 collected during the next fiscal year to meet the proposed budget.  
19 The board shall hold a public hearing on the proposed budget after  
20 publication of notice in a newspaper of general circulation in the  
21 district. The notice must be given at least once not less than 10  
22 days prior to the hearing. Any person who is a resident of the  
23 district is entitled to appear at the hearing and be heard with  
24 reference to any item in the proposed budget. The fiscal year of  
25 the hospital district shall be established by the board. The fiscal  
26 year may not be changed during a period in which revenue bonds of  
27 the district are outstanding or more than once in a 24-month period

1 ~~[from October 1 of each year to September 30 of the following year].~~

2 SECTION 3. Chapter 118, Acts of the 63rd Legislature,  
3 Regular Session, 1973, is amended by adding Section 5A to read as  
4 follows:

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

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

11 (c) A corporation created under this section may enter into  
12 a joint venture with any public or private entity or individual to  
13 provide health care or other services the district is authorized to  
14 provide under this Act.

15 (d) A corporation created under this section may invest the  
16 corporation's money in any manner in which the district may invest  
17 the district's money, including investing money as authorized by  
18 Chapter 2256, Government Code.

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

21 SECTION 4. Sections 7(a) and (c), Chapter 118, Acts of the  
22 63rd Legislature, Regular Session, 1973, are amended to read as  
23 follows:

24 (a) The board of directors shall have the power and  
25 authority to issue and sell general obligation ~~[its]~~ bonds in the  
26 name and upon the faith and credit of such hospital district for the  
27 purchase, construction, acquisition, repair, or renovation of

1 buildings and improvements and equipping the same for district  
2 ~~[hospital]~~ purposes, and for any or all of such purposes. At the  
3 time of the issuance of any general obligation bonds by the district  
4 a tax shall be levied by the board sufficient to create an interest  
5 and sinking fund to pay the interest on and principal of said bonds  
6 as same mature, providing such tax together with any other taxes  
7 levied for said district shall not exceed 75 cents on each \$100  
8 valuation of taxable property in any one year. General obligation  
9 bonds may not ~~[No bonds shall]~~ be issued by the ~~[such hospital]~~  
10 district ~~[except refunding bonds]~~ until authorized by a majority of  
11 the qualified voters ~~[property taxpaying electors,]~~ voting at an  
12 election called for such purpose. The order for bond election and  
13 the publication of notice for the election shall be provided in  
14 accordance with Chapter 1251, Government Code. The election ~~[shall~~  
15 ~~specify the date of the election, the amount of bonds to be~~  
16 ~~authorized, the maximum maturity thereof, the maximum rate of~~  
17 ~~interest they are to bear, the place or places where the election~~  
18 ~~shall be held, the presiding judge and alternate judge for each~~  
19 ~~voting place, and provide for clerks as in county elections. Notice~~  
20 ~~of any bond election shall be given as provided in Article 704,~~  
21 ~~Revised Civil Statutes of Texas, 1925, as amended, and]~~ shall be  
22 conducted in accordance with the general laws of Texas pertaining  
23 to general elections, except as modified by the provisions of this  
24 Act.

25 (c) Bonds of the district must mature not later than the  
26 40th anniversary of the date of issuance and must bear a rate of  
27 interest that does not exceed the amount provided by Chapter 1204,

1 Government Code. Bonds [~~shall bear interest not to exceed six~~  
 2 ~~percent a year, shall mature within 40 years of their date,~~] shall  
 3 be executed in the name of the hospital district and on [~~in~~] its  
 4 behalf by the president of the board and countersigned by the  
 5 secretary in the manner provided by Chapter 618, Government Code  
 6 [~~204, Acts of the 57th Legislature, Regular Session, 1961, as~~  
 7 ~~amended (Article 717j-1, Vernon's Texas Civil Statutes)~~], and shall  
 8 be subject to the same requirements in the matter of approval by the  
 9 Attorney General of Texas and registration by the Comptroller of  
 10 Public Accounts of the State of Texas as are provided by Chapter  
 11 1202, Government Code [~~by law provided for approval and~~  
 12 ~~registration of bonds issued by counties. Upon the approval of such~~  
 13 ~~bonds by the attorney general and registration by the comptroller,~~  
 14 ~~the same shall be incontestable for any cause].~~

