

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1796
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Intergovernmental Relations
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Committee Report (Substituted)

DIGEST AND PURPOSE

Currently, Travis County voters may call an election and create a hospital district in Travis County. However, the current statute does not recognize the health care delivery system in Austin and Travis County, where in the municipality, rather than the county, owns the public hospital. C.S.S.B. 1796 creates a stand-alone statute addressing the health care delivery issues in Travis County; provides guidance to a newly-created governing board; creates an oversight committee; addresses the changing responsibilities for health care delivery if an election is held and voters approve the creation of a hospital district; and provides for a multi-county district in the event certain additional counties choose to join the district.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

ARTICLE 1. GENERAL PROVISIONS

SECTION 1.001. DEFINITIONS. Defines “additional area,” “board,” “central area,” “charitable organization,” “director,” “district,” “oversight committee,” and “proposed additional area.”

SECTION 1.002. DISTRICT AUTHORIZATION. Authorizes a hospital district to be known as the central Texas health care district (district) to be created and established, and if created, requires it to be maintained, operated, and financed in the manner provided by Section 9, Article IX, Texas Constitution, and by this Act.

SECTION 1.003. BOUNDARIES. Provides that the boundaries of the district are coextensive with the boundaries of the central area and the additional area, if any.

ARTICLE 2. CREATION OF DISTRICT

SECTION 2.001. CREATION ELECTION REQUIRED. (a) Authorizes the district to be created in the central area and a tax to be authorized only if the creation and the tax are approved by a majority of the registered voters residing in the central area who vote at an election held for that purpose.

(b) Authorizes the commissioners court of Travis County to order a creation election to be held on its own motion.

(c) Requires the commissioners court of Travis County to order a creation election if the county judge of Travis County receives a petition signed by at least 100 registered voters residing in the central area that contains the information required by Subsection (d) of this section.

(d) Requires a petition prescribed by Subsection (c) of this section to provide certain information.

SECTION 2.002. EXPANSION OF PROPOSED DISTRICT TERRITORY. (a) Authorizes registered voters of a defined territory within one or more counties that are not included in the central area or in the boundaries of a hospital district, at any time before the commissioners court of Travis County orders an election under Section 2.001 of this Act, to file a petition with the county judge of each county in which the defined territory is located requesting the inclusion of the proposed additional area in the proposed district. Requires the petition to be signed by at least 100 registered voters residing in the proposed additional area. Requires the petition to contain the information described by Section 2.001(d) of this Act and to delineate the boundaries of the proposed additional area by metes and bounds or other sufficient legal description. Requires the county judge of each county in which any portion of the proposed additional area is located to notify the commissioners court of Travis County on receipt of a petition that is in the proper form and meets the requirements of this subsection.

(b) Requires the commissioners court of Travis County, as soon as practicable after receiving a petition under Subsection (a) of this section, to hold a hearing on whether including the proposed additional area in the proposed district is in the best interest of the proposed district. Requires the commissioners court of Travis County, if it finds that inclusion is in the best interest of the proposed district, to notify the commissioners court of each county in which the proposed additional area is located of that finding.

(c) Requires the commissioners court, on notification under Subsection (b) of this section, in each county within the proposed district, including the proposed additional area, to order an election to approve the creation of the proposed district in accordance with Section 2.003 of this Act. Prohibits the commissioners court from ordering an election under this subsection unless the commissioners court of each of the counties in which any portion of the proposed additional area is located receives that notification.

SECTION 2.003. DATE OF ELECTION. (a) Requires the commissioners court of Travis County, after ordering the election, to hold a creation election in the central area on the first authorized uniform election date prescribed by Section 41.001, Election Code, that allows sufficient time to comply with other requirements of law, notwithstanding Section 3.005, Election Code.

(b) Requires the commissioners court in each county in which any portion of the proposed additional area is located to hold a creation election in that area on the same uniform election date, if a proposed additional area is to be included in the proposed district under Section 2.002 of this Act.

(c) Requires the commissioners court of each county in which the proposed district would be located to cooperate in holding the election.

SECTION 2.004. BOND PROPOSITION AT ELECTION. (a) Authorizes the petition prescribed by Section 2.001 of this Act to include a request that a proposition be submitted at the election to determine whether the board may issue general obligation bonds if the district is created. Requires the petition to specify the maximum amount of bonds to be issued and their maximum maturity date.

(b) Authorizes the commissioners court of Travis County, even though the petition does not request submission of a proposition on whether the board may issue general obligation bonds, to submit a proposition at the creation election on the issuance of bonds.

(c) Requires a bond proposition submitted to the voters under this section to be submitted to the voters voting at each other election for creation of the district that is being held on the same uniform election date in the central area and any proposed additional area.

(d) Authorizes the board, if the election for creation of the district solely in the central area is held under Section 2.003(a) of this Act, to issue general obligation bonds as

provided by this Act if a majority of the votes cast in the election favor creation of the district and issuance of the bonds.

(e) Authorizes the board, if an election for creation of the district is held in the central area under Section 2.003(a) of this Act and an election is held in the proposed additional area under Section 2.003(b) of this Act, to issue general obligation bonds as provided by this Act only if the majority of votes cast in the election held under Section 2.003(a) of this Act favor creation of the district and issuance of the bonds and the majority of votes cast in each election in the proposed additional area favoring creation of the district also favor the issuance of the bonds.

SECTION 2.005. ELECTION ORDER. Requires the order calling the election to state certain information.

