

SPECIAL DISTRICT LOCAL LAWS CODE

TITLE 3. HEALTH

SUBTITLE A. HOSPITAL DISTRICTS

CHAPTER 1018. DALLAM-HARTLEY COUNTIES HOSPITAL DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1018.001. DEFINITIONS. In this chapter:

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

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

(3) "District" means the Dallam-Hartley Counties Hospital District.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.002. AUTHORITY FOR OPERATION. The district operates and is administered and financed in accordance with Section 9, Article IX, Texas Constitution, and has the rights, powers, and duties provided by this chapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.003. ESSENTIAL PUBLIC FUNCTION. The district performs an essential public function in carrying out the purposes of this chapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.004. DISTRICT TERRITORY. The boundaries of the district are coextensive with the boundaries of Dallam and Hartley Counties, Texas, except that the district does not include land located in another hospital district on the date the Dallam-Hartley Counties Hospital District was created.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.005. DISTRICT SUPPORT AND MAINTENANCE NOT STATE OBLIGATION. The support or maintenance of the district may not become a charge against or obligation of this state.
Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.006. RESTRICTION ON STATE FINANCIAL ASSISTANCE. The legislature may not make a direct appropriation for the construction, maintenance, or improvement of a district facility.
Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

SUBCHAPTER B. DISTRICT ADMINISTRATION

Sec. 1018.051. BOARD APPOINTMENT; TERM. (a) The board consists of seven directors appointed as follows:

(1) three directors appointed by the Commissioners Court of Dallam County;

(2) three directors appointed by the Commissioners Court of Hartley County; and

(3) one director jointly appointed by the six directors appointed under Subdivisions (1) and (2).

(b) The directors shall make an appointment under Subsection (a)(3) not later than the 20th day after the date the last director is appointed under Subsection (a)(1) or (2).

(c) A successor director is appointed in the same manner as the initial director.

(d) Directors serve staggered two-year terms.
Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.052. QUALIFICATIONS FOR OFFICE. (a) A person may not be appointed as a director unless the person is:

(1) a district resident; and

(2) a qualified voter.

(b) A person is not eligible to serve as a director if the person is:

- (1) the district administrator;
- (2) the attorney for the district; or
- (3) a district employee.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. [1018.053](#). BOND; RECORD OF BOND AND OATH OR AFFIRMATION OF OFFICE. (a) Each director shall execute a good and sufficient bond for \$5,000 that is:

- (1) approved by the commissioners courts of Dallam and Hartley Counties;
- (2) payable to the district; and
- (3) conditioned on the faithful performance of the director's duties.

(b) The district may provide for a director's bond with district money.

(c) Each director's bond and constitutional oath or affirmation of office shall be kept in the district's permanent records.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. [1018.054](#). BOARD VACANCY. A vacancy in the office of director shall be filled for the unexpired term by appointment in the same manner as the office was previously filled under Section [1018.051](#).

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. [1018.055](#). OFFICERS. (a) The board shall elect:

- (1) a president and a vice president from among its members; and
- (2) a secretary, who need not be a director.

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

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

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02,

eff. April 1, 2009.

Sec. 1018.056. COMPENSATION; EXPENSES. A director or officer serves without compensation but may be reimbursed for actual expenses incurred in the performance of official duties. The expenses must be:

- (1) reported in the district's records; and
- (2) approved by the board.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.057. VOTING REQUIREMENT. A concurrence of four directors is sufficient in any matter relating to district business.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.058. DISTRICT ADMINISTRATOR. (a) The board may appoint a qualified person as district administrator.

(b) The district administrator serves at the will of the board and is entitled to the compensation determined by the board.

(c) On assuming the duties of district administrator, the administrator shall execute a bond payable to the district in an amount set by the board of not less than \$5,000 that:

- (1) is conditioned on the administrator performing the administrator's duties; and
- (2) contains other conditions the board may require.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.059. GENERAL DUTIES OF DISTRICT ADMINISTRATOR. Subject to the limitations prescribed by the board, the district administrator shall:

- (1) supervise the work and activities of the district;
and
- (2) direct the affairs of the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02,

eff. April 1, 2009.

