

1-1 By: Zaffirini S.B. No. 1236  
1-2 (In the Senate - Filed March 6, 2007; March 14, 2007, read  
1-3 first time and referred to Committee on Intergovernmental  
1-4 Relations; April 11, 2007, reported favorably by the following  
1-5 vote: Yeas 3, Nays 0; April 11, 2007, sent to printer.)

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

1-8 relating to the powers and duties of the Starr County Hospital  
1-9 District of Starr County, Texas.

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

1-11 SECTION 1. Section 4, Chapter 118, Acts of the 63rd  
1-12 Legislature, Regular Session, 1973, is amended to read as follows:

1-13 Sec. 4. (a) All powers of the district shall be exercised  
1-14 by a board of five trustees. Each trustee shall serve for two years  
1-15 and until a [his] successor shall be elected and qualified. To  
1-16 qualify for election as a trustee, a person must be at least 21  
1-17 years of age, have been a resident of the district for at least two  
1-18 years and of the commissioners precinct from which the person [he]  
1-19 is to be elected, unless the person [he] is running at-large, for at  
1-20 least two years, and be a qualified voter [property taxpaying  
1-21 elector]. Each trustee shall subscribe to the oath of office and  
1-22 shall execute a good and sufficient commercial bond for \$1,000  
1-23 payable to the district, conditioned upon the faithful performance  
1-24 of the trustee's [his] duties. The bond may be paid from funds of  
1-25 the district. The board of trustees of the district shall serve  
1-26 without compensation but may be reimbursed for actual expenses  
1-27 incurred by them in the performance of their official duties, upon  
1-28 the approval of such expenses by the board of trustees. A majority  
1-29 of trustees shall constitute a quorum.

1-30 ~~(b) [On the effective date of this Act, the Commissioners~~  
1-31 ~~Court of Starr County shall appoint five persons to serve as~~  
1-32 ~~temporary trustees. Each temporary trustee shall subscribe the~~  
1-33 ~~constitutional oath of office.~~

1-34 ~~[(c) At the election to create the district, the voters of~~  
1-35 ~~each commissioner's precinct in the proposed district shall receive~~  
1-36 ~~a separate ballot to elect one trustee from their precinct to manage~~  
1-37 ~~and control the affairs of the district, the ballot to be as~~  
1-38 ~~prescribed by the commissioners court.~~

1-39 ~~[(d)] Any person who is qualified to serve on the board of~~  
1-40 ~~trustees and who desires to have the person's [his] name printed on~~  
1-41 ~~the ballot shall file an application with the secretary of the board~~  
1-42 ~~of trustees in accordance with Chapter 144, Election Code [his name~~  
1-43 ~~with the commissioners court, specifying whether he is running from~~  
1-44 ~~a precinct or at-large, at least 30 days prior to the date of the~~  
1-45 ~~first election].~~

1-46 ~~(c) One trustee shall be elected from [(e) There shall be a~~  
1-47 ~~balloting place in each precinct, to be designated by the~~  
1-48 ~~commissioners court, and] each commissioner's precinct [shall~~  
1-49 ~~elect one trustee from the resident qualified taxpaying electors of~~  
1-50 ~~the precinct].~~

1-51 ~~[(f)] The fifth trustee shall be elected at-large, by a~~  
1-52 ~~majority vote of all the voters [electors] of the district. An~~

1-53 ~~[(g) On the first Saturday in April, 1977, an election shall~~  
1-54 ~~be held in the district to elect the members representing the~~  
1-55 ~~odd-numbered precincts and the member-at-large, and on the first~~  
1-56 ~~Saturday in April, 1978, an election shall be held in the district~~  
1-57 ~~to elect members representing the even-numbered precincts in the~~  
1-58 ~~district. After these elections, an] election shall be held each~~  
1-59 ~~year on the May uniform election date as provided by Section 41.001,~~  
1-60 ~~Election Code, and the [first Saturday in April to elect members to~~  
1-61 ~~the board with] members representing odd-numbered precincts and the~~  
1-62 ~~member-at-large shall be [being] elected in odd-numbered years and~~  
1-63 ~~the members representing the even-numbered precincts shall be~~  
1-64 ~~[being] elected in even-numbered years. The elections shall be~~

