

SPECIAL DISTRICT LOCAL LAWS CODE
TITLE 3. HEALTH
SUBTITLE A. HOSPITAL DISTRICTS
CHAPTER 1061. MIDLAND COUNTY HOSPITAL DISTRICT OF
MIDLAND COUNTY, TEXAS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1061.001. 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 Midland County Hospital District of Midland County, Texas.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.002. AUTHORITY FOR CREATION. The Midland County Hospital District of Midland County, Texas, is created under the authority of Section 9, Article IX, Texas Constitution.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.003. ESSENTIAL PUBLIC FUNCTION. The district performs an essential public function in carrying out the purposes of this chapter.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.004. DISTRICT TERRITORY. The boundaries of the district are coextensive with the boundaries of Midland County, Texas, as the boundaries existed on May 4, 1977.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.005. 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 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.006. 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 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.007. 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 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

SUBCHAPTER B. DISTRICT ADMINISTRATION

Sec. 1061.051. BOARD ELECTION; TERM. (a) The board is governed by a board of seven directors elected from single-member districts.

(b) Directors serve staggered four-year terms.

(c) An election of directors shall be held in each even-numbered year on the November uniform election date under Section [41.001](#), Election Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.052. ALTERNATIVE DIRECTOR ELECTION. (a) The board on its own motion may order that not fewer than 50 percent of the directors be elected from single-member districts with the remaining directors elected from the district at large.

(b) Before entering an order under Subsection (a), the board must:

(1) hold a public hearing at which registered district

voters may comment on whether they favor electing directors in the manner proposed by the board; and

(2) publish notice of the hearing in a newspaper with general circulation in the district not later than the seventh day before the date of the hearing.

(c) An order adopted under Subsection (a) must be entered not later than the 120th day before the date of the first election at which directors are elected in the manner provided by the order. Not later than the 90th day before the date of the first election at which directors are elected in the manner provided by the order, the board shall:

(1) divide the district into the appropriate number of single-member districts, based on the number of directors to be elected from the single-member districts and number each single-member district; and

(2) determine by lot the order in which the positions will be filled.

(d) The single-member districts must be:

(1) compact and contiguous; and

(2) as nearly as practicable of equal population according to the most recent federal census.

(e) If the data from the most recent federal census indicates that the population of the most populous single-member district exceeds the population of the least populous single-member district by more than 10 percent, the board shall redivide the hospital district into the appropriate number of single-member districts not later than the 90th day before the date of the first regular election at which directors may officially recognize and act on the census. Redivision of the district must be in the manner provided for division of the district under this section.

(f) If the district adopts a redistricting plan under this section, the board may provide in the plan for the directors in office to serve at large for the remainder of their terms. The single-member district and at-large positions provided by the district's plan shall be filled as the staggered terms of incumbent directors expire.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec.

1.01, eff. April 1, 2011.

Sec. 1061.053. NOTICE OF ELECTION. At least 10 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 Midland County.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.054. QUALIFICATIONS FOR OFFICE. (a) A person may not be elected or appointed as a director unless the person is:

- (1) a resident of the district; and
- (2) more than 18 years of age when elected or appointed.

(b) A person who is elected from a single-member district or is appointed to fill a vacancy for a single-member district must reside in that single-member district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.055. BOARD VACANCY. (a) If a vacancy occurs in the office of director, the remaining directors shall appoint a director for the unexpired term.

(b) If the number of directors is reduced to fewer than four, the remaining directors shall immediately call a special election to fill the vacancies. If the remaining directors do not call the election, a district court, on application of a district voter or taxpayer, shall order the election.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.056. 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 by vote shall fill a vacancy in a board office

for the unexpired term.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.057. 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 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.058. VOTING REQUIREMENT. A concurrence of four directors is sufficient in any matter relating to district business.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.059. DISTRICT ADMINISTRATOR; ASSISTANT ADMINISTRATOR. (a) The board may appoint a qualified person as district administrator.

(b) The board may appoint assistant administrators.