Sec. 1018.060. ATTORNEY; ASSISTANT DISTRICT ADMINISTRATOR.

(a) The board may appoint qualified persons as:

- (1) the attorney for the district; and
- (2) the assistant district administrator.

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

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.061. EMPLOYEES; APPOINTMENT OF STAFF. (a) The board may appoint to the staff any doctors the board considers necessary for the efficient operation of the district and may make temporary appointments as necessary.

(b) The district may employ fiscal agents, accountants, architects, and attorneys the board considers proper.

(c) Except as provided by Section [1018.0615](#), the board may delegate to the district administrator the authority to hire district employees, including technicians and nurses.

(d) The board may employ physicians, but only as provided by Section [1018.0615](#). The board may employ other health care providers as the board considers necessary for the efficient operation of the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 378 (S.B. [310](#)), Sec. 1, eff. June 17, 2011.

Sec. 1018.0615. EMPLOYMENT OF PHYSICIANS. (a) The board may employ a physician and retain all or part of the professional income generated by the physician for medical services provided at a hospital or other health care facility owned or operated by the district if the board satisfies the requirements of this section.

(b) The board shall:

(1) appoint a chief medical officer for the district;
and

(2) adopt, maintain, and enforce policies to ensure that a physician employed by the district exercises the physician's independent medical judgment in providing care to patients.

(c) The policies adopted under this section must include:

(1) policies relating to:

- (A) credentialing;
- (B) quality assurance;
- (C) utilization review;
- (D) peer review; and
- (E) medical decision-making; and

(2) the implementation of a complaint mechanism to process and resolve complaints regarding interference or attempted interference with a physician's independent medical judgment.

(d) The policies adopted under this section:

(1) must be approved by the chief medical officer of the district; and

(2) shall prevail over a conflicting policy of the district.

(e) For all matters relating to the practice of medicine, each physician employed by the board shall ultimately report to the chief medical officer of the district.

(f) The chief medical officer will report immediately to the Texas Medical Board any action or event that the chief medical officer reasonably and in good faith believes constitutes a compromise of the independent medical judgment of a physician in caring for a patient.

(g) The board may not delegate to the district administrator the authority to hire a physician.

(h) This section may not be construed as authorizing the board to supervise or control the practice of medicine as prohibited under Subtitle B, Title 3, Occupations Code.

Added by Acts 2011, 82nd Leg., R.S., Ch. 378 (S.B. [310](#)), Sec. 2, eff. June 17, 2011.

Sec. 1018.062. RECRUITMENT OF MEDICAL STAFF AND EMPLOYEES.

The board may spend district money, enter into agreements, and take other necessary action to recruit physicians and other persons for appointment to the district's medical staff or for employment with the district, including:

- (1) advertising and marketing;
- (2) paying travel, recruiting, and relocation expenses;
- (3) providing a loan or scholarship to a physician or other person who:
 - (A) is currently enrolled in health care education courses at an institution of higher education; and
 - (B) contractually agrees to become a district employee; and
- (4) providing on a rent-free basis or subsidizing the cost of office space or other facilities for a health care professional, including a physician.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.063. HEALTH CARE EDUCATIONAL PROGRAMS. The board may spend district money, enter into agreements, or take other necessary action to conduct, participate in, or assist in providing health care educational programs for current or prospective staff members or employees.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.064. LIABILITY INSURANCE; INDEMNIFICATION. (a) For an officer, director, board appointee, member of the medical staff, or district employee, the board may:

- (1) purchase and maintain liability insurance to protect the person from any liability that arises from performing a duty for the district or at a district facility; and
- (2) enter into and perform an agreement to defend or indemnify the person with regard to a claim, cost, expense, or liability resulting from duties performed for the district or at a district facility.

