SPECIAL DISTRICT LOCAL LAWS CODE

TITLE 3. HEALTH

SUBTITLE A. HOSPITAL DISTRICTS

CHAPTER 1008. CHILLICOTHE HOSPITAL DISTRICT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 1008.001.  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 Chillicothe Hospital District.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.002.  AUTHORITY FOR OPERATION. The Chillicothe Hospital District operates and is administered and financed in accordance with Section 9, Article IX, Texas Constitution.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.003.  ESSENTIAL PUBLIC FUNCTION. The district performs an essential public function in carrying out the purposes of this chapter.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.004.  DISTRICT TERRITORY. The boundaries of the district are coextensive with the boundaries of County Commissioners Precinct No. 3 of Hardeman County, Texas, as those boundaries existed on April 26, 1979.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.005.  DISTRICT SUPPORT AND MAINTENANCE NOT STATE OBLIGATION. The support or maintenance of the district may not become a charge against or obligation of this state.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.006.  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 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

SUBCHAPTER B. DISTRICT ADMINISTRATION

Sec. 1008.051.  BOARD ELECTION; TERM. (a) The board consists of seven directors elected from the district at large.

(b)  The board shall declare the results of the election.

(c)  Directors serve staggered two-year terms unless four-year terms are established under Section 285.081, Health and Safety Code.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.052.  NOTICE OF ELECTION. At least 30 days before the date of an election of directors, notice of the election shall be published one time in a newspaper or newspapers that individually or collectively have general circulation in the district.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.053.  BALLOT APPLICATION. (a) A person must file an application with the board secretary to have the person's name printed on the ballot as a candidate for director.

(b)  The application must be filed at least 45 days before the date of the election.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.054.  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)  a qualified voter.

(b)  A person is not eligible to serve as a director if the person is:

(1)  the district administrator;

(2)  the attorney for the district; or

(3)  a district employee.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.055.  BOND; RECORD OF BOND AND OATH OR AFFIRMATION OF OFFICE. (a) Each director may be required to execute a good and sufficient bond for $5,000 that is:

(1)  approved by the Commissioners Court of Hardeman County;

(2)  payable to the district; and

(3)  conditioned on the faithful performance of the director's duties.

(b)  The district may pay for the directors' bonds with district money.

(c)  Each director's bond and constitutional oath or affirmation of office shall be kept in the permanent records of the district.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.056.  BOARD VACANCY. If a vacancy occurs in the office of director, the remaining directors shall appoint a director for the unexpired term.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.057.  OFFICERS. (a) The board shall elect:

(1)  a president and a vice president from among its members; and

(2)  a secretary, who need not be a director.

(b)  Each officer of the board serves for a term of one year.

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

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.058.  COMPENSATION. 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 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.059.  VOTING REQUIREMENT. A concurrence of four  directors is sufficient in any matter relating to district business.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.060.  DISTRICT ADMINISTRATOR. (a) The board may appoint a qualified person as district administrator.

(b)  The district administrator serves at the will of the board and is entitled to the compensation determined by the board.

(c)  On assuming the duties of district administrator, the administrator may 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 required duties; and

(2)  contains other conditions the board may require.

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

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.061.  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 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.062.  ATTORNEY; ASSISTANT DISTRICT ADMINISTRATOR. (a) The board may appoint qualified persons as:

(1)  the attorney for the district; and

(2)  the assistant district administrator.

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

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.063.  APPOINTMENT AND RECRUITMENT OF STAFF AND EMPLOYEES. (a) The board may appoint to the staff any physicians the board considers necessary for the efficient operation of the district and may make temporary appointments as necessary.

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

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

(d)  The board may spend district money to recruit physicians, nurses, and other trained medical personnel. The board may pay the tuition or other expenses of a full-time medical student or other student in a health occupation who:

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

(2)  contractually agrees to become a district employee or independent contractor in return for that assistance.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.064.  PERSONNEL CONTRACTS. (a) The board may contract to provide administrative or other personnel for the operation of the hospital facilities.