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

(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 \$10,000 that:

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

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.060. 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 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.061. APPOINTMENT AND DISMISSAL OF STAFF AND EMPLOYEES; CONTRACTS. (a) The board may appoint to or dismiss from 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 or contract with technicians, nurses, and other persons or district employees as the administrator considers advisable.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.062. RECRUITMENT OF MEDICAL STAFF AND EMPLOYEES. The board may spend district money, enter into agreements, and take other necessary action to recruit or otherwise obtain physicians and other personnel for the district's medical staff or for employment with the hospital or hospital system, including medical facilities or other health facilities owned or operated by the district. The actions may include:

- (1) advertising and marketing;
- (2) paying recruitment expenses;
- (3) paying travel and relocation expenses; and
- (4) providing a subsidy or scholarship.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.063. SENIORITY; RETIREMENT BENEFITS. (a) The board may:

(1) adopt rules relating to the seniority of district employees; and

(2) establish or administer a retirement program or elect to participate in any statewide retirement program in which the district is eligible to participate.

(b) The district may give effect to previous years of service for district employees continuously employed in the operation or management of the hospital facilities acquired from Midland Memorial Foundation when the district was created.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 1061.101. DISTRICT RESPONSIBILITY. (a) The district has full responsibility for providing hospital care for the district's indigent residents.

(b) The district shall provide all necessary hospital and medical care for the district's needy inhabitants.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.102. RESTRICTION ON POLITICAL SUBDIVISION TAXATION AND DEBT. A political subdivision of this state, other than the district, may not impose a tax or issue bonds or other obligations for hospital purposes or to provide medical care in the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.103. MANAGEMENT, CONTROL, AND ADMINISTRATION; GENERAL BOARD POWER. (a) The board shall manage, control, and administer the district's hospital or hospital system and the district's money and resources.

(b) The board may exercise any power provided by this chapter unless the board enters into a management contract under Section [1061.113](#) that provides the power is exercised in accordance

with the contract.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.104. HOSPITAL SYSTEM. (a) The district has the responsibility to establish a hospital or hospital system, including medical facilities and other health facilities, within its boundaries to provide hospital and medical care to the district's residents.

(b) The district shall provide for:

(1) the establishment of a hospital system by:

(A) purchasing, constructing, acquiring, repairing, or renovating buildings and equipment; and

(B) equipping the buildings; and

(2) the administration of buildings and equipment for hospital and medical care purposes.

(c) The hospital system may include:

(1) facilities for domiciliary care of the sick, injured, or geriatric;

(2) outpatient clinics;

(3) dispensaries;

(4) convalescent home facilities;

(5) necessary nurses' domiciliaries;

(6) training centers;

(7) training facilities for doctors and nurses and for other health care disciplines;

(8) blood banks;

(9) community mental health centers;

(10) research centers or laboratories;

(11) parking; and

(12) any other facilities the board considers necessary for a hospital or hospital system and a medical facility or other health facility included in the hospital or hospital system.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.105. 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 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.106. PURCHASING AND ACCOUNTING PROCEDURES. (a) 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.

(b) The board by resolution may delegate a power described by Subsection (a) to:

(1) the Midland Memorial Foundation or its successors;
or

(2) a person who enters into an operating or management agreement with the district to exercise the power.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.107. AMBULANCE OR MOBILE EMERGENCY SERVICE. The district may operate or provide for the operation of an ambulance or mobile emergency service.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.108. DISTRICT PROPERTY, FACILITIES, AND EQUIPMENT. (a) The board shall determine the type, number, and location of buildings and property required to maintain an adequate hospital system.

(b) The board may lease property, including facilities and equipment, and may enter into a lease of all or part of the district's buildings or other facilities with any person on terms considered to be in the best interest of the district. The term of the lease may not exceed 40 years.

(c) The district may acquire equipment for use in the district's hospital system, including medical and health

facilities, and mortgage or pledge the property as security for the payment of the purchase price. A contract 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.

(d) The board on behalf of the district may hold, construct, condemn, purchase, acquire, lease, add to, maintain, operate, regulate, sell, convey, or otherwise dispose of any type of property, including land or equipment, or a property right, hospital facility, or hospital system on terms the board finds are in the best interest of the district's inhabitants.