SECTION 2.006. NOTICE. (a) Requires the commissioners court of Travis County and the commissioners court of each other county in which any portion of the proposed additional area is located to give notice of the election by publishing a substantial copy of the election order in a newspaper with general circulation in the appropriate county once a week for two consecutive weeks.

(b) Requires the first publication to appear at least 35 days before the date set for the election.

SECTION 2.007. BALLOT PROPOSITION. (a) Requires the ballot for a creation election under this Act to be printed to permit voting for or against the proposition in a certain form.

(b) Requires the ballot for an election under this article, if a municipality or county in the proposed district has any outstanding bonds issued for hospital purposes, to be printed to provide for voting for or against the proposition in a certain form.

(c) Requires the ballot for the election, if a bond proposition is submitted to the voters, to contain the proposition prescribed by Subsection (a) or (b) of this section followed by certain language.

SECTION 2.008. ELECTION RESULT. (a) Provides that a district is created and organized under this Act if a majority of the votes cast in the election held in the central area favor the creation of the district. Provides that if a majority of the votes cast in the election in the central area vote against creation of the district, the district is not created, regardless of the results of an election held in any proposed additional area, and prohibits another election on the question of creating the district from being held before the first anniversary of the most recent election concerning the creation of the district.

(b) Provides that if the proposed additional area is located entirely within one county, the proposed additional area is included in the proposed district only if the majority of votes cast in the election held in the proposed additional area favor the creation of the district. Authorizes the portion of the proposed additional area that is located in a particular county, if the proposed additional area contains territory in more than one county, to be included in the district only if a majority of the votes cast in that portion of the proposed additional area in that particular county favor creation of the district.

SECTION 2.009. COMMISSIONERS COURT ORDER. Requires the commissioners court of each county in which any portion of the district is located, when the district is created, to enter an order in its minutes that reads substantially in a certain form.

SECTION 2.010. TEMPORARY DIRECTORS. (a) Requires the commissioners court of Travis County and the Austin city council, on the date on which the commissioners court of Travis County enters the order calling a creation election, to appoint the temporary directors of the district. Requires the commissioners court of Travis County and the Austin city council to each appoint four temporary directors, and the city council and the commissioners court to jointly

appoint one temporary director.

(b) Requires the commissioners court of each county in which any portion of the proposed additional area is located, if additional territory is proposed to be included in the district in accordance with Section 2.002 of this Act, to appoint one temporary director contingent on inclusion of that area in the district. Requires the commissioners court to make the appointment on the date on which the commissioners court enters the order calling for an election under Section 2.002 of this Act.

(c) Provides that the temporary directors serve as directors of the district until a certain date.

(d) Requires a vacancy in the office of temporary director to be filled by appointment by the governing body that appointed the vacating director.

(e) Provides that the temporary directors are authorized to perform certain acts.

ARTICLE 3. DISTRICT ADMINISTRATION

SECTION 3.001. BOARD OF DIRECTORS. (a) Provides that unless additional directors are added as provided by Section 3.003 of this Act, the district is governed by a board of nine directors.

(b) Requires the Austin city council and the commissioners court of Travis County to each appoint four of the initial directors and the city council and the commissioners court to jointly appoint one of the initial directors.

(c) Requires the Austin city council and the commissioners court of Travis County to make the appointments required under this section not later than the 30th day after the date the commissioners court of Travis County enters the order required by Section 2.009 of this Act.

SECTION 3.002. QUALIFICATIONS OF DIRECTORS. (a) Requires the governmental bodies that appoint directors under this Act, to provide the expertise necessary to effectively govern the district, to appoint individuals with experience or knowledge with respect to issues involving the rights of a patient or experience or knowledge in the health care, finance, insurance, or accounting fields.

(b) Requires two of the directors appointed by the commissioners court of Travis County under Section 3.001(b) of this Act to be residents of the city of Austin, Texas.

SECTION 3.003. ADDITIONAL DIRECTORS FOR ADDITIONAL AREA. (a) Requires additional directors to be added and appointed to the board as provided by this section, if the district is created to include an additional area in accordance with Section 2.002 of this Act or is expanded to include an additional area in accordance with Article 5 of this Act.

(b) Requires the commissioners court of each county in which any portion of the additional area is located, if the additional area includes any portion of a county that is not located in the city of Austin, to appoint one director for every 100,000 residents of the county who reside in the additional area. Requires the commissioners court of a county in which any portion of the additional area is located and in which fewer than 100,000 residents reside in the additional area to appoint one director.

(c) Requires an appointment under this section to be made not later than a certain date.

SECTION 3.004. SUCCESSOR DIRECTORS. Provides that successor directors are appointed in the same manner as in the original appointment.

SECTION 3.005. TERMS; STAGGERING OF TERMS. (a) Provides that the directors of the

district serve staggered four-year terms, with as near as possible to one-fourth of the directors' terms expiring each year.

(b) Provides for certain terms of initial directors appointed under Section 3.001(b) of this Act.

(c) Requires initial directors appointed under Section 3.003 of this Act to draw lots to determine certain terms.

SECTION 3.006. BOARD VACANCY. Requires a vacancy in the office of director to be filled for the unexpired term by appointment by the governing body that appointed the vacating director.

SECTION 3.007. OFFICERS. (a) Requires the board, by a two-thirds majority vote, to elect from among its members a president and a vice president of the board.

(b) Requires the board to appoint a secretary, who need not be a director.

SECTION 3.008. OFFICERS' TERMS; VACANCY. (a) Provides that each officer of the board serves for a term of one year.

(b) Requires the board to fill a vacancy in a board office for the unexpired term by a two-thirds majority vote.

