

BILL ANALYSIS

H.B. 5663
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Intergovernmental Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

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.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 5663 amends the Special District Local Laws Code to set out provisions 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.

Provision and Financing of Brain and Memory Health Care Services

H.B. 5663 authorizes the Wood County Central Hospital District of Wood County, Texas, to provide brain and memory health care services, including by contract in the manner prescribed by the bill's provisions. The bill establishes the following:

- the hospital district's provision of brain and memory health care services does not prohibit another political subdivision of the state from providing, or taxing to provide for, brain and memory health care services inside the boundaries of the hospital district, as provided by applicable constitutional provisions; and
- brain and memory health care services provided by the hospital district, or by a brain and memory health care services district created by the board of directors of the hospital district under the bill's provisions, including property used to provide those services, are a hospital project for purposes of the Hospital Project Financing Act.

Brain and Memory Health Care Services District

Creation of Special District

H.B. 5663 authorizes the board of directors of the hospital district to adopt an order creating a special district for the purpose of providing brain and memory health care services to residents of the hospital district. The bill requires such an order to 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.

Special District Board, Terms, and Vacancy

H.B. 5663 establishes the following with respect to the board of directors of the special district:

- the special district board consists of seven special district directors appointed by the hospital district board;
- special district directors serve staggered two-year terms, with three or four of the special district directors' terms, as appropriate, expiring each year;
- in making the initial appointment of special district directors, the hospital district board must appoint three special district directors to serve a one-year term and four special district directors to serve a two-year term, with all successor special district directors serving two-year terms; and
- a vacancy in the office of special district director is filled for the unexpired term in the same manner as the original appointment.

Officers

H.B. 5663 requires the special district board to select a president from among the special district directors and to appoint a secretary, who need not be a special district director. The bill establishes that an officer of the special district board serves in that capacity for a term of one year and requires the special district board to fill a vacancy in a special district board office for the unexpired term.

Qualifications for Office

H.B. 5663 requires a person to be a resident of the hospital district to be eligible to serve as a special district director and prohibits an employee of the special district or the hospital district from serving as a special district director.

Compensation

H.B. 5663 establishes that special district directors and board officers serve without compensation but may be reimbursed for actual expenses incurred in the performance of official duties. Such reimbursed expenses must be reported in the minute book or other records of the special district and approved by the special district board.

Special District Administrator and Assistant Administrator

H.B. 5663 requires the special district board to appoint a qualified person as special district administrator and authorizes the special district board to appoint assistant administrators. The bill establishes 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.

Contract with Hospital District

H.B. 5663 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. The bill requires the contract to do the following:

- state the term of the contract;
- specify the purpose, terms, rights, and duties of the special district, as authorized by the bill;
- specify the financial contributions to be made by each party to the contract to fund the special district; and
- if applicable, specify the land, buildings, improvements, equipment, and other assets owned by a party to the contract that the special district will be required to manage and operate.

The bill exempts a contract made under these bill provisions from the applicability of the Interlocal Cooperation Act.

Transfer of Certain Responsibilities of the Hospital District

H.B. 5663 authorizes the hospital district, after a special district is created, to transfer the following 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 entered into under the bill's provisions; 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 that contract.

Powers of a Special District and Collaboration With a Nonprofit

H.B. 5663 authorizes a special district, if necessary to provide brain and memory health care services to the residents of the hospital district, to do the following:

- acquire and hold title to, construct, operate, manage, and maintain real property, including improvements to real property;
- acquire, operate, manage, and maintain equipment and other personal property;
- enter into and perform contracts;
- appoint and employ officers, agents, and employees;
- sue and be sued;
- seek and accept gifts, grants, and donations; and
- perform other acts necessary to accomplish the purpose of the special district.

The bill 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.

Rules

H.B. 5663 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.

Special District Finances and Prohibition on the Authority to Impose Taxes or Issue Bonds

H.B. 5663 requires the hospital district to provide funding for the operation of the special district as specified in the contract entered into under the bill's provisions and prohibits the special district from imposing a tax or issuing bonds or other obligations.

Special District Budget

H.B. 5663 requires the special district administrator to prepare an annual budget for approval by both the special district board and the hospital district board. The proposed budget must contain a complete financial statement of the following:

- the outstanding obligations of the special district;
- the cash on hand in each depository account held by the special district;
- the money received by the special district from all sources during the previous year;
- the money available to the special district from all sources during the year for which the budget is prepared;
- the estimated balance of each account held by the special district at the end of the year for which the budget is prepared;
- the estimated revenue available to cover the proposed budget; and
- the proposed expenditures and disbursements and the estimated receipts and collections for the year following the year for which the budget is prepared.

The bill requires the special district board to provide in each annual budget for the payment of all operation and maintenance expenses of the special district.

Notice, Hearing, and Approval of Budget

H.B. 5663 requires the special district board to hold a public hearing on the proposed annual budget and to publish notice of the hearing in a newspaper of general circulation in the hospital district at least 10 days before the date of the hearing. The bill authorizes any resident of the hospital district to be present and participate at the hearing. The bill 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 the bill's provisions. The bill requires the special district board to submit the approved budget to the hospital district board for final approval and establishes that the budget is effective only after approval by the special district board and the hospital district board.

Amendments to Budget and Restriction on Expenditures

H.B. 5663 authorizes the budget to be amended as necessary if the amendment is approved by the special district board and the hospital district board. The bill restricts the use of the special district's money to expenses included in the budget or in an amendment to the budget.

Fiscal Year

H.B. 5663 establishes that the special district operates according to a fiscal year that begins on October 1 and ends on September 30. However, the bill authorizes the special district board to change the fiscal year.

Audit and Inspection of Audit and Other Records

H.B. 5663 requires the special district board to have an independent audit made of the financial condition of the special district for each fiscal year. The bill requires the audit and other special district records to be open to inspection at the principal office of the hospital district.

Financial Report

H.B. 5663 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.

Dissolution of Special District

H.B. 5663 authorizes the hospital district board by order to dissolve the special district. The bill requires the special district board, after dissolution of the special district, 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 the bill or paid or settled. The bill provides for the following:

- 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, the special district board must transfer the remaining debts to the hospital district; and
- if after transferring the remaining debts to the hospital district, the special district board determines that unused funds remain, the special district board must transfer the unused funds to the hospital district.

The bill 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 remaining assets and funds, to provide an accounting to the hospital district. The accounting must show the manner in which the assets and debts of the special district were distributed.

EFFECTIVE DATE

September 1, 2025.