(e) The board may donate to another governmental entity or to a charitable organization any surplus personal property or equipment if the donation serves a public purpose and is accompanied by adequate consideration.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.109. 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 petition for review.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.110. 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 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.111. 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 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.112. CONSTRUCTION OR PURCHASE CONTRACTS. A construction or purchase contract that involves the expenditure of more than the amount provided by Section 252.021(a), Local Government Code, may be made only after competitive bidding in the manner provided by Chapter 252, Local Government Code.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 250 (H.B. 1110), Sec. 1, eff. September 1, 2011.

Sec. 1061.113. MANAGEMENT AGREEMENT; LIABILITY. (a) The board may enter into a management agreement with any person, including the Midland Memorial Foundation or its successors, for

the management and operation of any hospital or part of a hospital owned by the district, under terms satisfactory to the board and the person.

(b) An agreement under Subsection (a) may be for a term not to exceed 10 years, with renewal options as considered advisable.

(c) A nonprofit corporation that manages a hospital or provides services under a contract with the district under this chapter and any corporation employee are district employees for purposes of Chapters 101 and 102, Civil Practice and Remedies Code, while performing services under the contract for the benefit of the district.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.114. CONTRACTS FOR HOSPITALIZATION, TREATMENT, AND TRAINING. (a) The board may contract with any person located inside or outside the district's boundaries for the hospitalization and treatment of a sick or injured person.

(b) The district may contract with any person located inside or outside the district's boundaries for services provided by the district, including:

(1) the promotion of health;

(2) hospital treatment of a sick or injured person;

and

(3) the training of doctors and nurses and the provision of training in health care disciplines.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.115. CONTRACT FOR INVESTIGATORY OR OTHER SERVICES. The board may contract with any person for the district to provide investigatory or other services for the medical, hospital, or welfare needs of district inhabitants.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.116. CONTRACT FOR FACILITIES TO SUPPORT SURGICAL

RESIDENCY PROGRAM. (a) The board may contract with a state agency or public medical school, including the Texas Tech University Health Sciences Center, for the improvement and equipping of hospital facilities as necessary to support a surgical residency program.

(b) Notwithstanding other law, the state agency or medical school may enter into an agreement described by Subsection (a) and spend appropriated funds for that purpose.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.117. PROVISION OF SERVICES OUTSIDE DISTRICT. The district may provide primary care, emergency services, preventive medical services, and other health-related services outside the district, provided that the services serve the purpose of the district as established by this chapter.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.118. 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 financial 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 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 hear and determine the issue, after calling witnesses.

(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 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.119. REIMBURSEMENT FOR SERVICES TO NONRESIDENTS. If a welfare patient, who is not a district resident, is admitted to a district facility, the district may:

(1) seek reimbursement from the patient's county of residence; and

(2) sue for reimbursement.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.120. AUTHORITY TO SUE AND BE SUED. The district, through the board, may sue and be sued.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.121. EMPLOYMENT OF DISTRICT PEACE OFFICERS. (a) The board may employ and commission peace officers for the district.

(b) The jurisdiction of a peace officer commissioned under this section includes the property owned or controlled by the district.

(c) In a district peace officer's jurisdiction, the peace officer has the authority granted by Chapter 14, Code of Criminal Procedure.

Added by Acts 2013, 83rd Leg., R.S., Ch. 8 (S.B. 543), Sec. 1, eff. May 2, 2013.

Sec. 1061.122. MENTAL HEALTH SERVICES. (a) The district may provide mental health services, including by contract in the manner prescribed by Chapter 579, Health and Safety Code.

(b) The district's provision of mental health services does not prohibit another political subdivision of this state from providing, or taxing to provide for, mental health services inside the boundaries of the district, as provided by Section 13, Article IX, Texas Constitution.

Added by Acts 2023, 88th Leg., R.S., Ch. 120 (H.B. 492), Sec. 3, eff. September 1, 2023.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 1061.151. BUDGET. (a) Unless otherwise provided in a management agreement, 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 ad valorem tax rate required; and
- (8) the proposed expenditures and disbursements and the estimated receipts and collections for the following fiscal year.

