

SPECIAL DISTRICT LOCAL LAWS CODE
TITLE 3. HEALTH
SUBTITLE A. HOSPITAL DISTRICTS
CHAPTER 1063. MONTGOMERY COUNTY HOSPITAL DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1063.001. 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 Montgomery County Hospital District.

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

Sec. 1063.002. AUTHORITY FOR OPERATION. The Montgomery County Hospital District operates and is administered and financed in accordance with Section 9, Article IX, Texas Constitution, and has the rights, powers, and duties provided by this chapter.

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

Sec. 1063.003. 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. 1063.004. DISTRICT TERRITORY. The boundaries of the district are coextensive with the boundaries of Montgomery County, Texas.

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

Sec. 1063.005. 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. 1063.006. 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 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

SUBCHAPTER B. DISTRICT ADMINISTRATION

Sec. 1063.051. BOARD ELECTION; TERM. (a) The board consists of seven directors elected as follows:

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

(2) three directors elected from the district at large by position.

(b) A district voter may vote on the directors to be elected at large and on the director to be elected from the precinct in which the voter resides.

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

(d) Directors serve staggered four-year terms that expire on the last day of December.

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

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 148 (H.B. 389), Sec. 1, eff. September 1, 2015.

Sec. 1063.052. QUALIFICATIONS FOR OFFICE. (a) A person may not be elected or appointed as a director unless the person:

(1) is more than 21 years of age at the time of the appointment or election;

(2) is a resident of the district; and

(3) is a qualified voter.

(b) A director who represents a county commissioners precinct must be a resident of that precinct.

(c) A person may not be elected or appointed as a director if the person holds another appointed or elected public office of honor, trust, or profit.

(d) A person who holds another public office of honor, trust, or profit and seeks to be appointed or elected as a director automatically vacates the first office.

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

Sec. 1063.053. 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 10 registered voters; and

(2) filed by the deadline imposed by Section 144.005, Election Code.

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

Amended by:

Acts 2021, 87th Leg., R.S., Ch. 138 (H.B. 977), Sec. 1, eff. September 1, 2021.

Sec. 1063.054. NOTICE OF ELECTION. At least 10 days before the date of a regular election of directors, notice of the election shall be published one time in a newspaper of general circulation in Montgomery County.

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

Sec. 1063.055. RUNOFF ELECTION. (a) If no candidate for a particular director position at a regular directors' election receives a majority of the votes of the voters voting in that race, the board shall order a runoff election.

(b) At least seven days before the date of a runoff

election, the board shall publish notice of the election one time in a newspaper or newspapers that individually or collectively have general circulation in the area of the runoff election.

(c) Of the names printed on the ballot at a runoff election, the name of the candidate who received the higher number of votes at the general election of directors must be printed first on the ballot.

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

Sec. 1063.056. 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 for any reason, 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, may order the directors to hold the election.

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

Sec. 1063.057. OFFICERS. The board shall elect from among its members a presiding officer, assistant presiding officer, treasurer, and secretary.

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

Sec. 1063.058. COMPENSATION. A director serves without compensation.

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

Sec. 1063.059. BOND; RECORD OF BOND. (a) Each director shall execute a good and sufficient bond for \$1,000 that is:

- (1) payable to the district; and
- (2) conditioned on the faithful performance of the

director's duties.

(b) Each director's bond shall be deposited with the district's depository bank for safekeeping.

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

Sec. 1063.060. VOTING REQUIREMENT. A concurrence of a majority of the directors present 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. 1063.061. CALLING MEETINGS. The presiding officer or any four directors may call a board meeting.

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

Sec. 1063.062. CHIEF ADMINISTRATIVE OFFICER; ASSISTANT ADMINISTRATOR. (a) The board shall appoint a qualified person as the district's chief administrative officer. That officer shall be known as the district president or by another title selected by the board.