(b) The board may establish a self-insurance program to fund an indemnity obligation.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 1018.101. DISTRICT RESPONSIBILITY. The district has full responsibility for:

- (1) operating all hospital facilities; and
- (2) providing medical and hospital care for the district's needy inhabitants.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.102. RESTRICTION ON POLITICAL SUBDIVISION TAXATION AND DEBT. A political subdivision located wholly or partly within the district may not impose a tax or issue bonds or other obligations for hospital purposes or to provide medical care for district residents.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.103. MANAGEMENT, CONTROL, AND ADMINISTRATION. The board shall manage, control, and administer the hospital system and the district's money and resources.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.104. HOSPITAL SYSTEM. (a) The district may:

(1) provide for the establishment of a hospital system by:

- (A) purchasing, constructing, acquiring, repairing, or renovating buildings and equipment;
- (B) equipping the buildings; and
- (C) administering the system for hospital purposes; or

(2) provide hospital services by lease or contract.

(b) The hospital system may include any facilities the board considers necessary for hospital care.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.105. RULES. The board may adopt rules governing the operation of the hospital, the hospital system, and the district's staff and employees.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.106. PURCHASING AND ACCOUNTING PROCEDURES. The board may prescribe:

(1) the method and manner of making purchases and expenditures by and for the district; and

(2) all accounting and control procedures.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.107. DISTRICT PROPERTY, FACILITIES, AND EQUIPMENT. (a) The board shall determine the type, number, and location of buildings required to maintain an adequate hospital system.

(b) The board may lease all or part of the district's facilities on terms considered to be in the best interest of the district's inhabitants.

(c) The board may:

(1) acquire by lease, purchase, lease to purchase, or option to purchase property, including facilities, supplies, or equipment, for the district; and

(2) mortgage or pledge the property or the revenue from the property as security for the payment of the purchase price.

(d) The district may sell, lease, or otherwise dispose of any of the district's property, including equipment, on terms the board finds are in the best interest of the district's inhabitants.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02,

eff. April 1, 2009.

Sec. 1018.108. ASSISTED LIVING FACILITY. The board may construct and maintain an assisted living facility and a related facility that is necessary to operate and maintain an assisted living facility.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.109. EMINENT DOMAIN. (a) The district may exercise the power of eminent domain to acquire a fee simple or other interest in any type of property located in district territory if the interest is necessary or convenient for the district to exercise a power, right, or privilege conferred by this chapter.

(b) The district must exercise the power of eminent domain in the manner provided by Chapter 21, Property Code, except the district is not required to deposit in the trial court money or a bond as provided by Section 21.021(a), Property Code.

(c) In a condemnation proceeding brought by the district, the district is not required to:

(1) pay in advance or provide a bond or other security for costs in the trial court;

(2) provide a bond for the issuance of a temporary restraining order or a temporary injunction; or

(3) provide a bond for costs or a supersedeas bond on an appeal or writ of error.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.110. COST OF RELOCATING OR ALTERING PROPERTY. In exercising the power of eminent domain, if the board requires relocating, raising, lowering, rerouting, changing the grade of, or altering the construction of any railroad, electric transmission, telegraph or telephone line, conduit, pole, or facility, or pipeline, the district must bear the actual cost of relocating, raising, lowering, rerouting, changing the grade, or altering the

construction to provide comparable replacement without enhancement of facilities, after deducting the net salvage value derived from the old facility.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.111. GIFTS AND ENDOWMENTS. The board may accept for the district a gift or endowment to be held in trust for the purposes and under the directions, limitations, or other provisions prescribed in writing by the donor that are consistent with the proper management and objectives of the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.112. CONSTRUCTION CONTRACTS. A construction contract that involves the expenditure of the amount specified by Section [271.024](#), Local Government Code, may be made only after advertising in the manner provided by Subchapter B, Chapter [271](#), Local Government Code.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.113. OPERATING AND MANAGEMENT CONTRACTS. The board may enter into an operating or management contract relating to a district facility.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.114. CONTRACTS FOR MEDICAL AND HOSPITAL CARE. The district may contract with public or private institutions and physicians to provide medical and hospital care for the district's indigent and needy residents.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.115. CONTRACTS WITH GOVERNMENTAL ENTITIES FOR CARE AND TREATMENT. (a) The board may contract with a county or

municipality located outside the district's boundaries to reimburse the district for the care and treatment of a sick or injured person of that county or municipality.