SECTION 3.009. COMPENSATION. (a) Provides that directors and officers serve without compensation but may be reimbursed for actual expenses incurred in the performance of official duties.

(b) Requires expenses reimbursed under this section to be reported in the district's minute book or other district records and approved by the board.

SECTION 3.010. MEETINGS; VOTING REQUIREMENT. (a) Requires the president of the board to set the agenda for a board meeting. Authorizes two or more directors to place an item on the agenda.

(b) Requires a majority of the directors voting at a meeting of the board, except as otherwise provided by this Act, to concur in a matter relating to the business of the district.

SECTION 3.011. OVERSIGHT COMMITTEE. (a) Provides that an oversight committee for the district is established to perform the duties prescribed by this section.

(b) Requires the commissioners court of Travis County, if the district includes the central area but does not include any additional area, not later than the 30th day after the date on which the commissioners court enters the order required by Section 2.009 of this Act, to appoint two members of the commissioners court to serve as members of the oversight committee and the Austin city council to appoint two members of the city council to serve as members of the committee.

(c) Requires the commissioners court of Travis County if the district includes the central area and an additional area, whether the additional area is included when the district is created under Article 2 of this Act or is added to the district at a later time under Article 5 of this Act, to appoint two members of the commissioners court to serve as members of the oversight committee, the Austin City Council to appoint two members of the city council to serve as members of the committee, and the commissioners court of each other county in which any portion of the additional area is located to each appoint one of its members to serve as a member of the committee. Requires the appointments to be made not later than a certain date.

- (d) Provides that service on the oversight committee under this section is an additional duty of the office of the member serving if the member is also a member of the Austin city council or a member of the commissioners court of a county.
- (e) Provides that members of the oversight committee serve two-year terms.
- (f) Provides that a member of the oversight committee who on the date of appointment holds office as a member of the Austin city council or as a member of a commissioners court is not disqualified from serving on the board if the member ceases to hold the other office.
- (g) Provides that members of the oversight committee serve without compensation but are entitled to reimbursement for reasonable and necessary expenses incurred in the performance of their duties to be paid by the appointing entity.
- (h) Requires the oversight committee to consult with and advise the board on district matters.
- (i) Authorizes the oversight committee to perform certain acts.
- (j) Requires the oversight committee to meet once each year and at additional times as provided by this Act or when called by any two members of the committee.
- (k) Requires the members of the committee, at the initial meeting of the oversight committee, to elect a presiding officer from among its membership to serve a one-year term. Requires the presiding officer to set the agenda for each subsequent meeting. Authorizes any two members of the committee to place an item on an agenda.
- (l) Provides that any action by the oversight committee requires approval by a two-thirds majority vote.

SECTION 3.012. ADMINISTRATOR, ASSISTANT ADMINISTRATOR, AND ATTORNEY.

- (a) Authorizes the board to appoint qualified persons as administrator of the district, assistant administrator of the district, and attorney for the district.
- (b) Provides that the administrator, assistant administrator, and attorney serve at the will of the board.
- (c) Provides that the administrator, assistant administrator, and attorney are entitled to compensation as determined by the board.
- (d) Requires the administrator, before assuming the administrator's duties, to execute a bond payable to the district in the amount of not less than \$5,000, as determined by the board, conditioned on the faithful performance of the administrator's duties under this Act. Authorizes the board to pay for the bond with district funds.

SECTION 3.013. APPOINTMENTS TO STAFF. Authorizes the board to perform certain acts.

SECTION 3.014. DISTRICT EMPLOYEES. (a) Authorizes the district to employ technicians, nurses, fiscal agents, accountants, architects, additional attorneys, and other necessary employees.

- (b) Authorizes the board to delegate to the administrator the authority to employ persons for the district.

SECTION 3.015. GENERAL DUTIES OF ADMINISTRATOR. Requires the administrator to perform certain acts.

SECTION 3.016. RETIREMENT BENEFITS. Authorizes the board to provide retirement benefits for employees of the district by performing certain acts.

ARTICLE 4. POWERS AND DUTIES

SECTION 4.001. TRANSFER OF HOSPITAL PROPERTY AND FUNDS. (a) Requires each municipality or county in which any portion of the district is located, except as provided by Subsection (b) of this section and Section 4.003 of this Act, on the date prescribed by Subsection (c) of this section, to execute and deliver to the board one or more written instruments conveying to the district the title to land, buildings, equipment, medical clinics, and any other property located wholly in the district that is owned by the entity and used to provide health care services or hospital care, including mental health care. Requires the conveyance to include certain properties and supplies.

(b) Provides that a municipality is not required under this section to convey to the district any property owned by the municipality that is used in connection with the provision of utility services, including energy, water, wastewater, or sewer services. Provides that in addition, a municipality or county is not required to perform certain transfers.

(c) Authorizes the municipality or county, if a facility to be transferred is located in a building owned by the municipality or county and the building is also used for other purposes, to perform certain acts.

(d) Prohibits a transfer of any asset under this article that would violate federal or state law unless a waiver or other authorization or approval is granted by a federal or state agency, from occurring until the required waiver, authorization, or approval is obtained. Prohibits a facility designated as a federally qualified health center under 42 U.S.C. Section 1396d(l)(2)(B), as amended, from being transferred to the district until the board has confirmed that the transfer will not jeopardize the designation of that facility.

(e) Requires each municipality and county within the district to retain responsibility for its public health services and related facilities, except that by mutual agreement between the municipality or county and the district, the municipality or county may transfer to the district any or all of its public health services and related facilities.