(b) The board may appoint one or more assistant administrators. An assistant administrator shall be known as the district vice president or by another title selected by the board.

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

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

Sec. 1063.063. GENERAL DUTIES OF CHIEF ADMINISTRATIVE OFFICER. Subject to the limitations prescribed by the board, the chief administrative officer 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. 1063.064. APPOINTMENT OF STAFF AND EMPLOYEES. (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 warranted.

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

(c) The board may delegate to the chief administrative officer the authority to hire district employees, including technicians and nurses.

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

Sec. 1063.065. 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 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 1063.101. DISTRICT RESPONSIBILITY. The district has full responsibility for providing medical and hospital 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. 1063.102. RESTRICTION ON POLITICAL SUBDIVISION TAXATION AND DEBT. A political subdivision located wholly or

partly within the district may not impose a tax or issue bonds or other obligations for hospital or health care purposes or to provide medical care for district residents.

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

Sec. 1063.103. MANAGEMENT, CONTROL, AND ADMINISTRATION. The board shall manage, control, and administer the health care or hospital system and the district's money and resources.

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

Sec. 1063.104. HEALTH CARE OR HOSPITAL SYSTEM. (a) The district shall provide for:

(1) the establishment of a health care or hospital system by:

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

(B) equipping the buildings; and

(2) the administration of the system for health care or hospital purposes.

(b) The health care or hospital system may include:

(1) domiciliary care and treatment of the sick, injured, or geriatric;

(2) hospitals;

(3) outpatient clinics;

(4) dispensaries;

(5) convalescent home facilities;

(6) necessary nurses;

(7) domiciliaries and training centers;

(8) blood banks;

(9) community mental health centers;

(10) research centers or laboratories;

(11) ambulance services; and

(12) any other facilities the board considers necessary for health or hospital care.

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

1.01, eff. April 1, 2011.

Sec. 1063.105. RULES. The board may adopt rules governing the operation of the hospital, the health care or 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. 1063.106. 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 2009, 81st Leg., R.S., Ch. 1139 (H.B. [2619](#)), Sec. 1.01, eff. April 1, 2011.

Sec. 1063.107. DISTRICT PROPERTY, FACILITIES, AND EQUIPMENT. (a) The board shall determine the type, number, and location of buildings required to maintain an adequate health care or hospital system.

(b) The board may lease all or part of the district's buildings and other facilities on terms considered to be in the best interest of the district's inhabitants. Except as provided by Subsection (c), the term of a lease may not exceed 25 years from the date entered.

(c) District land may not be leased for a period exceeding 25 years unless the board:

(1) finds that the land is not necessary for health care or hospital purposes;

(2) complies with any indenture securing the payment of district bonds; and

(3) receives not less than the current market value for the lease.

(d) The district may acquire equipment for use in the district's health care or hospital system 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.

(e) 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 must comply with Section [272.001](#), Local Government Code, when selling district land other than land the district is authorized to sell or exchange under Subsection (f).

(f) The district may sell or exchange a hospital, including real property necessary or convenient for the operation of the hospital and real property that the board finds may be useful in connection with future expansions of the hospital, on terms the board determines to be in the district's best interests. The district must comply with the procedures prescribed by Sections [285.051](#) and [285.052](#), Health and Safety Code.

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

Sec. 1063.108. TAKEOVER OF NONPROFIT HOSPITAL PROPERTY. The district may take over and may accept title to land, buildings, improvements, and equipment of a nonprofit hospital in the district if the governing authority of the hospital and district agree to the transfer.

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

Sec. 1063.109. 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. 1063.110. COST OF RELOCATING OR ALTERING PROPERTY. In exercising the power of eminent domain, if the board requires the relocation, raising, lowering, rerouting, or change in grade or alteration in the construction of any railroad, electric transmission, telegraph or telephone lines, conduits, poles, or facilities or pipelines, the board must bear the actual cost of the relocation, raising, lowering, rerouting, or change in grade or alteration of 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. 1063.111. 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. 1063.112. CONSTRUCTION CONTRACTS. A construction contract that involves the expenditure of more than the amount provided by Section [271.024](#), Local Government Code, may be made only after advertising in the manner provided by Subchapter [B](#), Chapter [271](#), Local Government Code.

