

SPECIAL DISTRICT LOCAL LAWS CODE
TITLE 3. HEALTH
SUBTITLE A. HOSPITAL DISTRICTS
CHAPTER 1045. HUTCHINSON COUNTY HOSPITAL DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1045.001. 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 Hutchinson County Hospital District.

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

Sec. 1045.002. AUTHORITY FOR OPERATION. The district operates and is financed as provided by Section 9, Article IX, Texas Constitution, and by this chapter and other laws relating to hospital districts organized under Section 9, Article IX, Texas Constitution.

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

Sec. 1045.003. ESSENTIAL PUBLIC FUNCTION. The district is a public entity performing an essential public function.

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

Sec. 1045.004. DISTRICT TERRITORY. The boundaries of the district are coextensive with the boundaries of Hutchinson County, Texas.

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

Sec. 1045.005. DISTRICT SUPPORT AND MAINTENANCE NOT STATE OBLIGATION. The state may not become obligated for the support or

maintenance of the district.

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

Sec. 1045.006. 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. 1045.051. BOARD ELECTION AND APPOINTMENT; TERM. (a) The board is governed by the following seven directors:

(1) one director elected from each county commissioner precinct; and

(2) three directors appointed by the Hutchinson County Commissioners Court.

(b) Elected directors serve staggered three-year terms, with as near as possible to one-third of the elected members' terms expiring each year. Appointed directors also serve staggered three-year terms, with one director's term expiring each year.

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

(d) Within 10 days of the date directors are elected, the commissioners court annually shall appoint the appropriate number of successor appointed directors.

(e) The commissioners court may not appoint a person to serve more than two successive terms.

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

Sec. 1045.052. 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 with 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. 1045.053. QUALIFICATIONS FOR OFFICE. (a) To be eligible to be a candidate for an elected position or to serve as an elected or appointed director, a person must be:

- (1) a district resident; and
- (2) a qualified voter.

(b) A person who is elected from a commissioner precinct or who is appointed to fill a vacancy for a commissioner precinct must be a resident of that commissioner precinct.

(c) A district employee may not serve as a director.

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

Sec. 1045.054. BOARD VACANCY. If a vacancy occurs in the office of director, the remaining directors 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. 1045.055. OFFICERS. (a) The board shall elect a president and a vice president from among its members.

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

Sec. 1045.056. 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. 1045.057. VOTING REQUIREMENT. A concurrence of a majority of the directors voting is necessary 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. 1045.058. ADMINISTRATORS. (a) The board may appoint qualified persons to serve as:

- (1) district administrator; and
- (2) ancillary health care facilities administrator.

(b) The administrators serve at the will of the board and are entitled to the compensation determined by the board.

(c) Before assuming the duties of district administrator, the administrator must execute a bond in the amount set by the board of not less than \$5,000 that is:

- (1) payable to the district; and
- (2) conditioned on the faithful performance of the administrator's duties under this chapter.

(d) The board may pay for the district administrator's bond with district money.

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

Sec. 1045.059. GENERAL DUTIES OF DISTRICT ADMINISTRATOR. (a) The district administrator shall:

- (1) supervise the work and activities of the district facilities and the staff, employees, contractors, and agents of the district; and

- (2) direct the general affairs of the district subject to the limitations prescribed by the board.

(b) The district administrator is responsible for the overall management of all district facilities, including ancillary health care facilities.

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

eff. April 1, 2009.

Sec. 1045.060. ATTORNEY; ASSISTANT ADMINISTRATORS. (a) The board may appoint qualified persons as:

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

(b) The attorney for the district and the assistant administrators 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. 1045.061. 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 considered necessary.

(b) The district may employ technicians, nurses, fiscal agents, accountants, architects, attorneys, and other necessary employees.

(c) The board may delegate to the district administrator the authority to hire district employees.

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

Sec. 1045.062. 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 to serve on the district's medical staff or to be employed by 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 or medical staff member; 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. 1045.063. HEALTH CARE EDUCATIONAL PROGRAMS. The board may spend district money, enter into agreements, and take other necessary action to conduct, participate in, or otherwise 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. 1045.064. 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 liability that arises from performing a duty in that capacity; and

(2) agree to defend or indemnify the person with regard to a claim, cost, expense, or liability resulting from duties performed in that capacity.

(b) The board may establish a self-insurance program to fund an indemnity obligation under Subsection (a)(2).