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

(d) In preparing the budget, the board may consider the estimated excess revenue and income from hospital facilities

available for paying the operation and maintenance expenses after providing for the payment of revenue bonds issued by the district. Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 560 (S.B. [1621](#)), Sec. 5, eff. September 1, 2019.

Acts 2019, 86th Leg., R.S., Ch. 714 (H.B. [279](#)), Sec. 2, eff. June 10, 2019.

Sec. 1061.152. 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.

(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 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.153. AMENDMENTS TO BUDGET. The budget may be amended as required by circumstances. The board must approve all amendments.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.154. RESTRICTION ON EXPENDITURES. Money may be spent only for an expense included in the budget or an amendment to the budget.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.155. FISCAL YEAR. The district operates according to a fiscal year that begins on October 1 and ends on September 30. The board may change the fiscal year.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.156. AUDIT. The board shall have an independent audit made of the district's financial condition for each fiscal year.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.157. 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 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.158. FINANCIAL REPORT. As soon as practicable after the close of each fiscal year, the district administrator or the managing entity of the hospital 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 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.159. DEPOSITORY. (a) The board shall select one or more banks in the district to serve as a depository for district money. A selected bank serves for four years. Bids shall be received for a depository contract after notice is published one time in a newspaper of general circulation in the district 20 days before the date to open the bids. The district shall award the depository contract to the bank or banks offering the most favorable terms for handling the district's money.

(b) District money, other than money invested as provided by Section 1061.160(b) and money transmitted to a bank for payment of bonds or obligations issued 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 or pledges security as required for county depositories 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 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.160. SPENDING AND INVESTMENT RESTRICTIONS. (a) Except as otherwise provided by Section 1061.108(c) and by 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 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

SUBCHAPTER E. BONDS

Sec. 1061.201. GENERAL OBLIGATION BONDS. The board may issue and sell general obligation bonds in the name and on the full faith and credit of the district for:

(1) the purchase, construction, acquisition, repair, or renovation of buildings or improvements; and

(2) equipping buildings or improvements for hospital purposes.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.202. TAX TO PAY GENERAL OBLIGATION BONDS. (a) At the time general obligation bonds are issued by the district under Section [1061.201](#), 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 the tax rate approved by the voters at the election authorizing the imposition of the tax.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.203. BOND ELECTION. (a) The district may issue tax 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 presiding judges for each polling place;
- (4) the amount of the bonds to be authorized; and
- (5) the maximum maturity date of the bonds.

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

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.204. REVENUE BONDS. (a) The board may issue revenue bonds for the purchase, construction, acquisition, and repair or renovation of buildings and improvements, and equipping any hospital facilities, including facilities for parking, and the training of doctors, nurses, and health care disciplines, and to acquire any real or personal property in connection with the

hospital facilities.

(b) A revenue bond issued under this section must mature not later than 40 years after the date of issuance.

(c) The board may provide for the subsequent issuance of additional parity bonds, subordinate lien bonds, or other types of bonds under terms prescribed in the order authorizing the issuance of revenue bonds.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.205. PAYMENT OF REVENUE BONDS; SECURITY. (a) Revenue bonds issued under Section 1061.204 must be payable from and secured by liens on and pledges of all or any part of the revenue and income, other than ad valorem taxes, derived by the district from the operation of district facilities, the ownership of district facilities, or both. The board may pledge to the payment of revenue bonds all or any part of a grant, donation, or income received or to be received from the United States or any other public or private source under an agreement or otherwise.

(b) The bonds may be additionally secured by a mortgage or deed of trust on any real property on which a district hospital facility is or will be located and any real or personal property incident or appurtenant to the facility. The board may authorize the execution and delivery of a trust indenture, mortgage, deed of trust, or other form of encumbrance to evidence the security interest.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.206. USE OF REVENUE BOND PROCEEDS. (a) If permitted in the bond order, any required part of the proceeds from the sale of the revenue bonds may be used to:

(1) pay interest on the bonds during the period of the construction of a hospital facility to be provided through the issuance of the bonds;

(2) pay operation and maintenance expenses of the facility to the extent and for the time specified in the bond order;

and

(3) create reserves for the payment of the principal of and interest on the bonds.