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

Amended by:

Acts 2015, 84th Leg., R.S., Ch. 148 (H.B. 389), Sec. 2, eff. September 1, 2015.

Sec. 1063.113. OPERATING AND MANAGEMENT CONTRACTS. The board may enter into an operating or management contract relating to a district facility.

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

Sec. 1063.114. CONTRACTS WITH GOVERNMENTAL ENTITIES FOR CARE AND TREATMENT. (a) The board may contract with a county or municipality located outside the district's boundaries for the care and treatment 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 treatment of a sick or injured person.

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

Sec. 1063.115. CONTRACTS FOR HEALTH CARE SERVICES. (a) As permitted by the Texas Constitution and Chapter 61, Health and Safety Code, the district may:

(1) enter into a contract relating to the provision of health care services on terms the board determines to be in the district's best interests; and

(2) make payments under the contract.

(b) The term of a contract under this section may not exceed 15 years.

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

Sec. 1063.116. CONTRACTS WITH GOVERNMENTAL ENTITIES FOR INVESTIGATORY OR OTHER SERVICES. The board may contract with a political subdivision or governmental agency for the district to

provide investigatory or other services for the medical, health care, 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. 1063.117. PAYMENT FOR TREATMENT; PROCEDURES. (a) When a patient who resides in the district is admitted to a district facility, the chief administrative officer 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 chief administrative officer determines that the patient or those relatives cannot pay all or part of the costs of the care and treatment in the district facility, the amount of the costs that cannot be paid becomes a charge against the district.

(c) If the chief administrative officer 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 chief administrative officer may collect the amount from the estate of the patient, 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 chief administrative officer, the board shall hold a hearing and, after calling witnesses, shall:

- (1) resolve the dispute or doubt; and
- (2) issue any appropriate orders.

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

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

Sec. 1063.1175. ADDITIONAL POWERS RELATED TO INDIGENT HEALTH CARE. In addition to the powers otherwise provided by this chapter, the district may exercise any power granted to a county or a public hospital by Sections [61.035](#), [61.057](#), [61.058](#), and [61.059](#), Health and Safety Code, as those sections existed on September 30, 2009, including the power to require a person to comply with a corresponding duty.

Added by Acts 2011, 82nd Leg., R.S., Ch. 91 (S.B. [1303](#)), Sec. 22.007(a), eff. September 1, 2011.

Sec. 1063.118. NONPROFIT CORPORATION. (a) The district may create and sponsor a nonprofit corporation under the Business Organizations Code and may contribute or cause to be contributed available funds to the corporation. A corporation under this section must be a nonmember, nonstock corporation.

(b) The board of directors of the corporation shall be composed of seven district residents appointed by the district's board. The district's board may remove any director of the corporation at any time with or without cause.

(c) The corporation may use money, other than money the corporation pays to the district, only to provide or pay the costs of providing or costs related to providing indigent health care or other services the district is required or authorized to provide under the constitution or state law.

(d) The district's board shall establish controls to ensure that the corporation uses its money as required by Subsection (c).

(e) 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.

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

Sec. 1063.119. 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.

SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 1063.151. BUDGET. (a) The chief administrative officer shall prepare an annual budget for approval by the board.

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

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

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

Sec. 1063.152. NOTICE; HEARING; ADOPTION OF BUDGET. (a) The board shall hold a public hearing on the proposed annual budget.

(b) Notice of the hearing must be published one time at least 10 days before the date of the hearing.

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

(d) At the conclusion of the hearing, the board shall adopt a budget by acting on the budget proposed by the chief administrative officer. The board may make any changes in the proposed budget that the board judges to be in the interests of the taxpayers and that the law warrants.

