

SPECIAL DISTRICT LOCAL LAWS CODE

TITLE 3. HEALTH

SUBTITLE A. HOSPITAL DISTRICTS

CHAPTER 1020. DEAF SMITH COUNTY HOSPITAL DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1020.001. 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 Deaf Smith County Hospital District.

(4) "Hospital system" includes medical or other health care facilities.

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

Sec. 1020.002. AUTHORITY FOR OPERATION. The district operates 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. 1020.003. 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. 1020.004. DISTRICT TERRITORY. The boundaries of the district are coextensive with the boundaries of Deaf Smith County, Texas, unless the boundaries are expanded under Subchapter D.

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

Sec. 1020.005. CORRECTION OF INVALID PROCEDURES. If a court holds that any procedure under this chapter violates the constitution of this state or of the United States, the district by resolution may provide an alternative procedure that conforms with the constitution.

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

Sec. 1020.006. DISTRICT SUPPORT AND MAINTENANCE NOT STATE OBLIGATION. The support and 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. 1020.007. 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. 1020.051. BOARD ELECTION; TERM. (a) The district is governed by a board of seven directors elected from the district at large.

(b) Directors serve staggered three-year terms.

(c) An election shall be held on the uniform election date in May of each year to elect the appropriate number of directors.

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

Sec. 1020.052. NOTICE OF ELECTION. At least 35 days before the date of an election of directors, notice of the election shall be published one time in a newspaper of general circulation in the district.

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

Sec. 1020.053. BALLOT PETITION. A person who wants to have the person's name printed on the ballot as a candidate for director must file with the board secretary a petition requesting that action. The petition must be:

- (1) signed by at least 25 registered voters; and
- (2) filed at least 30 days before the date of the election.

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

Sec. 1020.054. QUALIFICATIONS FOR OFFICE. (a) A person may not serve 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; or
 - (2) a district employee.
- Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1020.055. BOARD VACANCY. If a vacancy occurs in the office of director, the remaining directors by majority vote shall appoint a director 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. 1020.056. 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. 1020.057. 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. 1020.058. 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. 1020.059. DISTRICT ADMINISTRATOR; ASSISTANT ADMINISTRATOR. (a) The board shall appoint a qualified person as district administrator.

(b) The board may appoint an assistant administrator.

(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.

(d) 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. 1020.060. 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. 1020.061. 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) The board may delegate to the district administrator the authority to hire district employees, including technicians and nurses.

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

Sec. 1020.062. RECRUITMENT OF MEDICAL STAFF AND EMPLOYEES.

(a) The district may spend district money, enter into agreements, or take other action it considers appropriate to recruit physicians, nurses, and other trained medical personnel, including:

(1) advertising and marketing;

(2) paying travel, recruitment, and relocation expenses;

(3) providing and subsidizing office space or other facilities for a health care professional, including a physician who agrees to render services in the district or to serve as a district employee; and

(4) subsidizing the income of a health care professional, including a physician who agrees to render services in the district.

(b) The district may pay the tuition or other expenses of a full-time medical, allied health professional, or nursing student who:

(1) is enrolled in and is in good standing at an accredited school, college, or university; and

(2) contractually agrees to render services to the

district or become a district employee in return for that assistance.

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

Sec. 1020.063. CONTINUING EDUCATION; RETRAINING. The board may spend district money for continuing education and retraining of employees.

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

Sec. 1020.064. SENIORITY; RETIREMENT BENEFITS. The board may:

(1) adopt rules related to the seniority of district employees, including rules for a retirement plan based on seniority; and

(2) give effect to previous years of service for district employees continuously employed in the operation or management of the hospital, medical, or other health care facilities:

(A) constructed by the district; or

(B) acquired by the district, including facilities acquired when the district was created.

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. 1020.101. DISTRICT RESPONSIBILITY. The district has full responsibility for providing hospital care for the district's indigent residents.

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

Sec. 1020.102. RESTRICTION ON POLITICAL SUBDIVISION TAXATION AND DEBT. A political subdivision located within the district may not impose a tax or issue bonds or other obligations

for hospital, medical, or health care purposes or to provide medical care.