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

Sec. 1045.065. RETIREMENT BENEFITS. The board may provide retirement benefits for district employees by:

(1) establishing or administering a retirement program; or

(2) participating in:

(A) the Texas County and District Retirement System; or

(B) another statewide retirement system in which

the district is eligible to participate.

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. 1045.101. DISTRICT RESPONSIBILITY. The district has full responsibility for:

(1) operating hospital and ancillary health care facilities; and

(2) providing medical, hospital, and ancillary health 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. 1045.102. RESTRICTION ON COUNTY OR MUNICIPALITY TAXATION AND DEBT. Hutchinson County or a municipality in Hutchinson County 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. 1045.103. MANAGEMENT, CONTROL, AND ADMINISTRATION. The board shall manage, control, and administer the hospital system, the ancillary health care 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. 1045.104. RULES. The board may adopt rules governing:

(1) the operation of the hospital, ancillary health care facilities, ancillary health care system, and hospital system; and

(2) the duties, functions, and responsibilities of district staff, employees, contractors, or agents.

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

eff. April 1, 2009.

Sec. 1045.105. PURCHASING AND ACCOUNTING PROCEDURES. The board may prescribe:

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

(2) accounting and control procedures for the district.

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

Sec. 1045.106. MOBILE EMERGENCY MEDICAL SERVICE. The district may operate or provide for the operation of a mobile emergency medical service.

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

Sec. 1045.107. DISTRICT PROPERTY, FACILITIES, AND EQUIPMENT. (a) The board shall determine the type, number, and location, either inside or outside the district, of facilities required to maintain an adequate hospital system and ancillary health care system and the type of equipment necessary for hospital care and ancillary health care services, including:

(1) domiciliary care and treatment of sick or injured patients;

(2) geriatric services;

(3) outpatient clinics;

(4) rural health clinics;

(5) convalescent home facilities;

(6) physician's offices;

(7) home health services;

(8) durable medical equipment;

(9) long-term care;

(10) skilled nursing care;

(11) intermediate nursing care;

(12) hospice care;

(13) ambulatory surgery centers;

(14) urgent care facilities;

(15) operation of a mobile emergency medical service;

and

(16) any other facility or equipment the board considers necessary for the delivery of hospital, medical, and ancillary health care services.

(b) The board may:

(1) acquire by lease, purchase, or lease to purchase property, including facilities, supplies, and equipment, for the district for use in the hospital system and ancillary health care system; and

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

(c) The board may lease or sell all or part of the hospital facilities or ancillary health care facilities for the district.

(d) The board may lease, sell, or otherwise dispose of all or part of the district's property for the district, including facilities, supplies, or equipment, to a public or private entity.

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

Sec. 1045.108. 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 the rights or authority 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. 1045.109. COST OF RELOCATING OR ALTERING PROPERTY. In exercising the power of eminent domain, if the board requires relocating, raising, lowering, rerouting, changing the grade, or altering the construction of any railroad, highway, pipeline, or electric transmission and electric distribution, telegraph, or telephone line, conduit, pole, or facility, 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. 1045.110. GIFTS AND ENDOWMENTS. The board may accept for the district a gift or endowment to be held in trust for any purpose and under any written direction, limitation, or provision prescribed in writing by the donor that is consistent with the authority and proper management of the district.

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

Sec. 1045.111. GENERAL CONTRACT POWER. The board may contract for the district.

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

Sec. 1045.112. CONSTRUCTION CONTRACTS. (a) The board may enter into construction contracts for the district.

(b) The board may enter into a construction contract that involves the expenditure of more than the amount provided by Section [271.024](#), Local Government Code, only after competitive bidding as provided by Subchapter B, Chapter [271](#), Local Government Code, or other applicable law.

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

Sec. 1045.113. OPERATING AND MANAGEMENT CONTRACTS. The board may enter into an operating or management contract for the district with one or more public or private entities relating to a hospital or ancillary health care facility or service.

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

Sec. 1045.114. CONTRACTS WITH GOVERNMENTAL ENTITIES FOR CERTAIN SERVICES. The board may contract with a political subdivision of this state, a state, the federal government, an agency or political subdivision of those public entities, or a charitable or other private entity for the district to:

- (1) furnish a mobile emergency medical service; or
- (2) provide for the investigatory or welfare needs of district inhabitants or of persons for whom the public or private entity has an obligation to provide care.

