

HEALTH AND SAFETY CODE

TITLE 7. MENTAL HEALTH AND INTELLECTUAL DISABILITY

SUBTITLE C. TEXAS MENTAL HEALTH CODE

CHAPTER 579. MENTAL HEALTH SERVICES DISTRICTS CREATED BY CERTAIN
HOSPITAL DISTRICTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 579.001. PURPOSE. The purpose of this chapter is to authorize certain hospital districts to create a special district to provide mental health services to the residents of the district. Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

Sec. 579.002. DEFINITIONS. In this chapter:

(1) "Board" means the board of directors of a district.

(2) "Director" means a member of the board.

(3) "District" means a mental health services district created by a hospital district under this chapter.

(4) "Hospital district" means a hospital district created under the authority of Sections 4-11, Article IX, Texas Constitution.

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

Sec. 579.003. APPLICABILITY. This chapter applies only to the:

(1) Midland County Hospital District of Midland County, Texas; and

(2) Ector County Hospital District.

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

SUBCHAPTER B. CREATION AND DISSOLUTION OF DISTRICT

Sec. 579.051. CREATION BY CONCURRENT ORDERS. (a) The

hospital districts to which this chapter applies may create a district by adopting concurrent orders.

(b) A concurrent order to create a district must:

(1) be approved by the governing body of each creating hospital district;

(2) contain identical provisions; and

(3) define the boundaries of the district to be coextensive with the combined boundaries of each creating hospital district.

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

Sec. 579.052. CONTRACT TERMS. (a) Each creating hospital district shall contract with the district for the district to provide mental health services to the hospital district's residents. The contract must:

(1) state the term of the contract;

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

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

(4) specify the land, buildings, improvements, equipment, and other assets owned by a party to the contract that the district will be required to manage and operate, if any.

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

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

Sec. 579.053. DISSOLUTION. A district shall be dissolved if the creating hospital districts adopt concurrent orders to dissolve the district and the concurrent orders contain identical provisions.

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

Sec. 579.054. ADMINISTRATION OF PROPERTY, DEBTS, AND ASSETS

AFTER DISSOLUTION. (a) After dissolution of a district under Section 579.053, the board shall continue to control and administer any property, debts, and assets of the district until all funds have been disposed of and all district debts have been paid or settled.

(b) If, after administering any property and assets, the board determines that the district's property and assets are insufficient to pay the debts of the district, the district shall transfer the remaining debts to the creating hospital districts in proportion to the funds contributed to the district by each hospital district.

(c) If, after complying with Subsection (b) and administering the property and assets, the board determines that unused funds remain, the board shall transfer the unused funds to the creating hospital districts in proportion to the funds contributed to the district by each hospital district.

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

Sec. 579.055. ACCOUNTING AFTER DISSOLUTION. After the district has paid all its debts and has disposed of all its assets and funds as prescribed by Section 579.054, the board shall provide an accounting to each creating hospital district. The accounting must show the manner in which the assets and debts of the district were distributed.

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

SUBCHAPTER C. BOARD OF DIRECTORS

Sec. 579.101. BOARD OF DIRECTORS; TERMS; VACANCY. (a) The board consists of six appointed directors. Each creating hospital district shall appoint three directors to the board.

(b) Directors serve staggered two-year terms, with one-half of the directors' terms expiring each year.

(c) A vacancy in the office of director shall be filled for the unexpired term in the same manner as the original appointment.

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1,

eff. September 1, 2023.

Sec. 579.102. OFFICERS. (a) The board shall elect from among its members a president.

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

(c) Each officer of the board serves for a term of one year.

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

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

Sec. 579.103. QUALIFICATIONS FOR OFFICE. (a) To be eligible to serve as a director, a person must be a resident or an officer of the hospital district that appoints the person under Section 579.101.

(b) An employee of the district may not serve as a director.
Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

Sec. 579.104. COMPENSATION. (a) Directors and 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 district's minute book or other district records; and

(2) approved by the board.

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

SUBCHAPTER D. POWERS AND DUTIES

Sec. 579.151. TRANSFER OF CERTAIN RESPONSIBILITIES OF CREATING HOSPITAL DISTRICT. On creation of a district, each creating hospital district may transfer to the district:

(1) management and operation of any real property, improvements, and equipment located wholly in the district that are

owned by the creating hospital district and are used to provide mental health services, as specified in the contract under Section 579.052; and

(2) operating funds and reserves for operating expenses and funds that have been budgeted by the creating hospital district to provide mental health services for residents of the district, as specified in the contract under Section 579.052.

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

Sec. 579.152. POWERS AND DUTIES. A district may, if necessary to provide mental health services to the residents of the creating hospital districts:

(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 district.

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

Sec. 579.153. RULES. The board may adopt rules governing the operation of the district and the duties, functions, and responsibilities of the district's staff and employees.

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

Sec. 579.154. DISTRICT ADMINISTRATOR; ASSISTANT ADMINISTRATOR. (a) The board shall appoint a qualified person as district administrator.

(b) The board may appoint assistant administrators.

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

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS

Sec. 579.201. DISTRICT FUNDING; LIMITATION. (a) Each creating hospital district shall provide funding for the district's operation as specified in the contract under Section 579.052.

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

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

Sec. 579.202. BUDGET. (a) The district administrator shall prepare an annual budget for approval by the board.

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

- (1) the outstanding obligations of the district;
- (2) the cash on hand in each district fund;
- (3) the money received by the district from all sources during the previous year;
- (4) the money available to the district from all sources during the ensuing year;
- (5) the balances expected at the end of the year in which the budget is being prepared;
- (6) the estimated revenue and balances available to cover the proposed budget; and
- (7) the proposed expenditures and disbursements and the estimated receipts and collections for the following fiscal year.

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

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1,

eff. September 1, 2023.

Sec. 579.203. NOTICE; HEARING; ADOPTION OF BUDGET.

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

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

(c) Any resident of the district is entitled to be present and participate at the hearing.

(d) At the conclusion of the hearing, the board shall adopt a budget by acting on the budget proposed by the district administrator. The board may make any changes in the proposed budget that the board judges to be in the interest of the district's residents and that the law warrants.

(e) The budget is effective only after adoption by the board.

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

Sec. 579.204. AMENDMENTS TO BUDGET. The budget may be amended as required by circumstances. The board must approve all amendments.

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

Sec. 579.205. RESTRICTION ON EXPENDITURES. Money may be spent only for an expense included in the budget or an amendment to the budget.

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

Sec. 579.206. FISCAL YEAR. The district operates according to a fiscal year that begins on October 1 and ends on September 30. The board may change the fiscal year.

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

Sec. 579.207. AUDIT. The board shall have an independent audit made of the district's financial condition for each fiscal year.

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

Sec. 579.208. INSPECTION OF AUDIT AND DISTRICT RECORDS. The audit and other district records shall be open to inspection at the principal office of each creating hospital district.

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.

Sec. 579.209. FINANCIAL REPORT. As soon as practicable after the close of each fiscal year, the district administrator shall prepare for the board:

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

(2) a complete account of the disbursements of that money.

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 1, eff. September 1, 2023.