(f) Requires the initial board to set a date for a conveyance required under Subsection (a) of this section that is not later than the first anniversary of the date of the district's creation.

(g) Requires each municipality or county described by Subsection (a) of this section, on receipt of a certificate executed by the board's president stating that a depository for the district has been chosen and qualified, on the date prescribed by Subsection (f) of this section, to transfer to the district certain funds.

(h) Provides that a municipality or county is not required to transfer money under Subsection (g)(2) of this section if the conveyance is scheduled to occur at the end of the municipality's or county's fiscal year.

(i) Authorizes a municipality or county to transfer to the district additional money and other assets as the governing body of the municipality or county determines is appropriate to facilitate the initial financial viability of the district.

(j) Authorizes money transferred to the district under this section to be used only for a purpose for which the municipality or county that transferred the money could lawfully have used the money if the money had remained the municipality's or county's money.

SECTION 4.002. INITIAL OPERATIONS; TRANSITION. (a) Provides that this section governs the initial operation of facilities and programs transferred to the district.

(b) Requires the persons who were responsible for the operation of the facilities immediately before the transfer, on conveyance to the district of facilities owned by the city of Austin, Travis County, or another municipality or county, to continue to operate

the facilities until the later of a certain date.

(c) Requires the operations of the transferred facilities, after the conveyance of facilities to the district, to be funded with district money, and authorizes the district, subject to this Act, to establish the budgets for the operations of those facilities.

(d) Provides that Subsections (b) and (c) of this section do not apply to facilities that, on the date on which the facilities are conveyed to the district, are leased to a person other than the transferring governmental entity.

(e) Requires the district, on creation of the district, to become responsible for and continue the implementation of the health care programs, including indigent health care programs, and policies of the city of Austin or Travis County that are in effect in the central area on the date of the district's creation. Requires the district to continue those health care programs and policies until the later of a certain date.

(f) Requires the city of Austin or Travis County, before facilities owned by the city of Austin or Travis County are conveyed to the district, to continue to fund the programs and policies described by Subsection (e) of this section, as applicable. Requires the district, on conveyance, to assume the responsibility for funding those programs and policies.

(g) Requires the city of Austin and Travis County, notwithstanding Subsection (e) of this section, to continue their administration functions in relation to the health care programs, including indigent health care programs, in effect in the central area until the later of a certain date.

SECTION 4.003. TRANSFER OF CERTAIN AMBULANCE AND EMERGENCY MEDICAL SERVICES AND OTHER ASSETS. (a) Authorizes a municipality or county located in the district, following the approval of the board and the governing body of the municipality or county, to transfer to the district an ambulance service, emergency medical service, search and rescue service, or medical transport service that is owned or operated by the municipality or county. Requires the conveyance to include all assets of the transferred service including any vehicles, aircraft, equipment, and supplies.

(b) Authorizes the transfer required under Subsection (a) of this section to be made on the same date prescribed for a conveyance under Section 4.001 of this Act or at a later date.

(c) Provides that the responsibility and cost of operating any service that is not transferred to the district under this section continues to be the responsibility of the municipality or county owning or operating the service.

SECTION 4.004. RETURN OF TRANSFERRED PROPERTY TO MUNICIPALITY OR COUNTY. Authorizes the board, by deed or other appropriate instrument, to transfer certain property to a municipality or county without charge.

SECTION 4.005. ASSUMPTION OF CONTRACT OBLIGATIONS. Provides that on the date on which a municipality or county conveys property or other facilities under Section 4.001 or 4.003 of this Act, the district assumes, without prejudice to the rights of third parties, any outstanding contract obligations legally incurred by the municipality or county making the conveyance before the date of the conveyance for certain activities.

SECTION 4.006. ASSUMPTION OF BONDED INDEBTEDNESS; CANCELLATION OF UNSOLD MUNICIPAL OR COUNTY BONDS. (a) Requires the district, on the date on which a county or municipality conveys property or other facilities under Section 4.001 or 4.003 of this Act, to assume certain obligations.

(b) Provides that if part of a municipality or county is included in the district and part is

not included in the district, the amount of indebtedness the district assumes under Subsection (a) of this section is that portion of the total outstanding indebtedness of the municipality or county for hospital care for all residents of the municipality or county, as appropriate, that the value of taxable property in the district bears to the total value of taxable property in the municipality or county according to the last preceding certified tax appraisal roll of the municipality or county before the district is confirmed.

(c) Provides that on making a conveyance to the district as required by Section 4.001 or 4.003 of this Act, a municipality or county that issued bonds for hospital purposes is no longer liable for the payment of those bonds or for providing interest and sinking fund requirements on those bonds.

(d) Provides that this section does not limit or affect the rights of a bondholder against the municipality or county if there is a default in payment of the principal or interest on the bonds in accordance with their terms.

(e) Provides that if the issuance of bonds by the municipality or county for hospital purposes was approved at a bond election but the bonds have not been sold on the date on which the conveyance of the property under Section 4.001 or 4.003 of this Act occurred, the bond authority is canceled and the municipality or county, or both, may not sell the bonds.

SECTION 4.007. LIMITATION ON GOVERNMENTAL ENTITY. (a) Prohibits on or after creation of the district, a municipality, county, or other governmental entity in which the district is located from imposing taxes or issue bonds or other obligations for hospital purposes or for providing medical care for the residents of the district.

(b) Provides that this section does not prohibit certain acts.

SECTION 4.008. DISTRICT RESPONSIBILITIES. Requires the district, on creation of the district, to assume full responsibility, as required by Section 9, Article IX, Texas Constitution, for providing medical and hospital care for the district's needy inhabitants.

