

SPECIAL DISTRICT LOCAL LAWS CODE

TITLE 3. HEALTH

SUBTITLE A. HOSPITAL DISTRICTS

CHAPTER 1069. NACOGDOCHES COUNTY HOSPITAL DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1069.001. 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 Nacogdoches County Hospital District.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.002. AUTHORITY FOR OPERATION. The Nacogdoches County Hospital District operates in accordance with Section 9, Article IX, Texas Constitution, and has the rights, powers, and duties provided by this chapter.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.003. ESSENTIAL PUBLIC FUNCTION. The district performs an essential public function in carrying out the purposes of this chapter.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.004. DISTRICT TERRITORY. Unless the district's boundaries are expanded under Subchapter D, the boundaries of the district are coextensive with the boundaries of Nacogdoches County, Texas.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.005. 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 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.006. 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 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

#### SUBCHAPTER B. DISTRICT ADMINISTRATION

Sec. 1069.051. BOARD ELECTION; TERM. (a) The board consists of:

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

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

(b) Unless four-year terms are established under Section [285.081](#), Health and Safety Code:

(1) directors serve staggered two-year terms; and

(2) an election shall be held annually on the May uniform election date, or another date authorized by law, to elect the appropriate number of directors.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 161 (S.B. [1093](#)), Sec. 18.101(2), eff. September 1, 2013.

Sec. 1069.052. NOTICE OF ELECTION. At least 10 days before the date of a directors' election, notice of the election must be published one time in a newspaper of general circulation in the county.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01,

eff. April 1, 2013.

Sec. 1069.053. BALLOT PETITION. (a) 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:

- (1) be signed by not fewer than 25 qualified voters;
- (2) be filed by the deadline imposed by Section [144.005](#), Election Code; and
- (3) specify the commissioners precinct the person wants to represent or specify that the person wants to represent the district at large.

(b) The board secretary may accept the petition only if it is accompanied by evidence showing that the candidate has the qualifications required by Section [1069.054](#).

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.054. QUALIFICATIONS FOR OFFICE. (a) To be eligible to be a candidate for or to serve as a director, a person must be:

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

(b) A director elected or appointed to represent a commissioners precinct must be a resident of that commissioners precinct.

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

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.055. 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 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 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.056. 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 a one-year term.

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

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.057. QUORUM; VOTING REQUIREMENT. (a) Any four directors constitute a quorum.

(b) A majority of the directors voting must concur in any matter relating to district business.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.058. DISTRICT ADMINISTRATOR; ASSISTANT ADMINISTRATOR. (a) The board shall appoint a qualified person as district administrator.

(b) The board may appoint an assistant administrator.

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

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

(1) is conditioned on the administrator performing the administrator's duties; and

(2) contains any other condition the board requires.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.059. GENERAL DUTIES OF DISTRICT ADMINISTRATOR. Subject to any limitation 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 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.060. STAFF AND EMPLOYEES. (a) The board may appoint to the staff any doctors and employ any technician, nurse, or other employee the board considers necessary for the efficient operation of the district.

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

(b-1) The board may employ physicians, but only as provided by Section [1069.0605](#).

(c) Except as provided by Section [1069.0605](#), the board may provide that the district administrator has the authority to employ district employees, including technicians and nurses.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 292 (H.B. [1247](#)), Sec. 1, eff. June 14, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 292 (H.B. [1247](#)), Sec. 2, eff. June 14, 2013.

Sec. 1069.0605. EMPLOYMENT OF PHYSICIANS. (a) The board may employ a physician and retain all or part of the professional income generated by the physician for medical services provided at a hospital or other health care facility owned or operated by the district if the board satisfies the requirements of this section.

(b) The board shall:

(1) appoint a chief medical officer for the district who has been recommended by the medical staff of the district; and

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

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

(1) policies relating to:

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

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

(d) The policies adopted under this section must be approved by the district medical staff. The district medical staff and the board shall jointly develop and implement a conflict management policy to resolve any conflict between a medical staff policy and a board policy.