(b) The district may contract with this state or a federal agency for reimbursement for the treatment of a sick or injured person.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.116. CONTRACTS WITH GOVERNMENTAL ENTITIES FOR INVESTIGATORY OR OTHER SERVICES. The board may contract with a political subdivision or governmental agency for the district to provide investigatory or other services as to facilities for the medical care, hospital, or welfare needs of district inhabitants.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.117. JOINT ADMINISTRATION OR DELIVERY OF HEALTH CARE SERVICES. (a) To provide joint administration or delivery of health care services, the district may contract with, affiliate with, have an ownership interest in, or enter into another arrangement with:

- (1) a managed care system;
- (2) a preferred provider organization;
- (3) a health maintenance organization;
- (4) a medical services organization;
- (5) another provider of alternative health care or delivery system; or
- (6) a private hospital.

(b) The district may spend district money to establish, maintain, and have an ownership interest in a partnership, corporation, or other entity involved in the delivery of health care services.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.118. PAYMENT FOR TREATMENT; PROCEDURES. (a) When

a patient who resides in the district is admitted to a district facility, the district administrator may have an inquiry made into the circumstances of:

(1) the patient; and

(2) the patient's relatives who are legally liable for the patient's support.

(b) If the district administrator determines that the patient or those relatives cannot pay all or part of the costs of the care and treatment in the hospital, the amount of the costs that cannot be paid becomes a charge against the district.

(c) If the district administrator determines that the patient or those relatives can pay for all or part of the costs of the patient's care and treatment, the patient or those relatives shall be ordered to pay the district a specified amount each week for the patient's care and support. The amount ordered must be proportionate to the person's financial ability.

(d) The district administrator may collect the amount from the patient's estate, or from any relative who is legally liable for the patient's support, in the manner provided by law for the collection of expenses of the last illness of a deceased person.

(e) If there is a dispute as to the ability to pay, or doubt in the mind of the district administrator, the board shall hold a hearing and, after calling witnesses, shall:

(1) resolve the dispute or doubt; and

(2) issue a final order.

(f) A final order of the board may be appealed to the district court. The substantial evidence rule applies to the appeal.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.119. NONPROFIT CORPORATION. (a) The district may create, sponsor, and have a membership interest in a nonprofit corporation under the Business Organizations Code and may contribute money to or solicit money for the corporation.

(a-1) Expired.

(b) The corporation created may use money, other than money

the corporation pays to the district, only to provide health care or other services the district is authorized to provide under this chapter.

(c) The corporation may invest the corporation's money in any manner in which the district may invest the district's money, including investing money as authorized by Chapter 2256, Government Code.

(d) The board shall establish controls to ensure that the corporation uses its money as required by this section.

(e) Expired.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.120. AUTHORITY TO SUE AND BE SUED. The district, through the board, may sue and be sued.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 1018.151. 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 estimated tax rate required.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.152. NOTICE; HEARING; ADOPTION OF BUDGET. (a) The board shall hold a public hearing on the proposed annual budget.

(b) Notice of the hearing must be published one time in a newspaper with general circulation in the district at least 10 days before the date of the hearing.

(c) Any district resident 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 interests of the taxpayers and that the law warrants.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.153. AMENDMENTS TO BUDGET. The budget may be amended as required by circumstances. The board must approve all amendments.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.154. RESTRICTION ON EXPENDITURES. Money may be spent only for an expense included in the budget or an amendment to the budget.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.155. FISCAL YEAR. (a) The district operates on a fiscal year established by the board.

(b) The fiscal year may not be changed more than once in a 24-month period.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 692 (H.B. [2688](#)), Sec. 1, eff. June 14, 2013.