SECTION 4.009. MANAGEMENT, CONTROL, AND ADMINISTRATION. Requires the board to manage, control, and administer the district and the funds and resources of the district, and authorizes the district to impose a property tax and other taxes in accordance with this Act and other law.

SECTION 4.010. RENAMING DISTRICT. Authorizes the board to rename the district if the board considers it appropriate.

SECTION 4.011. DISTRICT RULES. Authorizes the board to adopt certain rules.

SECTION 4.012. METHODS AND PROCEDURES. Authorizes the board to prescribe certain methods and procedures.

SECTION 4.013. DISTRICT PROPERTY, FACILITIES, EQUIPMENT, AND SERVICES. (a) Requires the board to determine certain facts.

(b) Authorizes the board to perform certain acts.

(c) Authorizes the district to acquire, own, and operate the facilities and services authorized by this Act within the district's territory and within the service area that is located outside the boundaries of the district.

(d) Authorizes the board to determine the rates, charges, and discounts and the credit and collection procedures relating to services provided by the district.

SECTION 4.014. CONSTRUCTION CONTRACTS. Authorizes the board to enter into

construction contracts for the district.

SECTION 4.015. DISTRICT OPERATING AND MANAGEMENT CONTRACTS.

Authorizes the board to enter into operating, management, or other types of contracts relating to hospitals, clinics, or other health care facilities or to other district programs.

SECTION 4.016. EMINENT DOMAIN. (a) Authorizes the district to exercise the power of eminent domain to acquire a fee simple or other interest in property located in the territory of the district if the property interest is necessary to the exercise of the rights or authority conferred by this Act.

(b) Requires the district to exercise the power of eminent domain in the manner provided by Chapter 21, Property Code, but 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) Provides that in a condemnation proceeding brought by the district, the district is not required to provide certain funds.

SECTION 4.017. EXPENSES FOR MOVING FACILITIES OF RAILROADS OR UTILITIES.

Requires the district, if, in exercising the power of eminent domain, the board requires relocating, raising, lowering, rerouting, changing the grade, or altering the construction of any railroad, highway, pipeline, or electric transmission and electric distribution, telegraph, or telephone lines, conduits, poles, or facilities, to bear the actual cost of relocating, raising, lowering, rerouting, changing the grade, or altering the construction to provide comparable replacement without enhancement of a facility, after deducting the net salvage value derived from the old facility.

SECTION 4.018. INDIGENT CARE. (a) Requires the district without charge to supply to a patient residing in the district the health care and treatment that the patient or a relative or guardian of the patient who is legally responsible for the patient's support cannot pay.

(b) Requires the district, not later than the first day of each operating year, to adopt an application procedure to determine eligibility for assistance, as provided by Section 61.053, Health and Safety Code.

SECTION 4.019. REIMBURSEMENT FOR SERVICES. (a) Requires the board to require reimbursement from a county, municipality, or public hospital located outside the boundaries of the district for the district's care and treatment of a sick, diseased, or injured person of that county, municipality, or public hospital as provided by Chapter 61, Health and Safety Code.

(b) Requires the board to require reimbursement from the sheriff or police chief of a county or municipality for the district's care and treatment of a person confined in a jail facility of the county or municipality who is not a resident of the district.

(c) Authorizes the board to contract with the state or federal government or with a municipality, a county, or another hospital district for the governmental entity to reimburse the district for treatment of a sick, diseased, or injured person.

SECTION 4.020. SERVICE CONTRACTS. (a) Authorizes the board to contract with a person, private entity, municipality, county, special district, other political subdivision of this state, any other governmental entity, or with a state or federal agency for the district to perform certain acts.

(b) Authorizes the district to contract with and otherwise cooperate with governmental entities within the district's service area and with public and private providers of health care, medical care, and mental health services to provide or assist in the provision of services.

SECTION 4.021. GIFTS AND ENDOWMENT. Authorizes the board, on behalf of the district, to accept gifts and endowments to be held in trust for any purpose and under any direction, limitation, or provision prescribed in writing by the donor that is consistent with the proper

management of the district.

SECTION 4.022. COURT ACTIONS. Authorizes the board to authorize any lawsuit to be brought on behalf of the district, and authorizes the district to be sued in any court of this state.

SECTION 4.023. PROCEDURES FOR HEALTH MAINTENANCE ORGANIZATION. Authorizes the district to establish a health maintenance organization in accordance with Chapter 843, Insurance Code, or under the Texas Health Maintenance Organization Act (Chapter 20A, V.T.I.C.), to provide or arrange for health care services for the residents of the district.

SECTION 4.024. INTEGRATED HEALTH CARE SYSTEM. (a) Defines “integrated health care system,” “nonprofit association,” and “provider.”

(b) Authorizes the district, on its own or with a medical school in this state, to establish and operate an integrated health care system.

(c) Authorizes an integrated health care system created under this section, to provide or arrange for comprehensive health care services, to perform certain acts.

(d) Provides that an integrated health care system that is created under this section is subject to certain chapters and is a unit of local government.

(e) Authorizes an integrated health care system created under this section, notwithstanding Subsection (d)(1)(A) of this section, to hold a closed meeting to deliberate certain plans and proposals.

(f) Provides that notwithstanding Subsection (d)(1)(B) of this section, information relating certain plans and proposals is confidential and not subject to disclosure.

(g) Requires an integrated health care system created under this section, subject to the requirements and limitations of the local health care market, to make reasonable efforts to include in its provider group community providers other than a hospital of the district or the medical school, if applicable.