(b)  The contract may not have a term of more than 25 years.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.065.  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 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

SUBCHAPTER C. POWERS AND DUTIES

Sec. 1008.101.  DISTRICT RESPONSIBILITY. The district has full responsibility to:

(1)  operate all hospital facilities; and

(2)  provide medical and hospital care for the district's needy residents.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.102.  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 purposes or to provide medical care for district residents.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.103.  MANAGEMENT, CONTROL, AND ADMINISTRATION. The board shall manage, control, and administer the hospital system and the district's money and resources.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.104.  HOSPITAL SYSTEM. (a) The district shall provide for the establishment of a hospital system by:

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

(2)  equipping the buildings; and

(3)  administering the system for hospital purposes.

(b)  The hospital system may include any facilities the board considers necessary for hospital care.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.105.  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 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.106.  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 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.107.  DISTRICT PROPERTY, FACILITIES, AND EQUIPMENT. (a) The board shall determine the type, number, and location of buildings required to maintain an adequate hospital system.

(b)  The board may:

(1)  purchase or lease property, including facilities or equipment, for the district to use in the hospital system; and

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

(c)  The board may lease district hospital facilities to individuals, corporations, or other legal entities.

(d)  The board may sell or otherwise dispose of the district's property.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.108.  OPERATING AND MANAGEMENT CONTRACTS. The board may enter into an operating or management contract relating to a district facility.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.109.  INTERLOCAL AGREEMENT. The board may enter into an interlocal agreement with another political subdivision to operate the district.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.110.  SERVICE CONTRACTS. The board may contract with a political subdivision or governmental agency for the district to  provide investigatory or other services as to facilities for the medical care, hospital, or welfare needs of district residents.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.111.  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 right, power, 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, Property Code.

(c)  In a condemnation proceeding brought by the district, the district is not required to:

(1)  pay in advance or provide a bond or other security for costs in the trial court;

(2)  provide a bond for the issuance of a temporary restraining order or a temporary injunction; or

(3)  provide a bond for costs or a supersedeas bond on an appeal or writ of error.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.112.  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 lines, conduits, poles, or facilities, 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 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.113.  GIFTS AND ENDOWMENTS. The board may accept for the district a gift or endowment to be held in trust for a purpose and under a written direction, limitation, or provision of the donor that is consistent with the proper management and objectives of the district.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.114.  CONTRACTS FOR SERVICES TO CERTAIN PERSONS. (a) The board may contract with a county or municipality located outside the district's boundaries to reimburse the district 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 state or agency to reimburse the district for the treatment of a sick or injured person.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.115.  PAYMENT FOR TREATMENT; PROCEDURES. (a) When a patient who resides in the district is admitted to a district facility, the district administrator may have an inquiry made into the circumstances of:

(1)  the patient; and

(2)  the patient's relatives who are legally liable for the patient's support.

(b)  If the district administrator determines that the patient or those relatives cannot pay all or part of the costs of the care and treatment in the hospital, the amount of the costs that cannot be paid becomes a charge against the district.

(c)  If the district administrator determines that the patient or those relatives can pay for all or part of the costs of the patient's care and treatment, the patient or those relatives shall be ordered to pay the district a specified amount each week for the patient's support.  The amount ordered must be proportionate to the person's financial ability.

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

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

(1)  resolve the dispute or doubt; and

(2)  issue a final order.

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

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.116.  AUTHORITY TO SUE AND BE SUED. The district, through the board, may sue and be sued.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.117.  ADVERTISING FOR CERTAIN CONSTRUCTION CONTRACTS. Contracts for construction involving the expenditure of more than $15,000 may be made only after advertising as provided by Subchapter B, Chapter 271, Local Government Code.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

SUBCHAPTER D. DISSOLUTION

Sec. 1008.151.  DISSOLUTION; ELECTION. (a) The district may be dissolved only on approval of a majority of the voters voting in an election held for that purpose.

(b)  The board may order an election on the question of dissolving the district and disposing of the district's assets and obligations.

(c)  The board shall order an election if the board receives a petition requesting an election that is signed by a number of residents of the district equal to at least 15 percent of the registered voters in the district.

(d)  The election shall be held not later than the 60th day after the date the election is ordered.