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

Sec. 1020.103. 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. 1020.104. HOSPITAL SYSTEM. (a) The district shall provide for the establishment of a hospital system by:

- (1) purchasing, constructing, acquiring, repairing, or renovating buildings and equipment;
- (2) equipping the buildings; and
- (3) administering buildings and equipment for hospital purposes.

(b) The hospital system may include:

- (1) facilities for domiciliary care of the sick, injured, or geriatric;
- (2) facilities for outpatient clinics;
- (3) physicians' offices;
- (4) dispensaries;
- (5) convalescent home facilities;
- (6) necessary nurses' domiciliaries and training centers;
- (7) blood banks;
- (8) research centers or laboratories; and
- (9) any other 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. 1020.105. 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. 1020.106. 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. 1020.107. PROVISION OF CERTAIN HEALTH SERVICES. The district may operate or provide for the operation of:

(1) a mobile emergency medical service; or

(2) home health services, long-term care, skilled nursing care, intermediate nursing care, or hospice care.

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

Sec. 1020.108. 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 buildings and other facilities for hospital, medical, or health care purposes on terms considered to be in the best interest of the district's inhabitants. The term of the lease may not exceed 25 years.

(c) The district may acquire or lease equipment for use in the district's hospital system and mortgage or pledge acquired equipment as security for the payment of the purchase price. A contract or lease entered into under this subsection must provide that the entire obligation be retired not later than the fifth anniversary of the date of the contract or lease.

(d) The district may sell or otherwise dispose of any property, including equipment, on terms the board finds are in the best interest of the district's inhabitants. The board may not

sell or dispose of any real property unless the board affirmatively finds that the property is not needed for the operation of the hospital system.

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

Sec. 1020.109. 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 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. 1020.110. GIFTS AND ENDOWMENTS. The board may accept for the district a gift or endowment to be held in trust and administered by the board for the purposes and under the directions, limitations, or other provisions prescribed in writing by the donor that are not inconsistent 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. 1020.111. CONSTRUCTION CONTRACTS. A construction contract that requires the expenditure of more than the amount

provided by Section [271.024](#), Local Government Code, may be made only after competitive bidding as 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. 1020.112. 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. 1020.113. CONTRACTS WITH GOVERNMENTAL ENTITIES FOR HOSPITALIZATION. (a) The board may contract with a county or municipality located outside the district's boundaries for the hospitalization of a sick or injured person of that county or municipality.

(b) The board may contract with this state or a federal agency for the hospitalization 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. 1020.114. 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 for the 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. 1020.115. 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 any appropriate orders.

(f) The 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. 1020.116. NONPROFIT CORPORATION. (a) The district may create and sponsor a nonprofit corporation under the Business Organizations Code and may contribute money to or solicit money for the corporation.

(a-1) Expired.

(b) A corporation 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. 1020.117. AUTHORITY TO SUE AND BE SUED. (a) The district, through the board, may sue and be sued.

(b) The district is entitled to all causes of action and defenses to which similar authorities performing only governmental functions are entitled.

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

SUBCHAPTER D. CHANGE IN BOUNDARIES

Sec. 1020.151. TERRITORY THAT MAY BE ANNEXED. (a) The district may annex territory that is not located in:

- (1) Deaf Smith County;
- (2) the boundaries of another hospital district; or
- (3) the proposed boundaries of another hospital district authorized by the legislature under Section 9, Article IX, Texas Constitution.

(b) Territory may be annexed in one or more tracts. Each tract must be contiguous to:

- (1) the district; or
 - (2) territory proposed to be annexed to the district.
- Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. 3166), Sec. 1.02, eff. April 1, 2009.

Sec. 1020.152. PETITION TO ANNEX TERRITORY. (a) A petition requesting that territory be annexed to the district may be presented to the board. The petition must:

- (1) describe the tract or tracts of land to be annexed;
- and
- (2) be signed by 100 or a majority of the registered

voters who:

(A) reside in the territory to be annexed; and

(B) own property that will be subject to district taxation if the territory is annexed.

(b) This chapter does not prohibit simultaneous action on several petitions for annexation. Each ballot proposition must be submitted for each different territory proposed to be annexed, and an election held in each territory represented by a petition.