Sec. 1018.156. ANNUAL AUDIT. The board annually shall have an audit made of the district's financial condition.
Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.157. INSPECTION OF ANNUAL AUDIT AND DISTRICT RECORDS. The annual audit and other district records shall be open to inspection at the district's principal office.
Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.158. 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 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.159. DEPOSITORY. (a) The board shall select one or more banks inside or outside the district to serve as a depository for district money.

(b) District money, other than money invested as provided by Section [1018.160](#)(b) and money transmitted to a bank for payment of bonds or obligations issued or assumed by the district, shall be deposited as received with the depository bank and shall remain on deposit.

(c) This chapter, including Subsection (b), does not limit the power of the board to place a part of district money on time deposit or to purchase certificates of deposit.

(d) The district may not deposit money with a bank in an amount that exceeds the maximum amount secured by the Federal Deposit Insurance Corporation unless the bank first executes a bond or other security in an amount sufficient to secure from loss the

district money that exceeds the amount secured by the Federal Deposit Insurance Corporation.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.160. SPENDING AND INVESTMENT RESTRICTIONS. (a) Except as otherwise provided by Sections 1018.107(c) and 1018.161 and Subchapter E, the district may not incur an obligation payable from district revenue other than the revenue on hand or to be on hand in the current and following district fiscal years.

(b) The board may invest operating, depreciation, or building reserves only in funds or securities specified by Chapter 2256, Government Code.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.161. GENERAL AUTHORITY TO BORROW MONEY; SECURITY.

(a) The board may borrow money at a rate not to exceed the maximum annual percentage rate allowed by law for district obligations at the time the loan is made.

(b) To secure a loan, the board may pledge:

(1) district revenue that is not pledged to pay the district's bonded indebtedness;

(2) a district tax to be imposed by the district during the 12-month period following the date of the pledge that is not pledged to pay the principal of or interest on district bonds; or

(3) district bonds that have been authorized but not sold.

(c) A loan for which taxes or bonds are pledged must mature not later than the first anniversary of the date the loan is made. A loan for which district revenue is pledged must mature not later than the fifth anniversary of the date the loan is made.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 378 (S.B. 310), Sec. 3, eff. June 17, 2011.

SUBCHAPTER E. BONDS

Sec. 1018.201. GENERAL OBLIGATION BONDS. The board may issue and sell general obligations bonds in the name and on the faith and credit of the district for any purpose relating to:

- (1) the purchase, construction, acquisition, repair, or renovation of buildings or improvements; and
- (2) equipping buildings or improvements for hospital purposes.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.202. TAX TO PAY GENERAL OBLIGATION BONDS. (a) At the time general obligation bonds are issued by the district under Section 1018.201, the board shall impose an ad valorem tax at a rate sufficient to create an interest and sinking fund to pay the principal of and interest on the bonds as the bonds mature.

(b) The tax required by this section together with any other ad valorem tax the district imposes may not in any year exceed 75 cents on each \$100 valuation of all taxable property in the district.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.203. GENERAL OBLIGATION BOND ELECTION. (a) The district may issue general obligation bonds only if the bonds are authorized by a majority of the district voters.

(b) The board, in ordering the election, shall provide for clerks as in county elections and specify:

- (1) the date of the election;
- (2) the location of the polling places;
- (3) the presiding and alternate election judges for each polling place;
- (4) the amount of the bonds to be authorized; and
- (5) the maximum maturity of the bonds.

(c) Notice of a bond election shall be given as provided by

Section [1251.003](#), Government Code.

(d) Chapter [41](#), Election Code, does not apply to an election held under this section.

(e) The board shall declare the results of the election.
Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.204. MATURITY OF GENERAL OBLIGATION BONDS.
District general obligation bonds must mature not later than 40 years after the date of issuance.
Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.205. EXECUTION OF GENERAL OBLIGATION BONDS. (a)
The board president shall execute the general obligation bonds in the district's name.