(b) The bond proceeds may be invested until needed to the extent and in the manner provided by the bond order.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.207. CHARGE FOR OCCUPANCY OR USE OF HOSPITAL FACILITY. The board may establish and collect charges for the occupancy or use of a hospital facility and for related services in the amounts and manner determined by the board. The charges shall be set and collected in amounts at least sufficient with any other pledged resources to pay:

(1) the principal of, interest on, and any other amounts required in relation to bonds issued by the district; and

(2) to the extent required by the bond order, all or any part of the operation, maintenance, and other expenses of the hospital facility.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.208. REFUNDING BONDS. (a) The board may, without an election, issue refunding bonds to refund outstanding indebtedness issued or assumed by the district.

(b) Refunding bonds may be:

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

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

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.209. BONDS EXEMPT FROM TAXATION. The following are exempt from taxation by this state or a political subdivision:

(1) bonds issued or assumed by the district;

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

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

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

SUBCHAPTER F. AD VALOREM TAXES

Sec. 1061.251. 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 indebtedness issued or assumed by the district;

(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 improvements and additions by purchase, lease, or condemnation.

(c) The board may not impose a tax to pay the principal of or interest on revenue bonds.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.252. TAX RATE. (a) The board may impose the tax at a rate not to exceed 75 cents on each \$100 valuation of 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 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.253. USE OF AD VALOREM TAXES FOR OPERATION AND MAINTENANCE EXPENSES. (a) If the board issues revenue bonds under Section [1061.204](#), the board:

(1) shall use ad valorem taxes to pay the district's operation and maintenance expenses to the extent that the revenue and income from the district's hospital facilities are not

sufficient after providing for the payment of those bonds; and

(2) may pledge the proceeds of the ad valorem tax for the payment of the district's operation and maintenance expenses in the order authorizing the issuance of the bonds.

(b) If the ad valorem tax is pledged, the board shall, during each year during which the revenue bonds are outstanding, compute a tax rate sufficient to pay the operation and maintenance expenses described by Subsection (a)(1).

(c) The ad valorem tax shall be imposed on all taxable property in the district for each year the revenue bonds are outstanding. The tax shall be assessed and collected each year and used for the purpose prescribed by this section to the extent required.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.254. ASSESSMENT AND COLLECTION BY COUNTY TAX ASSESSOR-COLLECTOR. (a) This section applies unless the board by majority vote elects to have taxes assessed and collected under Section 1061.255 or 1061.256.

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

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.255. 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 term of employment; and

(2) compensation.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1061.256. ASSESSMENT AND COLLECTION BY TAX ASSESSOR-COLLECTOR OF ANOTHER POLITICAL SUBDIVISION. (a) The board may elect to have all or part of the district's taxes assessed and collected by a political subdivision in which any part of the district is located. 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 tax assessor or collector of the political subdivision shall assess or collect the appropriate district taxes in accordance with the board's election under Subsection (a) and for the compensation agreed on by the appropriate parties.

Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

SUBCHAPTER G. SALES AND USE TAX

Sec. 1061.301. TAX AUTHORIZED. (a) The district may adopt, change the rate of, or abolish a sales and use tax at an election held in the district.

(b) The district may not adopt a tax under this subchapter or increase the rate of the tax if as a result of the adoption of the tax or the tax increase the combined rate of all sales and use taxes imposed by the district and all other political subdivisions of this state having territory in the district would exceed two percent in any location in the district.

Added by Acts 2019, 86th Leg., R.S., Ch. 560 (S.B. 1621), Sec. 4, eff. September 1, 2019.

Added by Acts 2019, 86th Leg., R.S., Ch. 714 (H.B. 279), Sec. 1, eff. June 10, 2019.

Sec. 1061.302. APPLICABILITY OF OTHER LAW. Except to the extent that a provision of this subchapter applies, Chapter 323, Tax Code, applies to a tax authorized by this subchapter in the same

manner as that chapter applies to the tax authorized by that chapter.