2-1 ordered by the board. Notice of the election shall be by  
 2-2 publication [~~at least twice~~] in a newspaper of general circulation  
 2-3 in the district in accordance with Section 4.003, Election Code ~~and~~  
 2-4 ~~and the first of such publications shall be at least 14 days prior~~  
 2-5 ~~to such election~~. Any vacancy occurring in the board of trustees  
 2-6 shall be filled for the unexpired term by a majority of the  
 2-7 remaining trustees.

2-8 (d) [~~h~~] The board of trustees shall elect from its number  
 2-9 a president, a vice-president, and a secretary of the board of  
 2-10 trustees and of the district, and such other officers as in the  
 2-11 judgment of the board are necessary. The president shall preside  
 2-12 over meetings [~~be the chief executive officer~~] of the district [~~and~~  
 2-13 ~~the presiding officer of the board,~~] and shall have the same right  
 2-14 to vote as any other trustee. The vice-president shall perform all  
 2-15 duties and exercise all power conferred by this Act upon the  
 2-16 president when the president is absent or fails or declines to act.  
 2-17 The secretary shall keep and sign the minutes of the meetings of the  
 2-18 board of trustees; and in his absence at any board meeting a  
 2-19 secretary pro tem shall be named for that meeting who may exercise  
 2-20 all the duties and powers of the secretary for such meeting, and  
 2-21 sign the minutes at such meeting. The secretary shall be the  
 2-22 custodian of all minutes and records of the district [~~. The board~~  
 2-23 ~~shall select all necessary engineers, architects, attorneys,~~  
 2-24 ~~auditors, and other employees. The board shall adopt a seal for the~~  
 2-25 ~~district. The temporary or permanent trustees of the district~~  
 2-26 ~~shall have full right and authority to call the confirmation and tax~~  
 2-27 ~~election as provided by this Act and to take whatever actions are~~  
 2-28 ~~necessary to create the district, authorize the tax aforementioned,~~  
 2-29 ~~and authorize the tax bonds or refunding bonds of the district].~~

2-30 (e) [~~i~~] The board of trustees may use district funds,  
 2-31 enter into agreements, and take other necessary action to recruit  
 2-32 or otherwise obtain physicians and other personnel for the  
 2-33 district's medical staff or for employment with the district,  
 2-34 including:

- 2-35 (1) advertising and marketing;
- 2-36 (2) paying recruitment expenses;
- 2-37 (3) paying travel and relocation expenses;
- 2-38 (4) providing guarantees, subsidies, loans, and  
 2-39 scholarships;
- 2-40 (5) sharing personnel; and
- 2-41 (6) authorizing a physician to use space in district  
 2-42 facilities or providing a rent subsidy to a physician.

2-43 (f) [~~j~~] The board of trustees may use district funds,  
 2-44 enter into agreements, and take other necessary action to conduct,  
 2-45 participate in, or assist health care education programs for the  
 2-46 public and for current or potential medical staff members or  
 2-47 employees.

2-48 SECTION 2. Subsection (g), Section 5, Chapter 118, Acts of  
 2-49 the 63rd Legislature, Regular Session, 1973, is amended to read as  
 2-50 follows:

2-51 (g) The board shall cause an annual audit to be made by an  
 2-52 independent public accountant of the books and records of the  
 2-53 district as soon as practicable after the close of each fiscal  
 2-54 year [~~, such audit to cover such fiscal year, and to be made by an~~  
 2-55 ~~independent public accountant~~]. Once each year, as soon as  
 2-56 practicable after the close of the fiscal year, the administrator  
 2-57 shall report to the board of trustees a full sworn statement of all  
 2-58 moneys belonging to the district and a full account of all  
 2-59 disbursements during the previous fiscal year [~~and choses in action~~  
 2-60 ~~received by such administrator and how disbursed or otherwise~~  
 2-61 ~~disposed of~~]. Such report shall show in detail the operations of  
 2-62 the district for the year. The board of trustees shall prepare a  
 2-63 budget showing: (1) the proposed expenditures and disbursements;  
 2-64 (2) the estimated receipts and collections for the next fiscal  
 2-65 year; and (3) the amount of taxes required to be levied and  
 2-66 collected during the next fiscal year to meet the proposed budget.  
 2-67 The board shall hold a public hearing on the proposed budget after  
 2-68 publication of notice in a newspaper of general circulation in the  
 2-69 district. The notice must be given at least once not less than 10

3-1 days prior to the hearing. Any person who is a resident of the  
 3-2 district is entitled to appear at the hearing and be heard with  
 3-3 reference to any item in the proposed budget. The fiscal year of  
 3-4 the hospital district shall be established by the board. The fiscal  
 3-5 year may not be changed during a period in which revenue bonds of  
 3-6 the district are outstanding or more than once in a 24-month period  
 3-7 [from October 1 of each year to September 30 of the following year].

3-8 SECTION 3. Chapter 118, Acts of the 63rd Legislature,  
 3-9 Regular Session, 1973, is amended by adding Section 5A to read as  
 3-10 follows:

3-11 Sec. 5A. (a) The district may create and sponsor a  
 3-12 nonprofit corporation under the Business Organizations Code and may  
 3-13 contribute money to or solicit money for the corporation.

3-14 (b) A corporation created under this section may use money  
 3-15 contributed by the district only to provide health care or other  
 3-16 services the district is authorized to provide under this Act.

3-17 (c) A corporation created under this section may enter into  
 3-18 a joint venture with any public or private entity or individual to  
 3-19 provide health care or other services the district is authorized to  
 3-20 provide under this Act.

3-21 (d) A corporation created under this section may invest the  
 3-22 corporation's money in any manner in which the district may invest  
 3-23 the district's money, including investing money as authorized by  
 3-24 Chapter 2256, Government Code.

3-25 (e) The board of trustees shall establish controls to ensure  
 3-26 that the corporation uses its money as required by this section.

3-27 SECTION 4. Subsections (a) and (c), Section 7, Chapter 118,  
 3-28 Acts of the 63rd Legislature, Regular Session, 1973, are amended to  
 3-29 read as follows:

3-30 (a) The board of directors shall have the power and  
 3-31 authority to issue and sell general obligation ~~[its]~~ bonds in the  
 3-32 name and upon the faith and credit of such hospital district for the  
 3-33 purchase, construction, acquisition, repair, or renovation of  
 3-34 buildings and improvements and equipping the same for district  
 3-35 ~~[hospital]~~ purposes, and for any or all of such purposes. At the  
 3-36 time of the issuance of any general obligation bonds by the district  
 3-37 a tax shall be levied by the board sufficient to create an interest  
 3-38 and sinking fund to pay the interest on and principal of said bonds  
 3-39 as same mature, providing such tax together with any other taxes  
 3-40 levied for said district shall not exceed 75 cents on each \$100  
 3-41 valuation of taxable property in any one year. General obligation  
 3-42 bonds may not ~~[No bonds shall]~~ be issued by the ~~[such hospital]~~  
 3-43 district ~~[except refunding bonds]~~ until authorized by a majority of  
 3-44 the qualified voters ~~[property taxpaying electors,]~~ voting at an  
 3-45 election called for such purpose. The order for bond election and  
 3-46 the publication of notice for the election shall be provided in  
 3-47 accordance with Chapter 1251, Government Code. The election ~~[shall~~  
 3-48 specify the date of the election, the amount of bonds to be  
 3-49 authorized, the maximum maturity thereof, the maximum rate of  
 3-50 interest they are to bear, the place or places where the election  
 3-51 shall be held, the presiding judge and alternate judge for each  
 3-52 voting place, and provide for clerks as in county elections. Notice  
 3-53 of any bond election shall be given as provided in Article 704,  
 3-54 Revised Civil Statutes of Texas, 1925, as amended, and] shall be  
 3-55 conducted in accordance with the general laws of Texas pertaining  
 3-56 to general elections, except as modified by the provisions of this  
 3-57 Act.