(b) The board secretary shall countersign the bonds in the manner provided by Chapter [618](#), Government Code.
Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.206. REVENUE BONDS. (a) The board may issue revenue bonds to:

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

(2) acquire sites to be used for hospital purposes.

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

(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 a county hospital authority.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.207. REFUNDING BONDS. (a) The board may, without an election, issue refunding bonds to refund outstanding indebtedness issued or assumed by the district.

(b) A refunding bond may be:

(1) sold, with the proceeds of the refunding bond applied to the payment of the outstanding indebtedness; or

(2) exchanged wholly or partly for not less than a similar principal amount of outstanding indebtedness.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.208. BONDS EXEMPT FROM TAXATION. The following are exempt from taxation by this state or a political subdivision of this state:

(1) bonds issued by the district;

(2) the transfer and issuance of the bonds; and

(3) profits made in the sale of the bonds.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.209. ADDITIONAL MEANS OF SECURING REPAYMENT OF BONDS. In addition to the authority to issue general obligation bonds and revenue bonds under this subchapter, the board may provide for the security and payment of district bonds from a pledge of a combination of ad valorem taxes as authorized by Section [1018.202](#) and revenue and other sources authorized by Section [1018.206](#).

Added by Acts 2011, 82nd Leg., R.S., Ch. 378 (S.B. [310](#)), Sec. 4, eff. June 17, 2011.

Sec. 1018.210. USE OF BOND PROCEEDS. The district may use the proceeds of bonds issued under this subchapter to pay:

(1) any expense the board 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 interests in land for a project or facility to be provided through the bonds; and

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

Added by Acts 2011, 82nd Leg., R.S., Ch. 378 (S.B. [310](#)), Sec. 4, eff. June 17, 2011.

SUBCHAPTER F. TAXES

Sec. 1018.251. IMPOSITION OF AD VALOREM TAX. (a) The board may impose a tax on all property in the district subject to district taxation.

(b) The board may impose the tax to pay:

(1) indebtedness issued or assumed by the district; and

(2) the construction, maintenance, equipment, and operating expenses of the district.

(c) The district may not impose a tax to pay the principal of or interest on revenue bonds issued under this chapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.252. TAX RATE. (a) The board may impose the tax at a rate not to exceed 75 cents on each \$100 valuation of all taxable property in the district.

(b) In setting the tax rate, the board shall consider the income of the district from sources other than taxation.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.253. ASSESSMENT AND COLLECTION BY COUNTY TAX ASSESSOR-COLLECTOR. (a) This section applies unless the board elects to have taxes assessed and collected under Section 1018.254.

(b) The tax assessors-collectors of Dallam and Hartley Counties shall assess and collect taxes imposed by the district in their respective counties.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

Sec. 1018.254. ASSESSMENT AND COLLECTION BY DISTRICT ASSESSOR-COLLECTOR. (a) The board, by majority vote, may elect to have district taxes assessed and collected by a tax assessor-collector appointed by the board. An election under this subsection must be made by December 1 and governs the manner in which taxes are assessed and collected, until changed by a similar resolution.

(b) The district tax assessor-collector must reside in the district.

(c) The board shall set for the district tax assessor-collector:

- (1) the term of employment; and
- (2) compensation.

Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

SUBCHAPTER G. DISSOLUTION

Sec. 1018.301. DISSOLUTION; ELECTION. (a) The district may be dissolved only on approval of a majority of the district voters voting in an election held for that purpose.

(b) The board may order an election on the question of dissolving the district and disposing of the district's assets and

obligations.

(c) The board shall order an election if the board receives a petition requesting an election that is signed by at least 15 percent of the registered voters in the district.

(d) The order calling the election must state:

(1) the nature of the election, including the proposition to appear on the ballot;

(2) the date of the election;

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

(4) the location of the polling places.

(e) Section 41.001(a), Election Code, does not apply to an election ordered under this section.

Added by Acts 2011, 82nd Leg., R.S., Ch. 378 (S.B. 310), Sec. 5, eff. June 17, 2011.