SECTION 4.025. CHARITABLE ORGANIZATIONS. Authorizes the district to create a charitable organization to facilitate management of a district health care program by providing or arranging health care services, developing resources for health care services, or providing ancillary support services for the district.

SECTION 4.026. LOANS AND GRANTS FOR ECONOMIC DEVELOPMENT PURPOSES.

(a) Authorizes the district, under the authority granted by Section 52-a, Article III, Texas Constitution, to loan or grant money to any person for the development of medical education and research in the district or for the provision of indigent health care in the district.

(b) Authorizes any municipality or county that is located in the district or that has residents served by district facilities, to the extent allowed by Section 9, Article IX, Texas Constitution, to loan or grant money to the district for any district purpose.

(c) Provides that the legislature finds that loans or grants made by the municipality or county under this section are for certain public purposes.

ARTICLE 5. CHANGE IN BOUNDARIES; DISSOLUTION OF DISTRICT

SECTION 5.001. INCLUSION OF ADDITIONAL AREA AFTER CREATION OF DISTRICT.

(a) Authorizes registered voters of a defined territory within one or more counties contiguous to Travis County, Texas, that is not included in the boundaries of the district or in the boundaries of another hospital district, after the district is created, to file a petition with the secretary of the board requesting the inclusion of the proposed additional area in the district. Requires the petition to meet certain qualifications.

(b) Requires the board by order to set a time and place to hold a hearing on the petition to include the proposed additional area in the district. Requires the board to set a date for the hearing that is after the 30th day after the date the board issues the order.

(c) Authorizes the board, if after the hearing the board finds that annexation of the proposed additional area into the district would be feasible and would benefit the district, to approve the annexation by a resolution entered in its minutes. Provides that the board is not required to include all or any portion of the territory of the proposed additional area in the district.

(d) Provides that the inclusion of the proposed additional area in the district is final when approved by a majority of the voters at an election held in the district and by a majority of the voters at a separate election held in the proposed additional area. Requires the voters in the election to approve the inclusion of the proposed additional area, if the district has outstanding debts or taxes, to also determine if the proposed additional area will assume its proportion of the debts or taxes if added to the district.

(e) Requires the election ballots to be printed to permit voting for or against the proposal in a certain form.

SECTION 5.002. DATE OF INCLUSION ELECTION. Requires the election, after the election is ordered by the board, to be held on the first uniform election date prescribed by Section 41.001, Election Code, that allows sufficient time to comply with the other requirements of law, notwithstanding Section 3.005, Election Code.

SECTION 5.003. NOTICE OF ELECTION. Requires the election to be ordered and notice of the election to be given in the same manner as provided by Sections 2.005 and 2.006 of this Act for ordering and giving notice of an election authorizing creation of the district.

SECTION 5.004. ELECTION RESULT. (a) Provides that if the proposed additional area is located entirely within one county, the proposed additional area is included in the district if the majority of votes cast in the election held in the proposed additional area favor inclusion in the district.

(b) Authorizes the portion of the proposed additional area that is located in a particular county, if the proposed additional area contains territory in more than one county, to be included in the district only if a majority of the votes cast in that portion of the proposed additional area in that particular county favor inclusion in the district.

(c) Requires the commissioners court in each county in which any portion of the additional area is located, if additional area is included in the district in accordance with this section, to appoint certain persons.

SECTION 5.005. DISSOLUTION. (a) Authorizes the district to be dissolved as provided by this section.

(b) Authorizes the board to order an election on the question of dissolving the district and disposing of the district's assets and obligations. Requires the board to order an election if the board receives a certain petition or resolution.

(c) Requires the petition or the resolution of the oversight committee to contain directions on which method prescribed by Section 5.006 of this Act should be used to distribute the district's assets in the event of dissolution.

(d) Requires the election to be held not later than the 60th day after the date the election is ordered. Provides that Section 41.001(a), Election Code, does not apply to an election ordered under this section.

(e) Requires the ballot for the election to be printed to permit voting for or against the

proposition in a certain form. Requires the ballot to contain information on the method prescribed by Section 5.006 of this Act that will be used to distribute the district's assets if the dissolution is approved. Requires the election to be held in accordance with the applicable provisions of the Election Code.

(f) Requires the board, if a majority of the votes cast in the election favor dissolution, to find that the district is dissolved. Requires the board, if a majority of the votes cast in the election do not favor dissolution, to continue to administer the district, and prohibits another election on the question of dissolution from being held before the first anniversary of the most recent election to dissolve the district.

SECTION 5.006. TRANSFER OF ASSETS AFTER DISSOLUTION. (a) Requires the board, in accordance with the ballot proposition, if a majority of the votes cast in the election favor dissolution, to perform certain acts.

(b) Provides that if the district transfers the land, buildings, improvements, equipment, and other assets to a county or other governmental entity, the county or entity assumes all debts and obligations of the district at the time of the transfer, and the district is dissolved.

SECTION 5.007. ADMINISTRATION OF PROPERTY, DEBTS, AND ASSETS AFTER DISSOLUTION. (a) Requires the board, if the district does not transfer the land, buildings, improvements, equipment, and other assets to a county or another governmental entity in the district, to continue to control and administer the property, debts, and assets of the district until all money has been disposed of and all district debts have been paid or settled.

(b) Requires the board, after the board finds that the district is dissolved, to perform certain acts.

(c) Authorizes the board to institute a suit to enforce payment of taxes and to foreclose liens to secure the payment of taxes due the district.

