

1-1 By: Hefner (Senate Sponsor - Hughes) H.B. No. 5663
1-2 (In the Senate - Received from the House May 15, 2025;
1-3 May 16, 2025, read first time and referred to Committee on Local
1-4 Government; May 26, 2025, reported favorably by the following
1-5 vote: Yeas 7, Nays 0; May 26, 2025, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	Bettencourt	X		
1-9	Middleton	X		
1-10	Cook	X		
1-11	Gutierrez	X		
1-12	Nichols	X		
1-13	Paxton	X		
1-14	West	X		

1-15 A BILL TO BE ENTITLED
1-16 AN ACT

1-17 relating to the authority of the Wood County Central Hospital
1-18 District of Wood County, Texas, to provide brain and memory care
1-19 services to residents of the hospital district through the creation
1-20 and operation of brain and memory health care services districts.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Subchapter C, Chapter 1116, Special District
1-23 Local Laws Code, is amended by adding Section 1116.111 to read as
1-24 follows:

1-25 Sec. 1116.111. PROVISION AND FINANCING OF BRAIN AND MEMORY
1-26 HEALTH CARE SERVICES. (a) The district may provide brain and
1-27 memory health care services, including by contract in the manner
1-28 prescribed by Subchapter I.

1-29 (b) The district's provision of brain and memory health care
1-30 services does not prohibit another political subdivision of this
1-31 state from providing, or taxing to provide for, brain and memory
1-32 health care services inside the boundaries of the district, as
1-33 provided by Section 13, Article IX, Texas Constitution.

1-34 (c) Brain and memory health care services provided by the
1-35 district, or by a brain and memory health care services district
1-36 created by the board under Subchapter I, including property used to
1-37 provide those services, are a hospital project for purposes of
1-38 Chapter 223, Health and Safety Code.

1-39 SECTION 2. Chapter 1116, Special District Local Laws Code,
1-40 is amended by adding Subchapter I to read as follows:

1-41 SUBCHAPTER I. BRAIN AND MEMORY HEALTH CARE SERVICES DISTRICT

1-42 Sec. 1116.401. PURPOSE OF SUBCHAPTER. The purpose of this
1-43 subchapter is to authorize the Wood County Central Hospital
1-44 District of Wood County, Texas, to create a special district to
1-45 provide brain and memory health care services to residents of the
1-46 hospital district.

1-47 Sec. 1116.402. DEFINITIONS. In this subchapter:

1-48 (1) "Hospital district" means the Wood County Central
1-49 Hospital District of Wood County, Texas.

1-50 (2) "Hospital district board" means the board of
1-51 directors of the hospital district.

1-52 (3) "Special district" means a brain and memory health
1-53 care services district created under this subchapter.

1-54 (4) "Special district board" means the board of
1-55 directors of a special district.

1-56 (5) "Special district director" means a member of a
1-57 special district board.

1-58 Sec. 1116.403. CREATION OF SPECIAL DISTRICT. (a) The
1-59 hospital district board may adopt an order creating a special
1-60 district.

1-61 (b) The order creating the special district must:

(1) contain specific provisions; and
 (2) 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) The special district board consists of seven special district directors appointed by the hospital district board.

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

(c) In making the initial appointment of special district directors, the hospital district board shall appoint three special district directors to serve a one-year term and four special district directors to serve a two-year term. All successor special district directors serve two-year terms.

(d) 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) The special district board shall select from among the special district directors a president.

(b) The special district board shall appoint a secretary, who need not be a special district director.

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

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

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

(b) An employee of the special district or the hospital district may not serve as a special district director.

Sec. 1116.407. COMPENSATION. (a) Special district directors and board officers serve without compensation but may be reimbursed for actual expenses incurred in the performance of official duties.

(b) Expenses reimbursed under this section must be:

(1) reported in the minute book or other records of the special district; and

(2) approved by the special district board.

Sec. 1116.408. SPECIAL DISTRICT ADMINISTRATOR; ASSISTANT ADMINISTRATOR. (a) The special district board shall appoint a qualified person as special district administrator.

(b) The special district board may appoint assistant administrators.

(c) 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) The special district and the hospital district shall 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) The contract must:

(1) state the term of the contract;

(2) specify the purpose, terms, rights, and duties of the special district, as authorized by this subchapter;

(3) specify the financial contributions to be made by each party to the contract to fund the special district; and

(4) 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.

(c) Chapter 791, Government Code, does not apply to a contract made under this subchapter.

Sec. 1116.410. TRANSFER OF CERTAIN RESPONSIBILITIES OF HOSPITAL DISTRICT. After a special district is created, the hospital district may transfer to the special district:

(1) 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

(2) 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) A special district may, if necessary to provide brain and memory health care services to the residents of the hospital district:

(1) acquire and hold title to, construct, operate, manage, and maintain real property, including improvements to real property;

(2) acquire, operate, manage, and maintain equipment and other personal property;

(3) enter into and perform contracts;

(4) appoint and employ officers, agents, and employees;

(5) sue and be sued;

(6) seek and accept gifts, grants, and donations; and

(7) perform other acts necessary to accomplish the purpose of the special district.

(b) A special district may 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. The special district board may 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) The hospital district shall provide funding for the operation of the special district as specified in the contract under Section 1116.409.

(b) The special district may not impose a tax or issue bonds or other obligations.

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

(b) The proposed budget must contain a complete financial statement of:

(1) the outstanding obligations of the special district;

(2) the cash on hand in each depository account held by the special district;

(3) the money received by the special district from all sources during the previous year;

(4) the money available to the special district from all sources during the year for which the budget is prepared;

(5) the estimated balance of each account held by the special district at the end of the year for which the budget is prepared;

(6) the estimated revenue available to cover the proposed budget; and

(7) the proposed expenditures and disbursements and the estimated receipts and collections for the year following the year for which the budget is prepared.

(c) The special district board shall 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) The special district board shall hold a public hearing on the proposed annual budget.

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

(c) Any resident of the hospital district may be present and participate at the hearing.

(d) At the conclusion of the hearing, the special district board shall 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. The special district board shall submit the approved budget to the hospital district board for final approval.

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

Sec. 1116.416. AMENDMENTS TO BUDGET. The budget may 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. Money of the special district may be spent only for an expense included in the budget or in an amendment to the budget.

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

Sec. 1116.419. AUDIT. The special district board shall 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. The audit and other special district records shall be open to inspection at the principal office of the hospital district.

Sec. 1116.421. FINANCIAL REPORT. As soon as practicable after the close of each fiscal year of the special district, the special district administrator shall prepare for the special district board:

(1) a complete sworn statement of all special district money; and

(2) a complete account of all disbursements of special district money.

Sec. 1116.422. DISSOLUTION OF SPECIAL DISTRICT. The hospital district board may by order dissolve the special district.

Sec. 1116.423. ADMINISTRATION OF PROPERTY, DEBTS, AND ASSETS AFTER DISSOLUTION. (a) After dissolution of a special district under Section 1116.422, the special district board shall 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) 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 shall transfer the remaining debts to the hospital district.

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

Sec. 1116.424. ACCOUNTING AFTER DISSOLUTION. 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, the special district board shall 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.

SECTION 3. This Act takes effect September 1, 2025.

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