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

Sec. 1063.153. 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. 1063.154. 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. 1063.155. FISCAL YEAR. (a) The district operates according to a fiscal year established by the board.

(b) The fiscal year may not be changed:

(1) during a period that district revenue bonds are outstanding; or

(2) more than once in a 24-month period.

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

Sec. 1063.156. AUDIT. The board shall have an audit made of the district's financial condition.

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

Sec. 1063.157. 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. 1063.158. FINANCIAL REPORT. As soon as practicable after the close of each fiscal year, the chief administrative officer shall prepare for the board:

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

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

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

Sec. 1063.159. DEPOSITORY. (a) The board shall select one or more banks in the district to serve as a depository for district money.

(b) District money, other than money invested as provided by Section 1063.160, and money transmitted to a bank for payment of bonds or obligations issued or assumed by the district, shall be deposited as received with the depository bank and shall remain on deposit.

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

(d) The district may not deposit money with a bank in an amount that exceeds the maximum amount secured by the Federal Deposit Insurance Corporation unless the bank first executes a bond or other security in an amount sufficient to secure from loss the amount of 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. 1063.160. SPENDING AND INVESTMENT RESTRICTIONS. (a) Except as otherwise provided by Section 1063.107(d) 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. 1063.201. 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 health care or hospital purposes.

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

Sec. 1063.202. TAX TO PAY GENERAL OBLIGATION BONDS. (a) At the time general obligation bonds are issued by the district under Section [1063.201](#), the board shall impose an ad valorem tax at a rate sufficient to create an interest and sinking fund to pay the principal of and interest on the bonds as the bonds mature.

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

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

Sec. 1063.203. GENERAL OBLIGATION BOND ELECTION. (a) The district may issue general obligation bonds only if the bonds are authorized by a majority of the district voters.

(b) The election order must 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; and
- (5) the maximum maturity of the bonds.

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

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

Sec. 1063.204. MATURITY OF GENERAL OBLIGATION BONDS. District general obligation bonds must mature not later than 40 years after the date of issuance. Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1063.205. EXECUTION OF GENERAL OBLIGATION BONDS. (a) The board president shall execute the general obligation bonds in the district's name.

(b) The board secretary shall countersign the bonds in the manner provided by Chapter 618, Government Code. Added by Acts 2009, 81st Leg., R.S., Ch. 1139 (H.B. 2619), Sec. 1.01, eff. April 1, 2011.

Sec. 1063.206. REVENUE BONDS. (a) The district may issue revenue bonds or certificates of obligation or may incur or assume any other debt only if authorized by a majority of the district voters voting in an election held for that purpose. This subsection does not apply to refunding bonds or other debt incurred solely to refinance an outstanding debt.

(b) The board may issue revenue bonds to:

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

(c) 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 health care facilities.

(d) The bonds may be additionally secured by a mortgage or deed of trust lien on all or part of district property.

(e) The bonds must be issued in the manner and in accordance with the procedures and requirements prescribed by Sections 264.042, 264.043, 264.046, 264.047, 264.048, and 264.049, Health and Safety Code, for issuance of revenue bonds by a county hospital authority.

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

1.01, eff. April 1, 2011.

Sec. 1063.207. REFUNDING BONDS. (a) The board may, without an election, issue refunding bonds to refund outstanding indebtedness issued or assumed by the district.

(b) A refunding bond may be:

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

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

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

Sec. 1063.208. BONDS EXEMPT FROM TAXATION. The following are exempt from taxation by this state or a political subdivision of this state:

(1) bonds issued by the district;

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

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

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

Sec. 1063.209. TAX ANTICIPATION NOTES. (a) The board may:

(1) declare an emergency because money is not available to:

(A) pay the principal of and interest on any district bonds payable wholly or partly from taxes; or

(B) meet any other needs of the district; and

(2) issue negotiable tax anticipation notes to borrow the money the district needs.