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

(f) The chief medical officer shall notify the Texas Medical Board that the board is employing physicians under this section and that the chief medical officer is the board's designated contact with the Texas Medical Board. The chief medical officer shall immediately report to the Texas Medical Board any action or event that the chief medical officer reasonably and in good faith believes constitutes a compromise of the independent medical judgment of a physician in caring for a patient.

(g) The board shall give equal consideration regarding the issuance of medical staff membership and privileges to physicians employed by the district and physicians not employed by the district.

(h) A physician employed by the district shall retain independent medical judgment in providing care to patients and may not be disciplined for reasonably advocating for patient care.

(i) If the district provides professional liability

coverage for physicians employed by the district, a physician employed by the district may participate in the selection of the professional liability coverage, has the right to an independent defense at the physician's own cost, and retains the right to consent to the settlement of any action or proceeding brought against the physician.

(j) If a physician employed by the district enters into an employment agreement that includes a covenant not to compete, the agreement is subject to Section [15.50](#), Business & Commerce Code.

(k) The board may not delegate to the chief executive officer of the district the authority to hire a physician.

(l) This section applies to medical services provided by a physician at a hospital or other health care facility owned or operated by the district.

(m) The authority granted to the board under this section to employ physicians shall apply as necessary for the district to fulfill the district's statutory mandate to provide medical care for the indigent and needy residents of the district as provided by Section [1069.101](#).

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

Added by Acts 2013, 83rd Leg., R.S., Ch. 292 (H.B. [1247](#)), Sec. 3, eff. June 14, 2013.

Sec. 1069.061. 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 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

## SUBCHAPTER C. POWERS AND DUTIES

Sec. 1069.101. DISTRICT RESPONSIBILITY. The district has full responsibility for operating all hospital facilities for providing medical and hospital care for the district's needy inhabitants.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.102. RESTRICTION ON POLITICAL SUBDIVISION TAXATION AND DEBT. A political subdivision located within the district may not impose a tax or issue bonds or other obligations for hospital purposes or to provide medical care.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.103. MANAGEMENT, CONTROL, AND ADMINISTRATION. The board shall manage, control, and administer the district's hospitals and hospital system.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.104. HOSPITAL SYSTEM. (a) 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 the hospital system for hospital purposes.

(b) The hospital system may include:

- (1) domiciliary care and treatment of the sick, injured, or geriatric;
- (2) outpatient clinics;
- (3) dispensaries;
- (4) convalescent home facilities;
- (5) necessary nurses;



- (6) domiciliaries and training centers;
- (7) blood banks;
- (8) community mental health centers;
- (9) research centers or laboratories; and
- (10) any other facilities the board considers necessary for hospital care.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.105. RULES. The board may adopt rules for the operation of the district, including rules governing:

- (1) the operation of the hospital and hospital system;
- (2) the duties, functions, and responsibilities of district staff and employees; and
- (3) the acquisition of goods or services.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.106. PURCHASING AND ACCOUNTING PROCEDURES. (a) Except as provided by Section [1069.112](#), the board may prescribe:

- (1) procedures for the acquisition of goods or services, including the method and manner of making purchases and expenditures by and for the district; and
- (2) all accounting and control procedures.

(b) In making purchases, the board may determine the method of purchase that provides the best value to the district, including:

- (1) competitive bidding;
- (2) competitive sealed proposals;
- (3) catalogue purchase;
- (4) a group purchasing program; or
- (5) an open market contract.

(c) In determining what is the best value to the district, the board shall consider:

- (1) the purchase price;
- (2) the reputation of the vendor and of the vendor's goods or services;

- (3) the quality of the vendor's goods or services;
- (4) the extent to which the goods or services meet the district's needs;
- (5) the vendor's past relationship with the district;
- (6) the total long-term cost to the district of acquiring the vendor's goods or services; and
- (7) any other relevant factor that a private business entity would consider in selecting a vendor.