(c) If the board receives two or more petitions for annexation that include all or part of the same territory to be annexed to the district, the petition filed first with the board shall be considered and another petition that includes any of the same territory has no effect.

(d) The board may consider all petitions for annexation presented to it and may approve or reject each petition. The board may not partly approve or partly reject any petition.

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

Sec. 1020.153. ELECTION ORDER. (a) If, on receipt of a petition, the board finds that annexing the territory is in the district's best interest, the board shall within 90 days of the board's finding:

(1) approve the annexation of the territory described in the petition; and

(2) order an election on the question of annexing the territory to the district.

(b) The election order shall provide for a separate election:

(1) in the territory proposed to be annexed; and

(2) in the district.

(c) The election order shall provide for clerks as in county elections and must specify:

(1) the date of the election;

(2) the location of the polling places;

(3) the form of ballot; and

(4) the presiding judge and alternate judge for each

polling place.

(d) The election order may provide that:

(1) the entire district is one election precinct; or

(2) the county election precincts be combined for the election.

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

Sec. 1020.154. BALLOT. The ballot for the election shall be printed to permit voting for or against the proposition: "The establishment of the Deaf Smith County Hospital District with extended boundaries and establishment of a hospital district tax at a rate not to exceed 50 cents on the \$100 valuation on all taxable property in the extended boundaries of the hospital district that is subject to hospital district taxation for hospital purposes."

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

Sec. 1020.155. NOTICE OF ELECTION. (a) Notice of the election shall be given by publishing once a week for two consecutive weeks a substantial copy of the election order in a newspaper or newspapers that individually or collectively have general circulation in the county or district.

(b) The first publication must appear at least 30 days before the date of the election.

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

Sec. 1020.156. ELECTION RESULTS. (a) Territory may not be annexed to the district unless:

(1) an election is held in accordance with this subchapter; and

(2) the annexation is approved by a majority of the voters voting in the election in:

(A) the district; and

(B) the territory proposed to be annexed.

(b) If the territory is annexed to the district, a certified

copy of the order canvassing the returns of the election shall be filed and recorded in the deed records of each county in which the district is located following the annexation election.

(c) An election may not be held under this subchapter within six months of an election previously held under this subchapter.

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

Sec. 1020.157. EFFECT OF ANNEXATION. (a) Territory annexed to the district is part of the district for all purposes.

(b) The annexation of territory to the district does not change the manner in which the board or district officers are selected.

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

SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS

Sec. 1020.201. 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;
- (7) the estimated tax rate required; and
- (8) the proposed expenditures and disbursements and the estimated receipts and collections for the following fiscal year.

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

Sec. 1020.202. 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, notice of the hearing shall be published one time in a newspaper or newspapers that individually or collectively have general circulation in the district.

(c) Any property taxpayer of the district is entitled to be present and participate at the hearing in accordance with the rules of decorum and procedures prescribed by the board.

(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 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. 1020.203. 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. 1020.204. 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. 1020.205. 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.

Sec. 1020.206. AUDIT. (a) The board shall have an independent audit made of the district's financial condition for the fiscal year.

(b) As soon as the audit is completed, the audit shall be filed at the district's office.

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

Sec. 1020.207. INSPECTION OF AUDIT AND DISTRICT RECORDS. The 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. 1020.208. 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. 1020.209. 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 1020.210, 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.

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

Sec. 1020.210. SPENDING AND INVESTMENT RESTRICTIONS. (a) Except as provided by Section 1020.108(c) and Subchapter F, 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.

SUBCHAPTER F. BONDS

Sec. 1020.251. GENERAL OBLIGATION BONDS. The board may issue and sell general obligation 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, medical, or health care purposes.

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

Sec. 1020.252. TAX TO PAY GENERAL OBLIGATION BONDS. (a) At the time general obligation bonds are issued by the district under Section 1020.251, 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 the tax rate approved by the voters at the election authorizing the imposition of the tax.

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

Sec. 1020.253. 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 voting at an election held for that purpose.

(b) The order calling the election shall provide for clerks as in county elections and must 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;
- (5) the maximum maturity of the bonds; and
- (6) the maximum interest rate of the bonds.