Added by Acts 2019, 86th Leg., R.S., Ch. 560 (S.B. [1621](#)), Sec. 4, eff. September 1, 2019.

Added by Acts 2019, 86th Leg., R.S., Ch. 714 (H.B. [279](#)), Sec. 1, eff. June 10, 2019.

Sec. 1061.303. TAX RATE; CHANGE IN RATE. (a) The district may impose a tax authorized by this subchapter in increments of one-eighth of one percent, with a minimum rate of one-eighth of one percent and a maximum rate of two percent.

(b) The district may increase the rate of a tax authorized by this subchapter to a maximum of two percent or decrease the rate of the tax to a minimum of one-eighth of one percent if the change is approved by a majority of the voters of the district at an election called for that purpose.

Added by Acts 2019, 86th Leg., R.S., Ch. 560 (S.B. [1621](#)), Sec. 4, eff. September 1, 2019.

Added by Acts 2019, 86th Leg., R.S., Ch. 714 (H.B. [279](#)), Sec. 1, eff. June 10, 2019.

Sec. 1061.304. ELECTION PROCEDURE. An election to adopt, change the rate of, or abolish a tax authorized by this subchapter is called by the adoption of an order of the board. The board may call an election on its own motion and shall call an election if a number of qualified voters in the district equal to at least five percent of the number of registered voters in the district petitions the board to call the election.

Added by Acts 2019, 86th Leg., R.S., Ch. 560 (S.B. [1621](#)), Sec. 4, eff. September 1, 2019.

Added by Acts 2019, 86th Leg., R.S., Ch. 714 (H.B. [279](#)), Sec. 1, eff. June 10, 2019.

Sec. 1061.305. ELECTION IN OTHER TAXING AUTHORITY. (a) In this section, "taxing authority" means any entity authorized to impose a local sales and use tax.

(b) If the district is included within the boundaries of

another taxing authority and the adoption or increase in the rate of a tax under this subchapter would result in a combined tax rate by the district and other political subdivisions of this state of more than two percent at any location in the district, an election to approve or increase the rate of the tax has no effect unless:

(1) one or more of the other taxing authorities holds an election in accordance with the law governing that authority on the same date as the election under this subchapter to reduce the tax rate of that authority to a rate that will result in a combined tax rate by the district and other political subdivisions of not more than two percent at any location in the district; and

(2) the combined tax rate is reduced to not more than two percent as a result of that election.

(c) This section does not permit a taxing authority to impose taxes at differential tax rates within the territory of the authority.

Added by Acts 2019, 86th Leg., R.S., Ch. 560 (S.B. [1621](#)), Sec. 4, eff. September 1, 2019.

Added by Acts 2019, 86th Leg., R.S., Ch. 714 (H.B. [279](#)), Sec. 1, eff. June 10, 2019.

Sec. 1061.306. TAX EFFECTIVE DATE. (a) The adoption, change in the rate of, or abolition of a tax under this subchapter takes effect on the first day of the first calendar quarter occurring after the expiration of the first complete calendar quarter occurring after the date on which the comptroller receives notice of the results of an election to adopt, change the rate of, or abolish the tax.

(b) If the comptroller determines that an effective date provided by Subsection (a) will occur before the comptroller can reasonably take the action required to begin collecting the tax or to implement the change in the rate of the tax or the abolition of the tax, the effective date may be extended by the comptroller until the first day of the next calendar quarter.

Added by Acts 2019, 86th Leg., R.S., Ch. 560 (S.B. [1621](#)), Sec. 4, eff. September 1, 2019.

Added by Acts 2019, 86th Leg., R.S., Ch. 714 (H.B. [279](#)), Sec. 1,

eff. June 10, 2019.

Sec. 1061.307. USE OF TAX REVENUE. Revenue from a tax imposed under this subchapter may be used by the district for any purpose of the district authorized by law.

Added by Acts 2019, 86th Leg., R.S., Ch. 560 (S.B. [1621](#)), Sec. 4, eff. September 1, 2019.

Added by Acts 2019, 86th Leg., R.S., Ch. 714 (H.B. [279](#)), Sec. 1, eff. June 10, 2019.