(d) The state auditor may audit purchases of goods or services by the district.

(e) To the extent of any conflict, this section prevails over any other law relating to the purchasing of goods and services.

(f) Chapters [2151](#) and [2254](#), Government Code, do not apply to purchases of goods and services made under this section.

(g) The board may incur an obligation, including a lease or lease-purchase agreement for real property, facilities, or equipment for use in the hospital system, payable from the pledged sales and use tax revenue of the district.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.107. DISTRICT PROPERTY, FACILITIES, AND EQUIPMENT. (a) The board shall determine:

- (1) the type, number, and location of buildings required to maintain an adequate hospital system; and

- (2) the type of equipment necessary for hospital care.

(b) The board may:

- (1) acquire real property, facilities, and equipment for the district for use in the hospital system in the manner determined by the board;

- (2) lease to physicians, individuals, companies, corporations, or other legal entities or acquire by lease or by lease-purchase agreement real property, facilities, or equipment for use in the hospital system on terms the board determines are in the best interest of district residents; and

- (3) sell or otherwise dispose of district real property, facilities, or equipment on terms the board determines

are in the best interest of district residents.

(c) The district may acquire equipment for use in the district's hospital system and mortgage or pledge the acquired 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.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. 1147), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.108. 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 or convenient to 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 that 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 2011, 82nd Leg., R.S., Ch. 70 (S.B. 1147), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.109. 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 any direction, limitation, or other provision prescribed in writing by the donor that are not inconsistent with the proper management and objectives of the district.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. 1147), Sec. 1.01,

eff. April 1, 2013.

Sec. 1069.110. CHARITABLE ORGANIZATION. (a) In this section, "charitable organization" means an organization that is eligible for an exemption from federal income tax under Section 501(a), Internal Revenue Code of 1986, by being listed as an exempt organization by Section 501(c)(3) or (4) of that code.

(b) The board may facilitate the achievement of district purposes by creating a charitable organization to:

(1) provide or arrange for hospital and health care services;

(2) develop resources for hospital and health care services; and

(3) provide ancillary support services for the district.

(c) A charitable organization created under this section is a unit of local government for purposes of Chapter 101, Civil Practice and Remedies Code.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. 1147), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.111. NONPROFIT CORPORATION. (a) The board, on the district's behalf, may create and sponsor a nonprofit corporation under the Business Organizations Code and may contribute money to or solicit money for the corporation.

(b) The corporation may use money, other than money the corporation pays to the district, only to provide health care or other services the district is authorized to provide under this chapter.

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

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

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. 1147), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.112. CONSTRUCTION OR EQUIPMENT PURCHASE CONTRACTS. A contract for construction or the purchase of equipment that involves the expenditure of more than \$25,000 may be made only after advertising in the manner provided by Subchapter B, Chapter 271, Local Government Code.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. 1147), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.113. OPERATING AND MANAGEMENT CONTRACTS. The district, through its board, may enter into an operating or management contract relating to a district facility.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. 1147), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.114. CONTRACTS 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 2011, 82nd Leg., R.S., Ch. 70 (S.B. 1147), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.115. CONTRACTS WITH POLITICAL SUBDIVISION FOR SERVICES. The board may contract with a political subdivision of this state or with a state or federal agency for the district to:

- (1) furnish a mobile emergency medical service;
- (2) provide for the investigatory or welfare needs of district inhabitants; or
- (3) provide a rural health clinic to care for the inhabitants of the contracting political subdivision.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. 1147), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.116. 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 legally liable for the patient's support.

(b) If the district administrator determines that the patient or those relatives cannot pay for all or part of the patient's care and treatment in the hospital, the amount 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 administrator shall issue an order directing the patient or those relatives to pay the district a specified amount during an agreed term for the patient's care and support. The amount ordered must be proportionate to their financial ability.

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

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

(1) resolve the dispute or doubt; and

(2) issue any appropriate order.