(e)  The order calling the election must state:

(1)  the nature of the election, including the proposition to appear on the ballot;

(2)  the date of the election;

(3)  the hours during which the polls will be open; and

(4)  the location of the polling places.

(f)  Section 41.001(a), Election Code, does not apply to an election ordered under this section.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.152.  NOTICE OF ELECTION. (a) The board shall give notice of an election under this subchapter by publishing once a week for two consecutive weeks the election order in a newspaper with general circulation in the district.

(b)  The first publication of the notice must appear not later than the 35th day before the date set for the election.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.153.  BALLOT. The ballot for an election under this subchapter must be printed to permit voting for or against the proposition: "The dissolution of the Chillicothe Hospital District."

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.154.  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 the first anniversary of the date of the most recent election to dissolve the district.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.155.  TRANSFER OR ADMINISTRATION OF ASSETS. (a) If a majority of the votes in the election held under this subchapter favor dissolution, the board shall:

(1)  transfer the land, buildings, improvements, equipment, and other assets that belong to the district to Hardeman County or another governmental agency in Hardeman County; or

(2)  administer the property, assets, and debts until all money has been disposed of and all district debts have been paid or settled.

(b)  If the board makes the transfer under Subsection (a)(1), the county or agency assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.156.  SALE OR TRANSFER OF ASSETS AND LIABILITIES. (a) Notwithstanding any other provision of this subchapter, the district may not be dissolved unless the board provides for the sale or transfer of the district's assets and liabilities to another person or entity.

(b)  The dissolution of the district and the sale or transfer of the district's assets or liabilities may not contravene a trust indenture or bond resolution relating to the district's outstanding bonds.  The dissolution and sale or transfer does not diminish or impair the rights of a holder of an outstanding bond, warrant, or other obligation of the district.

(c)  The sale or transfer of the district's assets and liabilities must satisfy the debt and bond obligations of the district in a manner that protects the interests of the residents of the district, including the residents' collective property rights in the district's assets.  The district may not transfer or dispose of the district's assets except for due compensation unless the transfer is made to another governmental agency that serves the district and the transferred assets are to be used for the benefit of the district's residents.

(d)  A grant from federal funds is an obligation to be repaid in satisfaction.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.157.  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 in 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 to each district taxpayer the taxpayer's pro rata share of all unused tax money.

(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 transmit the money to the county tax assessor-collector.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.158.  REPORT; DISSOLUTION ORDER. (a) After the district has paid all its debts and has disposed of all its money and other assets as prescribed by this subchapter, the board shall file a written report with the Commissioners Court of Hardeman County summarizing the board's actions in dissolving the district.

(b)  Not later than the 10th day after the date the Commissioners Court of Hardeman 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 and releasing the board from any further duty or obligation.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

SUBCHAPTER E. GENERAL FINANCIAL PROVISIONS

Sec. 1008.201.  BUDGET. (a) The district administrator shall prepare an annual budget for approval by the board.

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

(1)  the outstanding obligations of the district;

(2)  the amount of cash on hand in each district fund;

(3)  the amount of money received by the district from all sources during the previous year;

(4)  the amount of money available to the district from all sources during the ensuing year;

(5)  the amount of the balances expected at the end of the year in which the budget is being prepared;

(6)  the estimated amount of revenues and balances available to cover the proposed budget; and

(7)  the estimated tax rate required.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.202.  NOTICE; HEARING; ADOPTION OF BUDGET. (a) The board shall hold a public hearing on the proposed annual budget.

(b)  The board shall publish notice of the hearing in accordance with Subchapter C, Chapter 551, Government Code.

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

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

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

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.203.  AMENDMENTS TO BUDGET. The budget may be amended as required by circumstances.  The board must approve all amendments.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.204.  RESTRICTION ON EXPENDITURES. Money may be spent only for an expense included in the budget or an amendment to the budget.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.205.  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 revenue bonds of the district are outstanding; or

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

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.206.  ANNUAL AUDIT. The board annually shall have an audit made of the district's financial condition.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.207.  INSPECTION OF ANNUAL AUDIT AND DISTRICT RECORDS. The annual audit and other district records shall be open to inspection at the district's principal office.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.208.  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 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.209.  DEPOSITORY. (a) The board shall select one or more banks inside or outside the district to serve as a depository for district money.