Sec. 1018.302. NOTICE OF ELECTION. (a) The board shall give notice of an election under this subchapter by publishing once a week for two consecutive weeks a substantial copy of the election order in a newspaper with general circulation in the district.

(b) The first publication of the notice must appear not later than the 35th day before the date set for the election.

Added by Acts 2011, 82nd Leg., R.S., Ch. 378 (S.B. 310), Sec. 5, eff. June 17, 2011.

Sec. 1018.303. BALLOT. The ballot for an election under this subchapter must be printed to permit voting for or against the proposition: "The dissolution of the Dallam-Hartley Counties Hospital District."

Added by Acts 2011, 82nd Leg., R.S., Ch. 378 (S.B. 310), Sec. 5, eff. June 17, 2011.

Sec. 1018.304. ELECTION RESULTS. (a) If a majority of the votes in an election under this subchapter favor dissolution, the board shall find that the district is dissolved.

(b) If a majority of the votes in the election do not favor dissolution, the board shall continue to administer the district and another election on the question of dissolution may not be held

before the first anniversary of the date of the most recent election on the question of dissolution.

Added by Acts 2011, 82nd Leg., R.S., Ch. 378 (S.B. 310), Sec. 5, eff. June 17, 2011.

Sec. 1018.305. TRANSFER OF ADMINISTRATION OF ASSETS.

(a) If a majority of the votes in the election held under this subchapter favor dissolution, the board shall:

(1) transfer the land, buildings, improvements, equipment, and other assets that belong to the district to Dallam County or Hartley County or another governmental entity in Dallam County or Hartley County; or

(2) administer the property, assets, and debts until all money has been disposed of and all district debts have been paid or settled.

(b) If the district makes the transfer under Subsection (a)(1), the county or entity assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved.

(c) If Subsection (a)(1) does not apply and the board administers the property, assets, and debts of the district under Subsection (a)(2), the district is dissolved when all money has been disposed of and all district debts have been paid or settled.

Added by Acts 2011, 82nd Leg., R.S., Ch. 378 (S.B. 310), Sec. 5, eff. June 17, 2011.

Sec. 1018.306. IMPOSITION OF TAX AND RETURN OF SURPLUS TAXES. (a) After the board finds that the district is dissolved, the board shall:

(1) determine the debt owed by the district; and

(2) impose on the property included in the district's tax rolls a tax that is in proportion of the debt to the property value.

(b) On the payment of all outstanding debts and obligations of the district, the board shall order the secretary to return to each district taxpayer the taxpayer's pro rata share of all unused tax money.

(c) A taxpayer may request that the taxpayer's share of surplus tax money be credited to the taxpayer's county taxes. If a taxpayer requests the credit, the board shall direct the secretary to transmit the money to the appropriate county tax assessor-collector.

Added by Acts 2011, 82nd Leg., R.S., Ch. 378 (S.B. 310), Sec. 5, eff. June 17, 2011.

Sec. 1018.307. REPORT; DISSOLUTION ORDER. (a) After the district has paid all district debts and has disposed of all district money and other assets as prescribed by this subchapter, the board shall file a written report with the Commissioners Courts of Dallam and Hartley Counties summarizing the board's actions in dissolving the district.

(b) Not later than the 10th day after the date the Commissioners Court of Dallam County receives the report and determines that the requirements of this subchapter have been fulfilled, the commissioners court shall enter an order approving dissolution of the district and releasing the board from any further duty or obligation as to Dallam County.

(c) Not later than the 10th day after the date the Commissioners Court of Hartley County receives the report and determines that the requirements of this subchapter have been fulfilled, the commissioners court shall enter an order approving dissolution of the district and releasing the board from any further duty or obligation as to Hartley County.

(d) Dissolution under this section is complete on entry of the later of the two orders described by Subsections (b) and (c).

Added by Acts 2011, 82nd Leg., R.S., Ch. 378 (S.B. 310), Sec. 5, eff. June 17, 2011.