(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 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.117. REIMBURSEMENT FOR SERVICE. (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 a county or the police chief of a municipality to reimburse the district for the district's care and treatment of a person confined in a jail facility of the county or municipality who is not a district resident.

(c) The board may contract with the state or federal government for that government to reimburse the district for treatment of a sick or injured person.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.118. AUTHORITY TO SUE AND BE SUED. The district, through the board, may sue and be sued.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

#### SUBCHAPTER D. CHANGE IN BOUNDARIES

Sec. 1069.151. PETITION TO EXPAND DISTRICT TERRITORY.

(a) Registered voters of a defined territory not included in the district may file a petition with the board secretary requesting inclusion of the territory in the district.

(b) The petition must be signed by at least 50 registered voters of the territory or a majority of those voters, whichever is fewer.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.152. HEARING. (a) The board by order shall set a time and place to hold a hearing on a petition to include a defined territory in the district.

(b) The board shall set a date for the hearing that is after the 30th day after the date the board issues the order.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.153. ORDER OF ANNEXATION. (a) If, after a

hearing under Section [1069.152](#), the board finds that annexation of the defined territory into the district would be feasible and would benefit the district, the board may approve the annexation by a resolution entered in its minutes.

(b) The board is not required to include in the annexation all territory described in the petition if the board finds that a modification or change is necessary or desirable.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.154. RATIFICATION ELECTION. (a) Annexation of territory is final when approved by a majority of the voters at:

- (1) an election held in the district; and
- (2) a separate election held in the territory proposed to be annexed.

(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 form of the ballot; and
- (4) the presiding and alternate election judges for each polling place.

(c) Notice of the election shall be given by publishing a substantial copy of the election order in a newspaper of general circulation in the county once each week for two consecutive weeks. The first publication must occur at least 30 days before the date of the election.

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

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.155. ASSUMPTION OF DEBT AND TAXES. If the district has outstanding debts or taxes, the voters in an election to approve annexation under Section [1069.154](#) must determine whether the annexed territory will assume its portion of the debts or taxes on annexation.



Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.156. BALLOT. The ballot for an election under Section [1069.154](#) shall be printed to permit voting for or against the following, as applicable:

(1) "Adding (description of territory to be added) to the Nacogdoches County Hospital District."

(2) "(Description of territory to be added) assuming its proportionate share of the outstanding debts and taxes of the Nacogdoches County Hospital District, if it is added to the district."

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

#### SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS

Sec. 1069.201. BUDGET. (a) The district administrator shall prepare an annual budget for approval by the board.

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

- (1) the outstanding obligations of the district;
- (2) cash on hand to the credit of each district fund;
- (3) money received by the district from all sources during the previous year;
- (4) 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 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.202. NOTICE; HEARING; APPROVAL 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 act on the budget as proposed by the board president. The board may make any changes in the proposed budget that the board judges to be in the interest of the taxpayers and the law warrants. The budget must be approved by the board.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.203. AMENDMENTS TO BUDGET. The annual budget may be amended as required by circumstances. The board must approve all amendments.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.204. RESTRICTION ON EXPENDITURES. Money may be spent only for an expense included in the annual budget or an amendment to the budget.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.205. FISCAL YEAR. The district operates according to a fiscal year that begins on July 1 and ends on June 30.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.206. AUDIT. The district shall have an audit made of the district's financial condition.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.207. INSPECTION OF AUDIT AND DISTRICT RECORDS. The audit and other district records shall be open to

inspection at the district's principal office.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.208. FINANCIAL REPORT. As soon as practicable after the close of each fiscal year, the district administrator shall prepare for the board:

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

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

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.209. DEPOSITORY. (a) The board shall select one or more banks in the district to serve as a depository for district money.

(b) All district money shall be immediately deposited on receipt with a depository bank, except that sufficient money must be remitted to the place or places designated as agent for the payment of principal of and interest on the district's outstanding bonds or other obligations assumed by the district in time for the agent to make that payment on or before the maturity date of the principal and interest.