(b) Tax anticipation notes may be issued for any purpose for which the district may impose taxes.

(c) Tax anticipation notes may bear interest at any rate or rates authorized by law.

(d) Tax anticipation notes must mature not later than one year after the date of issuance.

(e) Tax anticipation notes must be secured by the proceeds

of taxes to be imposed by the district in the succeeding 12-month period.

(f) The board may covenant with the note purchasers that the board will impose a sufficient tax in the following fiscal year to pay the principal of and interest on the notes and pay the costs of collecting the taxes.

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

Sec. 1063.210. CERTIFICATES OF OBLIGATION. (a) The district may issue and sell certificates of obligation for a purpose permitted under this chapter.

(b) The certificates of obligation must be issued and sold in conformity with and in the manner specified for a municipality or county by Subchapter C, Chapter 271, Local Government Code.

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

SUBCHAPTER F. TAXES

Sec. 1063.251. IMPOSITION OF AD VALOREM TAX. (a) The board shall impose an ad valorem tax on all taxable property in the district subject to district taxation.

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

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

(2) the maintenance and operating expenses of the district.

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

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

Sec. 1063.252. 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 subject to district taxation.

(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. 1063.253. ASSESSMENT AND COLLECTION BY COUNTY TAX ASSESSOR-COLLECTOR. (a) This section applies unless the board elects to have district taxes assessed and collected under Section 1063.254.

(b) The tax assessor-collector of Montgomery 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. 1063.254. ASSESSMENT AND COLLECTION BY APPOINTMENT OR CONTRACT. (a) The board may elect to:

(1) appoint a tax assessor-collector to assess and collect district taxes; or

(2) contract for the assessment and collection of taxes as provided by the Tax Code.

(b) An election under this section must be made by December 1 and governs the manner in which taxes are assessed and collected, until changed by a similar resolution.

(c) The board shall set for the appointed 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.

SUBCHAPTER G. DISSOLUTION

Sec. 1063.301. DISSOLUTION ELECTION; PETITION. (a) The board may order an election on the question of dissolving the district and disposing of the district's assets and obligations.

(b) The board shall order an election on the question of dissolving the district and disposing of the district's assets and obligations if the board receives a petition by district residents

requesting an election that:

(1) is certified as valid by the Montgomery County elections administrator under Section 1063.302; or

(2) the Montgomery County elections administrator fails to act on within the time allowed by Section 1063.302.

(c) A petition requesting an election must:

(1) state that it is intended to request an election in the district on the question of dissolving the district and disposing of the district's assets and obligations;

(2) be signed by a number of district residents equal to at least 15 percent of the total vote received by all candidates for governor in the most recent gubernatorial general election in the district that occurs more than 30 days before the date the petition is submitted; and

(3) be submitted to the Montgomery County elections administrator.

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

Sec. 1063.302. VALIDITY OF PETITION FOR ELECTION. (a) Not later than the 30th day after the date a petition requesting the dissolution of the district is submitted under Section 1063.301, the Montgomery County elections administrator shall:

(1) determine whether the petition is valid; and

(2) certify the determination of the petition's validity to the board.

(b) If the elections administrator fails to act within the time allowed, the petition is treated as if it had been found valid.

(c) If a petition submitted under Section 1063.301 does not contain the necessary number of valid signatures, the district residents may not submit another petition under Section 1063.301 before the third anniversary of the date the invalid petition was submitted.

(d) The district shall reimburse the county elections administrator for reasonable costs incurred in performing the duties required by this section.

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

1.01, eff. April 1, 2011.

Sec. 1063.303. ELECTION DATE. An election under this subchapter shall be held on the earlier of the following dates that occurs at least 90 days after the date on which the election is ordered:

- (1) the uniform election date in May; or
- (2) the date of the general election for state and county officers.