(c) Notice of a bond election shall be given as provided by Section [1251.003](#), Government Code.

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

Sec. 1020.254. REVENUE BONDS. (a) The board may issue revenue bonds to:

- (1) purchase, construct, acquire, repair, renovate, or equip buildings or improvements for hospital, medical, or health care purposes; or
- (2) acquire sites to be used for hospital, medical, or health care 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 hospital or medical or health care facilities.

(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. 1020.255. REFUNDING BONDS. (a) The board may 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 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. 1020.256. MATURITY OF BONDS. District 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. 1020.257. EXECUTION OF BONDS. (a) The board president shall execute district 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. 1020.258. 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.

SUBCHAPTER G. TAXES

Sec. 1020.301. IMPOSITION OF AD VALOREM TAX. (a) The board shall impose a tax on all property in the district subject to

district taxation.

(b) The board shall impose the tax to:

(1) pay the interest on and create a sinking fund for bonds or other obligations issued or assumed by the district for hospital purposes;

(2) provide for the operation and maintenance of the district and hospital system;

(3) make improvements and additions to the hospital system; and

(4) acquire necessary sites for the hospital system by purchase, lease, or condemnation.

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

Sec. 1020.302. TAX RATE. (a) The board may impose the tax at a rate not to exceed 50 cents on each \$100 valuation of the taxable property in the district, unless the tax rate is increased as provided by Section [1020.303](#).

(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. 1020.303. ELECTION TO INCREASE MAXIMUM TAX RATE. (a) The board may order an election to increase the district's maximum tax rate to a rate not to exceed 75 cents on each \$100 valuation of taxable property in the district.

(b) The maximum tax rate may not be increased unless the increase is approved by a majority of the district voters voting in an election held for that purpose.

(c) An election held under this section must be ordered and notice must be given in the manner provided for a bond election under Subchapter F.

(d) The election order must specify:

(1) the ballot proposition;

(2) the proposed maximum tax rate;

(3) the time of the election;

(4) the location of the polling places; and

(5) the presiding judge for each polling place.

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

Sec. 1020.304. ASSESSMENT AND COLLECTION BY COUNTY TAX ASSESSOR-COLLECTOR. (a) This section applies unless the board elects to have taxes assessed and collected under Section 1020.305.

(b) The tax assessor-collector of Deaf Smith County shall assess and collect taxes imposed by the district.

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

Sec. 1020.305. ASSESSMENT AND COLLECTION BY DISTRICT TAX ASSESSOR-COLLECTOR. (a) The board 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:

(1) reside in the district; and

(2) own real property subject to district taxation.

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

(1) the terms 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 H. DISSOLUTION

Sec. 1020.351. DISSOLUTION; ELECTION. (a) The district may be dissolved as provided by this subchapter.

(b) The board may order an election on the question of dissolving the district and transferring the district's assets and obligations to Deaf Smith County.

(c) The board shall order an election if the board receives

a petition requesting an election that is signed by at least 50 registered voters in the district.

(d) Section [41.001\(a\)](#), Election Code, does not apply to an election ordered under this section.

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

Sec. 1020.352. BALLOT. The ballot for an election under this subchapter must be printed to permit voting for or against the proposition: "The dissolution of the Deaf Smith County Hospital District and the transfer of the existing district assets to and the assumption of debts and bond obligations by Deaf Smith County."

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

Sec. 1020.353. ELECTION RESULTS. (a) If a majority of the votes in the election favor dissolution and transfer of the district's assets and obligations, the board shall:

(1) find that the district is dissolved; and

(2) transfer the district's assets and obligations to Deaf Smith County as provided by Section [1020.354](#).

(b) If a majority of the votes in the election do not favor dissolution and transfer of the district's assets and obligations, 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 at which voters disapproved the proposition.

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

Sec. 1020.354. TRANSFER OF DISTRICT ASSETS. (a) If a majority of the votes in an election held under this subchapter favor dissolution and transfer of the district's assets and obligations, the board shall transfer to Deaf Smith County the land, buildings, improvements, equipment, and other assets that belong to the district.

(b) Deaf Smith County assumes all debts and obligations of

the district at the time of the transfer.

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