

## **BILL ANALYSIS**

Senate Research Center  
89R19493 MPF-F

H.B. 5663  
By: Hefner (Hughes)  
Local Government  
5/25/2025  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The bill author has informed the committee that the Wood County Central Hospital District recognizes the increasing prevalence and long-term impact of brain and memory-related conditions, such as dementia and Alzheimer's disease, among its population and that these conditions often require specialized, continuous, and locally accessible care. The bill author has also informed the committee that, to address this growing need, the hospital district seeks to create a dedicated framework for providing brain and memory health care services. H.B. 5663 seeks to accomplish this goal by authorizing the Wood County Central Hospital District to establish brain and memory health care services districts within the boundaries of the hospital district that would provide for more focused and flexible service delivery, collaboration with nonprofits, and long-term planning, all under the administration and oversight of the hospital district.

H.B. 5663 amends current law relating to the authority of the Wood County Central Hospital District of Wood County, Texas, to provide brain and memory care services to residents of the hospital district through the creation and operation of brain and memory health care services districts.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter C, Chapter 1116, Special District Local Laws Code, by adding Section 1116.111, as follows:

Sec. 1116.111. PROVISION AND FINANCING OF BRAIN AND MEMORY HEALTH CARE SERVICES. (a) Authorizes the Wood County Central Hospital District of Wood County, Texas (district), to provide brain and memory health care services, including by contract in the manner prescribed by Subchapter I.

(b) Provides that the district's provision of brain and memory health care services does not prohibit another political subdivision of this state from providing, or taxing to provide for, brain and memory health care services inside the boundaries of the district, as provided by Section 13 (Participation of Municipalities and Other Political Subdivisions in Establishment and Operation of Mental Health, Mental Retardation, or Public Health Services), Article IX (Counties), Texas Constitution.

(c) Provides that brain and memory health care services provided by the district, or by a brain and memory health care services district created by the board of directors of the district under Subchapter I, including property used to provide those services, are a hospital project for purposes of Chapter 223 (Hospital Project Financing Act), Health and Safety Code.

SECTION 2. Amends Chapter 1116, Special District Local Laws Code, by adding Subchapter I, as follows:

**SUBCHAPTER I. BRAIN AND MEMORY HEALTH CARE SERVICES DISTRICT**

Sec. 1116.401. **PURPOSE OF SUBCHAPTER.** Provides that the purpose of this subchapter is to authorize the district to create a special district to provide brain and memory health care services to residents of the Wood County Central Hospital District of Wood County, Texas (hospital district).

Sec. 1116.402. **DEFINITIONS.** Defines "hospital district," "hospital district board," "special district," "special district board," and "special district director."

Sec. 1116.403. **CREATION OF SPECIAL DISTRICT.** (a) Authorizes the board of directors of the hospital district (hospital district board) to adopt an order creating a special district.

(b) Requires that the order creating the special district contain specific provisions and define the boundaries of the special district to be coextensive with the boundaries of the hospital district as those boundaries exist on the date the order creating the special district is adopted.

Sec. 1116.404. **SPECIAL DISTRICT BOARD; TERMS; VACANCY.** (a) Provides that the special district board consists of seven special district directors appointed by the hospital district board.

(b) Provides that special district directors serve staggered two-year terms, with three or four of the special district directors' terms, as appropriate, expiring each year.

(c) Requires the hospital district board, in making the initial appointment of special district directors, to appoint three special district directors to serve a one-year term and four special district directors to serve a two-year term. Provides that all successor special district directors serve two-year terms.

(d) Provides that a vacancy in the office of special district director is filled for the unexpired term in the same manner as the original appointment.

Sec. 1116.405. **OFFICERS.** (a) Requires the board of directors of a special district (special district board) to select from among the special district directors a president.

(b) Requires the special district board to appoint a secretary, who need not be a special district director.

(c) Provides that an officer of the special district board serves in that capacity for a term of one year.

(d) Requires the special district board to fill a vacancy in a special district board office for the unexpired term.

Sec. 1116.406. **QUALIFICATIONS FOR OFFICE.** (a) Requires a person, to be eligible to serve as a special district director, to be a resident of the hospital district.

(b) Prohibits an employee of the special district or the hospital district from serving as a special district director.

Sec. 1116.407. **COMPENSATION.** (a) Provides that special district directors and board officers serve without compensation but are authorized to be reimbursed for actual expenses incurred in the performance of official duties.

(b) Requires that expenses reimbursed under this section be reported in the minute book or other records of the special district and approved by the special district board.

Sec. 1116.408. SPECIAL DISTRICT ADMINISTRATOR; ASSISTANT ADMINISTRATOR. (a) Requires the special district board to appoint a qualified person as special district administrator.

(b) Authorizes the special district board to appoint assistant administrators.

(c) Provides that the special district administrator and any assistant administrator serve at the will of the special district board and are entitled to the compensation determined by the special district board.