(c) To the extent that money in a depository bank is not insured by the Federal Deposit Insurance Corporation, the money must be secured in the manner provided by law for the security of county funds.

(d) Membership on the district's board of an officer or director of a bank does not disqualify the bank from being designated as depository.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.210. SPENDING RESTRICTIONS. Except as provided by Sections [1069.106](#), [1069.107](#), and [1069.211](#) and by Subchapter F, the district may not incur an obligation payable from district

revenue other than the revenue on hand or to be on hand in the current and immediately following district fiscal years.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.211. ECONOMIC DEVELOPMENT. The district may allocate a portion of its annual sales and use tax revenue, not to exceed one-fourth of one percent, to encourage economic development in the district as described by Section [52-a](#), Article III, Texas Constitution.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.212. AUTHORITY TO BORROW MONEY. (a) Pending receipt of accounts receivable, the board may borrow money for the payment of maintenance and operating expenses of the district.

(b) A loan obtained by the district under this section must be repaid not later than one year after the date on which the loan is made.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

#### SUBCHAPTER F. BONDS AND OTHER OBLIGATIONS

Sec. 1069.251. GENERAL OBLIGATION BONDS. The board may issue and sell general obligation bonds in the name and on the faith and credit of the district for any purpose relating to the purchase, construction, acquisition, repair, or renovation of buildings or improvements and equipping of buildings or improvements for hospital purposes.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.252. TAX TO PAY GENERAL OBLIGATION BONDS. (a) At the time general obligation bonds are issued by the district, 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 imposed for the district 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 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.253. GENERAL OBLIGATION BOND ELECTION. (a) The district may issue general obligation bonds only if the bonds are authorized by a majority of the district voters voting at an election held for that purpose.

(b) The order calling a bond election shall provide for clerks as in county elections and must specify:

- (1) the date of the election;
- (2) the location of the polling places;
- (3) the presiding and alternate election judges for each polling place;
- (4) the amount of the bonds to be authorized;
- (5) the maximum interest rate of the bonds; and
- (6) 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 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.254. 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 outstanding indebtedness; or
- (2) exchanged wholly or partly for not less than a similar principal amount of outstanding indebtedness.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.255. MATURITY OF BONDS. District bonds must mature not later than 40 years after the date of issuance. Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. 1147), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.256. EXECUTION OF BONDS. District bonds shall be executed in the manner provided by Chapter 618, Government Code. Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. 1147), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.257. OTHER OBLIGATIONS. Notwithstanding Sections 1069.251 through 1069.256, the board may issue and sell bonds, notes, or other obligations that are payable from the district's sales and use tax revenues to:

- (1) acquire land for the hospital system; or
- (2) purchase, construct, acquire, repair, or renovate buildings, improvements, or equipment related to the hospital system.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. 1147), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.258. BONDS EXEMPT FROM TAXATION. The following are exempt from taxation by this state or a political subdivision of this state:

- (1) bonds issued by the district;
  - (2) the transfer and issuance of the bonds; and
  - (3) profits made in the sale of the bonds.
- Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. 1147), Sec. 1.01, eff. April 1, 2013.

#### SUBCHAPTER G. TAXES

Sec. 1069.301. IMPOSITION OF AD VALOREM TAX. (a) The board shall impose a 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.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.302. TAX RATE. (a) The board may impose the tax at a rate not to exceed 75 cents on each \$100 valuation of the taxable property in the district subject to hospital 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 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.303. ASSESSMENT AND COLLECTION BY COUNTY TAX ASSESSOR-COLLECTOR. Unless the board by majority vote elects to have taxes assessed and collected under Section [1069.304](#), the tax assessor-collector of the county in which the district is located shall assess and collect taxes imposed by the district.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.

Sec. 1069.304. 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 be a district resident.

(c) The board shall prescribe for the district tax assessor-collector the term of employment and compensation.

Added by Acts 2011, 82nd Leg., R.S., Ch. 70 (S.B. [1147](#)), Sec. 1.01, eff. April 1, 2013.