15 SECTION 5. Chapter 118, Acts of the 63rd Legislature,  
 16 Regular Session, 1973, is amended by adding Sections 7A, 7B, and 7C  
 17 to read as follows:

18 Sec. 7A. (a) The board of trustees may issue and refund any  
 19 previously issued revenue bonds to:

20 (1) purchase, construct, acquire, repair, equip, or  
 21 renovate buildings and improvements for district purposes; and

22 (2) acquire sites for district purposes.

23 (b) The bonds must be payable from and secured by a pledge of  
 24 all or any part of the revenue derived from the operation of the  
 25 district's hospital or health care facilities.

26 (c) The bonds may be additionally secured by a mortgage or  
 27 deed of trust lien on all or part of district property.



1       (d) The bonds must be issued in the manner and in accordance  
2 with the procedures and requirements prescribed by Sections  
3 264.042, 264.043, and 264.046-264.049, Health and Safety Code, for  
4 issuance of revenue bonds by county hospital authorities.

5       Sec. 7B. (a) In addition to the authority to issue general  
6 obligation bonds under Section 7 of this Act and the authority to  
7 issue revenue bonds under Section 7A of this Act, the board of  
8 trustees may provide for the security and payment of district bonds  
9 from a pledge of a combination of ad valorem taxes as authorized by  
10 Section 7 of this Act and the revenue and other sources as  
11 authorized by Section 7A of this Act.

12       (b) The board of trustees may issue bonds secured wholly or  
13 partly by an ad valorem tax, other than refunding bonds, only if the  
14 bonds are approved at an election held in the district in accordance  
15 with Section 7 of this Act.

16       Sec. 7C. The district may use the proceeds of bonds issued  
17 under Section 7, 7A, or 7B of this Act to pay:

18           (1) any expense the board of trustees determines is  
19 reasonable and necessary to issue, sell, and deliver the bonds;

20           (2) interest payments on the bonds during a period of  
21 acquisition or construction of a project or facility to be provided  
22 through the bonds, not to exceed five years;

23           (3) costs related to the operation and maintenance of  
24 a project or facility to be provided through the bonds:

25                   (A) during an estimated period of acquisition or  
26 construction, not to exceed five years; and

27                   (B) for one year after the project or facility is

1 acquired or constructed;

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

4 (5) costs related to the bond issuance;

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

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

11 SECTION 6. Section 10, Chapter 118, Acts of the 63rd  
12 Legislature, Regular Session, 1973, is amended to read as follows:

13 Sec. 10. (a) The board annually may impose property taxes  
14 in an amount not to exceed the limit approved by the voters at the  
15 election authorizing the imposition of taxes. The Tax Code governs  
16 the appraisal, assessment, and collection of district taxes. [The  
17 ~~board of trustees of the district may contract with the~~  
18 ~~Commissioners Court of Starr County or its tax assessor and~~  
19 ~~collector in connection with the rendition, assessment,~~  
20 ~~equalization, levying, and collecting of taxes and related matters~~  
21 ~~so far as same are applicable and not in conflict with this Act, and~~  
22 ~~likewise the tax rolls of Starr County shall be used by the~~  
23 ~~district.]~~

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.