SECTION 5.008. RETURN OF SURPLUS PROPERTY TAX MONEY. (a) Requires the board, when all outstanding debts and obligations of the district are paid, to order the secretary to return the pro rata share of all unused property tax money to each district taxpayer.

(b) Authorizes a taxpayer to request that the taxpayer's share of surplus property tax money be credited to the taxpayer's county taxes. Requires the board, if a taxpayer requests the credit, to direct the secretary to transmit the funds to the county tax assessor-collector.

SECTION 5.009. REPORT; DISSOLUTION ORDER. (a) Requires the board, after the district has paid all of its debts and has disposed of all of its assets and money as prescribed by Sections 5.007 and 5.008 of this Act, to file a written report with the commissioners court of each county in which the district is located containing a summary of the board's actions in dissolving the district.

(b) Requires the commissioners court of each county, not later than the 10th day after the date it receives the report and determines that the requirements of this section have been fulfilled, to enter an order dissolving the district.

ARTICLE 6. DISTRICT FINANCES

SECTION 6.001. FISCAL YEAR. (a) Provides that the district operates on the fiscal year established by the board.

(b) Prohibits the fiscal year from being changed more than once in a 24-month period.

SECTION 6.002. ANNUAL AUDIT. Requires the board annually to have an audit made of the

financial condition of the district.

SECTION 6.003. DISTRICT AUDIT AND RECORDS. Provides that the annual audit and other district records are open to inspection during regular business hours at the principal office of the district, subject to Chapter 181, Health and Safety Code, and any other state or federal law regulating the privacy of health care information.

SECTION 6.004. ANNUAL BUDGET. (a) Requires the administrator of the district to prepare a proposed annual budget for the district.

(b) Requires the proposed budget to contain a complete financial statement, including certain statements.

SECTION 6.005. NOTICE; HEARING; ADOPTION OF BUDGET. (a) Requires the board to hold a public hearing on the proposed annual budget.

(b) Requires the board to publish notice of the hearing in a newspaper of general circulation in the district not later than the 10th day before the date of the hearing.

(c) Provides that any resident of the district is entitled to be present and participate at the hearing.

(d) Requires the board to adopt a budget by acting on the budget proposed by the administrator. Authorizes the board to make any changes in the proposed budget that in the board's judgment the interests of the district demand.

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

SECTION 6.006. AMENDING BUDGET. Authorizes the annual budget, after adoption, to be amended on the board's approval.

SECTION 6.007. LIMITATION ON EXPENDITURES. Prohibits money from being spent for an expense not included in the annual budget or an amendment to the annual budget.

SECTION 6.008. SWORN STATEMENT. Requires the administrator, as soon as practicable after the close of the fiscal year, to prepare for the board a sworn statement of the amount of money that belongs to the district and an account of the disbursements of that money.

SECTION 6.009. SPENDING AND INVESTMENT LIMITATIONS. (a) Prohibits the district, except as otherwise provided by this Act, from incurring a debt payable from revenues of the district other than the revenue on hand or to be on hand in the current and immediately following fiscal years of the district.

(b) Authorizes the board to invest operating, depreciation, or building reserves as permitted by law.

SECTION 6.010. REVENUE ANTICIPATION BORROWING. Authorizes the district to borrow money from any person for a term of less than 18 months for district purposes if the debt is payable from and secured solely by money on hand or money reasonably expected to be on hand during the remainder of the district fiscal year in which the debt is created or during the following district fiscal year. Provides that the district is not required to submit the evidence of indebtedness for review, approval, or registry under Chapter 1202, Government Code.

SECTION 6.011. DEPOSITORY. (a) Requires the board to name at least one bank to serve as depository for district funds.

(b) Requires district funds and those transmitted to a bank for payment of bonds or obligations issued or assumed by the district to be deposited as received with the depository bank and must remain on deposit. Provides that this subsection does not limit

the power of the board to place a portion of district funds on time deposit or to purchase certificates of deposit.

(c) Requires the bank, before the district deposits funds in a bank in an amount that exceeds the maximum amount secured by the Federal Deposit Insurance Corporation, to execute a bond or other security in an amount sufficient to secure from loss the district funds that exceed the amount secured by the Federal Deposit Insurance Corporation.

SECTION 6.012. PROHIBITION AGAINST PARTICIPATION IN TAX INCREMENT FINANCING. (a) Prohibits the district from entering into a contract or agreement to pay into a tax increment fund any of the district's tax increment produced from property located in a reinvestment zone under Chapter 311, Tax Code.

(b) Prohibits the proceeds of a tax imposed under Section 8.001 of this Act from being used to make a payment into a tax increment fund under Chapter 311, Tax Code, if that payment is prohibited by this section.

(c) Prohibits a project plan or reinvestment zone financing plan approved under Section 311.011, Tax Code, on or after the effective date of this Act from including any of the district's tax increment or any other funds derived from the district as a source of revenue to finance or pay project costs.

ARTICLE 7. BONDS AND OTHER OBLIGATIONS

SECTION 7.001. GENERAL OBLIGATION BONDS. Authorizes the board to issue and sell bonds authorized by an election in the name and on the faith and credit of the district for the purposes provided by Section 7.009 of this Act.

SECTION 7.002. TAXES, REVENUES, AND OTHER FORMS OF FINANCING TO PAY GENERAL OBLIGATION BONDS. (a) Requires the board, at the time the bonds are issued by the district, to impose a tax in an amount sufficient to create an interest and sinking fund to pay the principal of and interest on the bonds as they mature.

(b) Prohibits the tax required by this section together with any other tax the district imposes in any year from exceeding the limit approved by the voters at the election authorizing the imposition of taxes.