3-58 (c) Bonds of the district must mature not later than the  
 3-59 40th anniversary of the date of issuance and must bear a rate of  
 3-60 interest that does not exceed the amount provided by Chapter 1204,  
 3-61 Government Code. Bonds ~~[shall bear interest not to exceed six~~  
 3-62 percent a year, shall mature within 40 years of their date,] shall  
 3-63 be executed in the name of the hospital district and on ~~[in]~~ its  
 3-64 behalf by the president of the board and countersigned by the  
 3-65 secretary in the manner provided by Chapter 618, Government Code  
 3-66 [204, Acts of the 57th Legislature, Regular Session, 1961, as  
 3-67 amended (Article 717j-1, Vernon's Texas Civil Statutes)], and shall  
 3-68 be subject to the same requirements in the matter of approval by the  
 3-69 Attorney General of Texas and registration by the Comptroller of

Public Accounts of the State of Texas as are provided by Chapter 1202, Government Code [by law provided for approval and registration of bonds issued by counties. Upon the approval of such bonds by the attorney general and registration by the comptroller, the same shall be incontestable for any cause].

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

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

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

(2) acquire sites for district purposes.

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

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

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

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

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

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

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

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

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

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

(B) for one year after the project or facility is acquired or constructed;

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

(5) costs related to the bond issuance;

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

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

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

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

(b) The board may provide for the appointment of a tax assessor-collector for the district or may contract for the

5-1 ~~assessment and collection of taxes as provided by the Tax Code [Not~~  
 5-2 ~~later than July 1 of each year the board of trustees shall levy the~~  
 5-3 ~~tax on all property within the district which is subject to taxation~~  
 5-4 ~~and shall immediately certify the rate to the tax assessor and~~  
 5-5 ~~collector of Starr County. The tax so levied shall be collected, on~~  
 5-6 ~~all property subject to district taxation, by the assessor and~~  
 5-7 ~~collector on the county tax values, and in the same manner and under~~  
 5-8 ~~the same conditions as the county taxes. The amount of the annual~~  
 5-9 ~~district tax may be included on the annual county statements mailed~~  
 5-10 ~~or sent out by the assessor and collector. The assessor and~~  
 5-11 ~~collector shall charge and deduct from payments to the district the~~  
 5-12 ~~fees for assessing and collecting the tax at the rate of not~~  
 5-13 ~~exceeding one percent of the amounts collected as may be determined~~  
 5-14 ~~by the district's board of trustees but in no event in excess of~~  
 5-15 ~~\$5,000 for any one fiscal year or as may be contracted for as herein~~  
 5-16 ~~provided. Interest and penalties on taxes paid such district shall~~  
 5-17 ~~be the same as for the county taxes. The remainder of tax~~  
 5-18 ~~collections, after deduction of discounts and fees for assessing~~  
 5-19 ~~and collecting, shall be deposited in the district's depository and~~  
 5-20 ~~may be withdrawn as directed by the district's board of trustees.~~  
 5-21 ~~All other income of the district shall be deposited in the~~  
 5-22 ~~depository. The board shall have the authority to levy the tax for~~  
 5-23 ~~the entire year in which the district is established to obtain funds~~  
 5-24 ~~to initiate the operation of the district].~~

5-25 SECTION 7. Chapter 118, Acts of the 63rd Legislature,  
 5-26 Regular Session, 1973, is amended by adding Section 11A to read as  
 5-27 follows:

5-28 Sec. 11A. (a) The district may be dissolved only on  
 5-29 approval of a majority of the district voters voting in an election  
 5-30 held for that purpose.