27 ~~[Not later than July 1 of each year the board of trustees shall levy~~

1 ~~the tax on all property within the district which is subject to~~  
2 ~~taxation and shall immediately certify the rate to the tax assessor~~  
3 ~~and collector of Starr County. The tax so levied shall be~~  
4 ~~collected, on all property subject to district taxation, by the~~  
5 ~~assessor and collector on the county tax values, and in the same~~  
6 ~~manner and under the same conditions as the county taxes. The~~  
7 ~~amount of the annual district tax may be included on the annual~~  
8 ~~county statements mailed or sent out by the assessor and collector.~~  
9 ~~The assessor and collector shall charge and deduct from payments to~~  
10 ~~the district the fees for assessing and collecting the tax at the~~  
11 ~~rate of not exceeding one percent of the amounts collected as may be~~  
12 ~~determined by the district's board of trustees but in no event in~~  
13 ~~excess of \$5,000 for any one fiscal year or as may be contracted for~~  
14 ~~as herein provided. Interest and penalties on taxes paid such~~  
15 ~~district shall be the same as for the county taxes. The remainder~~  
16 ~~of tax collections, after deduction of discounts and fees for~~  
17 ~~assessing and collecting, shall be deposited in the district's~~  
18 ~~depository and may be withdrawn as directed by the district's board~~  
19 ~~of trustees. All other income of the district shall be deposited in~~  
20 ~~the depository. The board shall have the authority to levy the tax~~  
21 ~~for the entire year in which the district is established to obtain~~  
22 ~~funds to initiate the operation of the district.]~~

23 SECTION 7. Chapter 118, Acts of the 63rd Legislature,  
24 Regular Session, 1973, is amended by adding Section 11A to read as  
25 follows:

26 Sec. 11A. (a) The district may be dissolved only on  
27 approval of a majority of the district voters voting in an election

1 held for that purpose.

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

8 (c) Section 41.001, Election Code, does not apply to an  
9 election ordered under this section.

10 (d) The order calling the election shall state:

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

13 (2) the date of the election;

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

15 (4) the location of the polling places.

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

21 (f) The ballot for the election shall be printed to permit  
22 voting for or against the proposition: "The dissolution of the  
23 Starr County Hospital District."

24 (g) If a majority of the votes in the election favor  
25 dissolution, the board shall order that the district be dissolved.

26 If a majority of the votes in the election do not favor dissolution,  
27 the board shall continue to administer the district and another

1 election on the question of dissolution may not be held before the  
2 first anniversary of the date of the most recent election to  
3 dissolve the district.

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

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

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

12 (i) If the district makes the transfer under Subsection  
13 (h)(1) of this section, the county or entity assumes all debts and  
14 obligations of the district at the time of the transfer, at which  
15 time the district is dissolved.

16 (j) If the district does not make the transfer under  
17 Subsection (h)(1) of this section, the board shall administer the  
18 property, assets, and debts of the district until all funds have  
19 been disposed of and all district debts have been paid or settled,  
20 at which time the district is dissolved.

21 (k) After the board finds that the district is dissolved,  
22 the board shall:

23 (1) determine the debt owed by the district; and

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

27 (1) On the payment of all outstanding debts and obligations

1 of the district, the board shall order the secretary to return to  
2 each district taxpayer the taxpayer's pro rata share of all unused  
3 tax money. A taxpayer may request that the taxpayer's share of  
4 surplus tax money be credited to the taxpayer's county taxes. If a  
5 taxpayer requests the credit, the board shall direct the secretary  
6 to transmit the funds to the county tax assessor-collector.

7 (m) After the district has paid all its debts and has  
8 disposed of all district assets and funds as prescribed by this  
9 section, the board shall file a written report with the  
10 Commissioners Court of Starr County summarizing the board's actions  
11 in dissolving the district. Not later than the 10th day after the  
12 date the commissioners court receives the report and determines  
13 that the requirements of this section have been fulfilled, the  
14 commissioners court shall enter an order dissolving the district  
15 and releasing the board from any further duty of obligation.

16 SECTION 8. This Act takes effect immediately if it receives  
17 a vote of two-thirds of all the members elected to each house, as  
18 provided by Section 39, Article III, Texas Constitution. If this  
19 Act does not receive the vote necessary for immediate effect, this  
20 Act takes effect September 1, 2007.