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

Sec. 1045.115. JOINT OWNERSHIP ARRANGEMENT. (a) The board may enter into a joint ownership arrangement for the district with one or more public or private entities for:

- (1) the provision of management or operating services; and
- (2) the ownership of all or part of real property, facilities, equipment, or supplies.

(b) Before the board enters into the arrangement, the board must determine that the arrangement is:

- (1) in the district's best interest; and
 - (2) for a public purpose of the district.
- Added by Acts 2007, 80th Leg., R.S., Ch. 920 (H.B. [3166](#)), Sec. 1.02, eff. April 1, 2009.

Sec. 1045.116. PAYMENT FOR TREATMENT; PROCEDURES. (a) When

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

(1) the patient; and

(2) a relative of the patient who is legally responsible for the patient's support.

(b) The district without charge shall provide to a patient who resides in the district the care and treatment that the patient or a relative of the patient who is legally responsible for the patient's support cannot pay.

(c) On determining that the patient or a relative legally responsible for the patient's support can pay for all or part of the care and treatment provided by the district, the district administrator shall report that determination to the board, and the board shall issue an order directing the patient or the relative to pay the district a specified amount each week. The amount must be based on the individual's ability to pay.

(d) The district administrator may collect money owed to the district from the patient's estate or from that of a relative who was legally responsible for the patient's support in the manner provided by law for collection of expenses of the last illness of a deceased person.

(e) If there is a dispute relating to an individual's ability to pay or if the district administrator has any doubt concerning an individual's ability to pay, the board shall:

(1) call witnesses;

(2) hear and resolve the question; and

(3) issue a final order.

(f) The final order of the board may be appealed to a district court in Hutchinson County. 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. 1045.117. REIMBURSEMENT FOR SERVICES. (a) The board shall require a county, municipality, or public hospital located outside the district to reimburse the district for the district's

care and treatment of a sick or injured person of that county, municipality, or public hospital as provided by Chapter 61, Health and Safety Code.

(b) The board shall require the sheriff of Hutchinson County or the police chief of a municipality in Hutchinson County to reimburse the district for the district's care and treatment of a person who is confined in a jail facility of Hutchinson County or the municipality and is not a resident of the district.

(c) The board may contract with this or another state, the federal government, or an agency or political subdivision of this or another state or of the federal government to reimburse the district for the care and 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. 1045.118. AUTHORITY TO SUE AND BE SUED. The board may sue and be sued on behalf of the district.

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. 1045.151. BUDGET. (a) The district administrator shall prepare a proposed annual budget for the district.

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

- (1) the outstanding obligations of the district;
- (2) the amount of cash on hand in each district fund;
- (3) the amount of money received by the district from all sources during the previous year;
- (4) the amount of money available to the district from all sources during the ensuing year;
- (5) the amount of the balances expected at the end of the year in which the budget is being prepared;
- (6) the estimated amount of 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. 1045.152. NOTICE; HEARING; ADOPTION OF BUDGET. (a) The board shall hold a public hearing on the proposed annual budget.

(b) The board shall publish notice of the hearing in a newspaper with general circulation in the district not later than the 10th day 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 considers proper to provide adequate care and treatment at a district hospital or ancillary health care facility.

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

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

Sec. 1045.153. AMENDMENTS TO BUDGET. After the annual budget is adopted, the budget may be amended on the board's approval.

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

Sec. 1045.154. 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. 1045.155. FISCAL YEAR. The district operates on the fiscal year established by the board.

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

Sec. 1045.156. ANNUAL AUDIT. The board annually shall have an audit made of the district's financial records, accounts, and transactions.

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

Sec. 1045.157. INSPECTION OF ANNUAL AUDIT AND DISTRICT RECORDS. The annual audit and other district records are open to inspection during regular business hours 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. 1045.158. FINANCIAL REPORT. As soon as practicable after the close of the fiscal year, the district administrator or other district agent responsible for the district's financial affairs shall prepare for the board:

(1) a sworn statement of the amount of district money; and

(2) an 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. 1045.159. DEPOSITORY. (a) The board shall select at least one bank to serve as a depository for district money.

(b) District money, other than money invested as provided by Section [1045.160](#)(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. This subsection does not limit the power of the board to place a part of district money on time deposit or to purchase certificates of deposit.