5-31 (b) The board of trustees may order an election on the  
 5-32 question of dissolving the district and disposing of the district's  
 5-33 assets. The board shall order an election if the board receives a  
 5-34 petition requesting an election that is signed by a number of  
 5-35 registered voters of the district equal to at least 15 percent of  
 5-36 the registered voters in the district.

5-37 (c) Section 41.001, Election Code, does not apply to an  
 5-38 election ordered under this section.

5-39 (d) The order calling the election shall state:

5-40 (1) the nature of the election, including the  
 5-41 proposition to appear on the ballot;

5-42 (2) the date of the election;

5-43 (3) the hours during which the polls will be open; and

5-44 (4) the location of the polling places.

5-45 (e) The board shall give notice of the election by  
 5-46 publishing once a week for two consecutive weeks a substantial copy  
 5-47 of the election order in a newspaper with general circulation in the  
 5-48 district. The first publication must appear not later than the 35th  
 5-49 day before the date set for the election.

5-50 (f) The ballot for the election shall be printed to permit  
 5-51 voting for or against the proposition: "The dissolution of the  
 5-52 Starr County Hospital District."

5-53 (g) If a majority of the votes in the election favor  
 5-54 dissolution, the board shall order that the district be dissolved.  
 5-55 If a majority of the votes in the election do not favor dissolution,  
 5-56 the board shall continue to administer the district and another  
 5-57 election on the question of dissolution may not be held before the  
 5-58 first anniversary of the date of the most recent election to  
 5-59 dissolve the district.

5-60 (h) If a majority of the votes in the election favor  
 5-61 dissolution, the board shall:

5-62 (1) transfer the land, buildings, improvements,  
 5-63 equipment, and other assets that belong to the district to Starr  
 5-64 County or another governmental entity in Starr County; or

5-65 (2) administer the property, assets, and debts until  
 5-66 all funds have been disposed of and all district debts have been  
 5-67 paid or settled.

5-68 (i) If the district makes the transfer under Subsection  
 5-69 (h)(1) of this section, the county or entity assumes all debts and

6-1 obligations of the district at the time of the transfer, at which  
6-2 time the district is dissolved.

6-3 (j) If the district does not make the transfer under  
6-4 Subsection (h)(1) of this section, the board shall administer the  
6-5 property, assets, and debts of the district until all funds have  
6-6 been disposed of and all district debts have been paid or settled,  
6-7 at which time the district is dissolved.

6-8 (k) After the board finds that the district is dissolved,  
6-9 the board shall:

6-10 (1) determine the debt owed by the district; and  
6-11 (2) impose on the property included in the district's  
6-12 tax rolls a tax that is in proportion of the debt to the property  
6-13 value.

6-14 (1) On the payment of all outstanding debts and obligations  
6-15 of the district, the board shall order the secretary to return to  
6-16 each district taxpayer the taxpayer's pro rata share of all unused  
6-17 tax money. A taxpayer may request that the taxpayer's share of  
6-18 surplus tax money be credited to the taxpayer's county taxes. If a  
6-19 taxpayer requests the credit, the board shall direct the secretary  
6-20 to transmit the funds to the county tax assessor-collector.

6-21 (m) After the district has paid all its debts and has  
6-22 disposed of all district assets and funds as prescribed by this  
6-23 section, the board shall file a written report with the  
6-24 Commissioners Court of Starr County summarizing the board's actions  
6-25 in dissolving the district. Not later than the 10th day after the  
6-26 date the commissioners court receives the report and determines  
6-27 that the requirements of this section have been fulfilled, the  
6-28 commissioners court shall enter an order dissolving the district  
6-29 and releasing the board from any further duty or obligation.

6-30 SECTION 8. This Act takes effect immediately if it receives  
6-31 a vote of two-thirds of all the members elected to each house, as  
6-32 provided by Section 39, Article III, Texas Constitution. If this  
6-33 Act does not receive the vote necessary for immediate effect, this  
6-34 Act takes effect September 1, 2007.

6-35 \* \* \* \* \*