Sec. 1116.409. CONTRACT WITH HOSPITAL DISTRICT. (a) Requires the special district and the hospital district to enter into a contract under which the special district will provide brain and memory health care services to the residents of the hospital district.

(b) Requires that the contract contain certain provisions.

(c) Provides that Chapter 791 (Interlocal Cooperation Contracts), Government Code, does not apply to a contract made under this subchapter.

Sec. 1116.410. TRANSFER OF CERTAIN RESPONSIBILITIES OF HOSPITAL DISTRICT. Authorizes the hospital district, after a special district is created, to transfer to the special district management and operation of any real property, improvements, and equipment located wholly in the hospital district that are owned by the hospital district and used to provide brain and memory health care services, as specified in the contract under Section 1116.409 and operating funds and reserves for operating expenses and funds that have been budgeted by the hospital district to provide brain and memory health care services for residents of the hospital district, as specified in the contract under Section 1116.409.

Sec. 1116.411. POWERS OF SPECIAL DISTRICT; COLLABORATION WITH NONPROFIT. (a) Authorizes a special district, if necessary to provide brain and memory health care services to the residents of the hospital district, to perform certain actions.

(b) Authorizes a special district to collaborate with a nonprofit entity to provide health services related to brain and memory health care to residents of the hospital district.

Sec. 1116.412. RULES. Authorizes the special district board to adopt rules governing the operation of the special district and the duties, functions, and responsibilities of the staff and employees of the special district.

Sec. 1116.413. SPECIAL DISTRICT FINANCES; PROHIBITION ON AUTHORITY TO IMPOSE TAXES OR ISSUE BONDS. (a) Requires the hospital district to provide funding for the operation of the special district as specified in the contract under Section 1116.409.

(b) Prohibits the special district from imposing a tax or issue bonds or other obligations.

Sec. 1116.414. SPECIAL DISTRICT BUDGET. (a) Requires the special district administrator to prepare an annual budget for approval by both the special district board and the hospital district board.

(b) Requires that the proposed budget contain a complete financial statement of certain monies.

(c) Requires the special district board to provide in each annual budget for the payment of all operation and maintenance expenses of the special district.

Sec. 1116.415. NOTICE; HEARING; APPROVAL OF BUDGET. (a) Requires the special district board to hold a public hearing on the proposed annual budget.

(b) Requires the special district board, at least 10 days before the date of the hearing, to publish notice of the hearing in a newspaper of general circulation in the hospital district.

(c) Authorizes any resident of the hospital district to be present and participate at the hearing.

(d) Requires the special district board, at the conclusion of the hearing, to approve the budget proposed by the special district administrator or approve a version of that budget with any modifications the board determines are in the best interest of the residents of the hospital district and consistent with this subchapter. Requires the special district board to submit the approved budget to the hospital district board for final approval.

(e) Provides that the budget is effective only after approval by the special district board and the hospital district board.

Sec. 1116.416. AMENDMENTS TO BUDGET. Authorizes the budget to be amended as necessary if the amendment is approved by the special district board and the hospital district board.

Sec. 1116.417. RESTRICTION ON EXPENDITURES. Provides that money of the special district is authorized to be spent only for an expense included in the budget or in an amendment to the budget.

Sec. 1116.418. FISCAL YEAR. Provides that the special district operates according to a fiscal year that begins on October 1 and ends on September 30. Authorizes the special district board to change the fiscal year.

Sec. 1116.419. AUDIT. Requires the special district board to have an independent audit made of the financial condition of the special district for each fiscal year.

Sec. 1116.420. INSPECTION OF AUDIT AND SPECIAL DISTRICT RECORDS. Requires that the audit and other special district records be open to inspection at the principal office of the hospital district.

Sec. 1116.421. FINANCIAL REPORT. Requires the special district administrator, as soon as practicable after the close of each fiscal year of the special district, to prepare for the special district board a complete sworn statement of all special district money and a complete account of all disbursements of special district money.

Sec. 1116.422. DISSOLUTION OF SPECIAL DISTRICT. Authorizes the hospital district board to by order dissolve the special district.

Sec. 1116.423. ADMINISTRATION OF PROPERTY, DEBTS, AND ASSETS AFTER DISSOLUTION. (a) Provides that the special district board, after dissolution of a special district under Section 1116.422, is required to continue to control and administer any property, debts, and assets of the special district only until all funds have been disposed of and all special district debts have been transferred as provided by this section or paid or settled.

(b) Requires the special district board, if the special district board determines that the property and assets of the special district are insufficient to pay the debts of the special district, to transfer the remaining debts to the hospital district.

(c) Requires the special district board, if after complying with Subsection (b) the special district board determines that unused funds remain, to transfer the unused funds to the hospital district.

Sec. 1116.424. ACCOUNTING AFTER DISSOLUTION. Requires the special district board, after the special district has transferred or paid all the debts of the special district and has disposed of all assets and funds as prescribed by Section 1116.423, to provide an accounting to the hospital district. Requires that the accounting show the manner in which the assets and debts of the special district were distributed.

SECTION 3. Effective date: September 1, 2025.