(c) The district may not deposit money with a bank or purchase a certificate of deposit from 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 provides other collateral eligible to secure a public deposit 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. 1045.160. SPENDING AND INVESTMENT RESTRICTIONS. (a) Except as provided by Sections 1045.112, 1045.202, 1045.205, and 1045.206, the district may not incur a debt payable from district revenue other than the revenue on hand or to be on hand in the current and immediately following district fiscal years.

(b) The board may invest operating, depreciation, or building reserves in:

(1) funds or securities specified by Chapter 2256, Government Code; or

(2) any other investment vehicle or fund if the board determines that investing the reserves in that vehicle or fund:

(A) is in the district's best interest; and

(B) does not violate the Texas Constitution.

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

Sec. 1045.161. AUTHORITY TO BORROW MONEY; SECURITY. (a) The board may borrow money for district operating expenses in an amount not to exceed the amount of tax or other revenue the district expects to receive during the fiscal year in which the money is borrowed.

(b) To repay the debt, the board may pledge all or part of the tax or other revenue received during the fiscal year in which the board borrows money under this section.

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

SUBCHAPTER E. BONDS

Sec. 1045.201. OBLIGATIONS AND CREDIT AGREEMENTS. The district may issue, sell, and deliver obligations and execute credit agreements as provided by Chapters 1201 and 1371, Government

Code.

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

Sec. 1045.202. GENERAL OBLIGATION BONDS. The board may issue and sell general obligation bonds authorized by an election in the name and on the faith and credit of the district to:

(1) purchase, construct, acquire, repair, equip, or renovate buildings, facilities, equipment, or improvements for hospital purposes, including facilities and improvements incidental and beneficial to operating and maintaining hospitals and ancillary facilities that provide medical and ancillary health care services and treatment; or

(2) acquire and operate a mobile emergency medical service.

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

Sec. 1045.203. TAX TO PAY GENERAL OBLIGATION BONDS. (a) At the time general obligation bonds are issued by the district under Section [1045.202](#), 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 limit 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. 1045.204. 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 board may order a bond election.

(c) The order calling the election must specify:

(1) the nature and date of the election;

- (2) the hours during which the polls will be open;
- (3) the location of the polling places;
- (4) the amount of the bonds to be authorized; and
- (5) the maximum maturity of the bonds.

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

(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. 1045.205. REVENUE BONDS. (a) The board may issue revenue bonds to:

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

(2) acquire sites to be used for hospital and ancillary health care purposes; or

(3) acquire and operate a mobile emergency medical service to assist the district in carrying out its hospital and ancillary 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 system.

(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 provided 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, or in accordance with other laws relating to the issuance of revenue bonds by a hospital district.

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

Sec. 1045.206. REFUNDING BONDS. (a) The board may issue refunding bonds to refund outstanding bonds 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 bonds to be refunded; 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. 1045.207. MATURITY OF BONDS. District bonds must mature not later than 50 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. 1045.208. 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) any transaction relating to 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 F. TAXES

Sec. 1045.251. IMPOSITION OF AD VALOREM TAX. (a) The board may impose a tax on all property in the district subject to district taxation.

(b) The tax may be used to pay:

- (1) indebtedness issued or assumed by the district;
- and
- (2) the maintenance 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. 1045.252. TAX RATE. (a) The board may impose the tax

at a rate not to exceed the limit approved by the voters at the election authorizing the imposition of the tax.

(b) The tax rate for all purposes may not exceed 75 cents on each \$100 valuation of all taxable property in the district.

(c) 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. 1045.253. ELECTION TO INCREASE MAXIMUM TAX RATE. (a) The board may order an election to increase the district's maximum ad valorem tax rate to a rate of not more than 75 cents on each \$100 valuation of the taxable property in the district. The board shall order an election if the board receives a petition requesting an election that is signed by at least 50 qualified voters of the district.

(b) The ballot for the election shall be printed to permit voting for or against the proposition: "The imposition of annual taxes by the district for hospital purposes at a rate not to exceed _____ (insert amount not to exceed 75 cents) cents on the \$100 valuation of all taxable property in the district."

(c) If the board finds that the election results favor the proposition, the board may impose taxes as authorized by the proposition. If the board finds that the election results do not favor the proposition, another election on the question of raising the district's maximum tax rate may not be held before the first anniversary of the date of the most recent election at which voters disapproved the proposition.

(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. 1045.254. TAX ASSESSOR-COLLECTOR. The board may provide for the appointment of a tax assessor-collector for the district or may contract for the assessment and collection of taxes as provided by the Tax Code.

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