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

Sec. 1063.304. BALLOT. The ballot for an election under this subchapter must be printed to permit voting for or against the proposition: "The dissolution of the Montgomery County Hospital District."

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

Sec. 1063.305. ELECTION RESULTS. (a) If a majority of the votes in an election under this subchapter favor dissolution, the board shall find that the district is dissolved.

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

(1) the fourth anniversary of the date of the most recent election to dissolve the district if the board called the election under Section 1063.301(a); or

(2) the third anniversary of the date of the most recent election to dissolve the district if the board called the election under Section 1063.301(b).

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

Sec. 1063.306. TRANSFER, SALE, OR ADMINISTRATION OF ASSETS IF ELECTION INITIATED BY BOARD. (a) This section, Section

1063.307, and Section 1063.308 apply to an election called under Section 1063.301(a).

(b) If a majority of the votes in the election favor dissolution, the board shall:

(1) transfer the ambulance service and related equipment, any vehicles, and any mobile clinics and related equipment that belong to the district to Montgomery County not later than the 45th day after the date on which the election is held; and

(2) transfer the land, buildings, improvements, equipment not described by Subdivision (1), and other assets that belong to the district to Montgomery County or administer the property, assets, and debts in accordance with Subsection (e) and Sections 1063.307 and 1063.308.

(c) The county assumes all debts and obligations of the district relating to the ambulance service and related equipment, any vehicles, and any mobile clinics and related equipment at the time of the transfer.

(d) If the district makes the transfer under Subsection (b)(2), the county assumes all debts and obligations of the district relating to those assets at the time of the transfer, and the district is dissolved.

(e) If the board finds that the district is dissolved but does not transfer the land, buildings, improvements, equipment, and other assets to Montgomery County under Subsection (b)(2), the board shall continue to control and administer that property and those assets and the related district debts until all money has been disposed of and all district debts have been paid or settled.

(f) The county shall use all transferred assets to:

(1) pay the outstanding debts and obligations of the district relating to the assets at the time of the transfer; or

(2) provide medical and hospital care for needy county residents.

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

Sec. 1063.307. IMPOSITION OF TAX AND RETURN OF SURPLUS

TAXES. (a) After the board finds that the district is dissolved, the board shall:

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

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

(b) On the payment of all outstanding debts and obligations of the district, the board shall order the secretary to return:

(1) to each district taxpayer the taxpayer's pro rata share of all unused tax money; and

(2) to Montgomery County all unused district money from any other source.

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

(d) Montgomery County shall use unused district money received under this section to provide medical and hospital care for needy county residents.

(e) The board may institute a suit to enforce payment of taxes under this section and to foreclose liens to secure the payment of the taxes.

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

Sec. 1063.308. REPORT; DISSOLUTION ORDER. (a) After the district has paid all district debts and has disposed of all district money and other assets as prescribed by this subchapter, the board shall file a written report with the Commissioners Court of Montgomery County summarizing the board's actions in dissolving the district.

(b) Not later than the 10th day after the date the Commissioners Court of Montgomery County receives the report and determines that the requirements of this subchapter have been fulfilled, the commissioners court shall enter an order dissolving the district.

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

1.01, eff. April 1, 2011.

Sec. 1063.309. TRANSFER, SALE, OR ADMINISTRATION OF ASSETS IF ELECTION INITIATED BY DISTRICT PETITION. (a) This section applies to an election called under Section [1063.301\(b\)](#).

(b) If a majority of the votes in the election favor dissolution, the board shall transfer the land, buildings, improvements, equipment, and other assets that belong to the district to Montgomery County not later than the 45th day after the date on which the election is held.

(c) The county assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved.

(d) The county should use all transferred assets in a manner that benefits county residents residing in territory formerly constituting the district.

(e) The county shall use all transferred assets to:

(1) pay the outstanding debts and obligations of the district relating to the assets at the time of the transfer; or

(2) provide medical and hospital care for needy county residents.

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