(b)  District money, other than money invested as provided by Section 1008.210, and money transmitted to a bank for payment of bonds or obligations issued or assumed by the district, shall be deposited as received with the depository bank and shall remain on deposit.

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

(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 has first executed a bond or other security 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 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.210.  SPENDING AND INVESTMENT RESTRICTIONS. (a) Except as otherwise provided by this chapter, the district may not incur an obligation payable from district revenues other than the revenues 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 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.211.  AUTHORITY TO BORROW MONEY; SECURITY. (a) The board may borrow money for district obligations at the time the loan is made.

(b)  To secure a loan, the board may pledge:

(1)  district revenue that is not pledged to pay the district's bonded indebtedness;

(2)  a district tax to be imposed by the district in the next 12-month period that is not pledged to pay the principal of or interest on district bonds; or

(3)  district bonds that have been authorized but not sold.

(c)  A loan for which taxes or bonds are pledged must mature not later than the first anniversary of the date the loan is made.  A loan for which district revenue is pledged must mature not later than the fifth anniversary of the date the loan is made.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

SUBCHAPTER F. BONDS

Sec. 1008.251.  GENERAL OBLIGATION BONDS. The board may issue and sell general obligations bonds in the name and on the faith and credit of the district for any purpose relating to:

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

(2)  equipping buildings or improvements for hospital purposes.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.252.  TAX TO PAY GENERAL OBLIGATION BONDS. (a) At the time general obligation bonds are issued by the district under Section 1008.251, the board shall impose an ad valorem tax at a rate sufficient to create an interest and sinking fund to pay the principal of and interest on the bonds as the bonds mature.

(b)  The tax required by this section together with any other tax the district imposes in any year may not exceed the limit approved by the voters at the election authorizing the imposition of the tax.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.253.  GENERAL OBLIGATION BOND ELECTION. (a) The district may issue general obligation bonds only if the bonds are authorized by a majority of the voters voting at an election held for that purpose.

(b)  The board must specify in the order calling the election:

(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.

(d)  Chapter 41, Election Code, does not apply to an election held under this section.

(e)  The board shall declare the results of the election.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 921 (H.B. [3167](http://capitol.texas.gov/tlodocs/80R/billtext/html/HB03167F.HTM)), Sec. 13.003, eff. September 1, 2007.

Sec. 1008.254.  MATURITY OF GENERAL OBLIGATION BONDS. District general obligation bonds must mature not later than 40 years after the date of issuance.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.255.  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 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.256.  REVENUE BONDS. (a) The board may issue revenue bonds to:

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

(2)  acquire sites to be used for hospital purposes.

(b)  The bonds must be payable from and secured by a pledge of all or part of the revenues derived from the operation of the district's hospitals.

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

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

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.257.  REFUNDING BONDS. (a) The board may, without an election, issue refunding bonds to refund outstanding bonds issued or assumed by the district.

(b)  A refunding bond may be:

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

(2)  exchanged in whole or in part for not less than a similar principal amount of outstanding indebtedness.

(c)  If a refunding bond is sold, the bond must be issued and the payments must be made in the manner provided by Chapter 1207, Government Code.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.258.  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; or

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

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

SUBCHAPTER G. TAXES

Sec. 1008.301.  IMPOSITION OF AD VALOREM TAX. (a) The board shall impose a tax on all property in the district subject to district taxation.

(b)  The tax may be used to pay:

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

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

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

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.302.  TAX RATE. (a) The board may impose the tax at a rate not to exceed the limit approved by the voters at the election authorizing the imposition of the tax.

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

(c)  In setting the tax rate, the board shall consider the income of the district from sources other than taxation.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.

Sec. 1008.303.  TAX ASSESSOR-COLLECTOR. The board may provide for the appointment of a tax assessor-collector for the district or may contract for the assessment and collection of taxes as provided by the Tax Code.

Added by Acts 2005, 79th Leg., Ch. 729 (H.B. [2019](http://capitol.texas.gov/tlodocs/79R/billtext/html/HB02019F.HTM)), Sec. 1.01, eff. April 1, 2007.