(c) Authorizes general obligation bonds to also be secured by all or part of the district's revenues and mortgages, deed of trust liens, or other security interests on all or part of the district's property. Authorizes the board to grant the security interest on the basis of the order of priority set by the board.

SECTION 7.003. GENERAL OBLIGATION BOND ELECTION. (a) Authorizes the district to issue general obligation bonds only if the bonds are authorized by a majority of the voters of the district voting at an election held for that purpose under this section or under Article 2 of this Act.

(b) Authorizes the board to order a bond election. Requires the order calling the election to state certain information.

(c) Requires notice of a bond election to be given as provided by Section 1251.003, Government Code.

SECTION 7.004. REVENUE BONDS. (a) Authorizes the board to issue revenue bonds for the purposes provided by Section 7.009 of this Act.

(b) Requires the revenue bonds to be payable from and secured by a pledge of all or part of the revenue derived from the operation of the district's health services system. Authorizes the board to grant the security interest on the basis of the priority set by the

board.

(c) Authorizes the bonds to be additionally secured by a mortgage, deed of trust lien, or other security interest on all or part of the district property.

SECTION 7.005. REFUNDING BONDS. Authorizes the board to, without an election, issue refunding bonds to refund outstanding general obligation bonds issued or assumed by the district and to impose a tax to pay the bonds.

SECTION 7.006. INTEREST AND MATURITY. Requires district bonds to mature not later than the 50th anniversary of the date of their issuance and to bear interest at a rate not to exceed that provided by Chapter 1204, Government Code.

SECTION 7.007. EXECUTION OF BONDS. Requires the board president to execute the bonds in the name of the district. Requires the board secretary to countersign the bonds in the manner provided by Chapter 618, Government Code. Authorizes printed facsimile signatures to be substituted for the actual signatures of the board's president or secretary.

SECTION 7.008. TAX STATUS OF BONDS. Provides that because the district created under this Act is a public entity performing an essential public function, bonds issued by the district, any transaction relating to the bonds, and profits made in the sale of the bonds are free from taxation by the state or by any municipality, county, special district, or other political subdivision of the state.

SECTION 7.009. USES OF BOND PROCEEDS. (a) Authorizes general obligation bonds and revenue bonds to be issued for certain purposes.

(b) Authorizes bond proceeds, in addition, to be used to acquire, construct, renovate, improve, equip, and furnish property of any type for district purposes.

SECTION 7.010. ADDITIONAL FINANCING AUTHORITY. Provides that the district has all of the powers granted to an "issuer" by Chapter 1371, Government Code, including the authority to issue an obligation as defined by Section 1371.001 of that code.

ARTICLE 8. PROPERTY TAXES

SECTION 8.001. TAX AUTHORIZED. (a) Authorizes the board annually, subject to Section 8.003 of this Act, to impose property taxes in an amount not to exceed the limit approved by the voters at the election authorizing the imposition of taxes.

(b) Authorizes the taxes to be used to pay certain debts.

(c) Prohibits the district from imposing taxes to pay the principal of or interest on revenue bonds issued under this Act.

SECTION 8.002. BOARD AUTHORITY. Authorizes the board, notwithstanding Section 26.12, Tax Code, to impose taxes for the entire year in which the district is created.

SECTION 8.003. TAX RATE. (a) Prohibits the tax rate for all purposes from exceeding one-third of the maximum tax rate authorized by Section 9, Article IX, Texas Constitution.

(b) Requires the board to propose a tax rate after considering the income of the district from sources other than taxation and the uses to which the other income is committed or pledged with an allowance made for contingencies in revenues and expenses. Requires the board, after the board proposes a tax rate, to submit a notice of the proposed rate in writing to the oversight committee.

(c) Authorizes the oversight committee to meet and veto the proposed tax rate contained in the tax rate notice only if the proposed tax rate is greater than the tax rate adopted for

the preceding year. Provides that a veto is not effective unless a copy of the minutes of the meeting of the oversight committee at which the veto was adopted is delivered to the board not later than the 30th day after the date on which the tax rate notice is received by the oversight committee. Requires the minutes of the meeting to reflect that the veto was approved by resolution adopted by the oversight committee in accordance with the requirements of this Act.

(d) Requires the board to adopt the proposed tax rate, if the oversight committee fails to submit the veto notice to the board in accordance with Subsection (c) of this section or the proposed tax rate is not greater than the tax rate adopted for the preceding year.

(e) Requires the board, if the veto notice is delivered to the board in accordance with the requirements of this section, to provide to the oversight committee a subsequent tax rate notice containing a new proposed tax rate. Provides that the new proposed tax rate is subject to the veto procedures prescribed by this section. Requires the board to adopt that rate, if the new proposed rate is not vetoed by the committee.

SECTION 8.004. TAX ASSESSMENT AND COLLECTION. (a) Provides that the Tax Code governs the appraisal, assessment, and collection of district taxes.

(b) Authorizes the board to provide for the appointment of a tax assessor-collector for the district or to contract for the assessment and collection of taxes as provided by the Tax Code.

SECTION 8.005. SALES TAX. Authorizes the board to impose a sales and use tax in the manner and for the purposes prescribed by Subchapter E, Chapter 285, Health and Safety Code.

ARTICLE 9. MISCELLANEOUS PROVISIONS

SECTION 9.001. LIMITATION ON STATE ASSISTANCE. Prohibits the state from becoming obligated for the support or maintenance of the district, and the legislature from making a direct appropriation for the construction, maintenance, or improvement of a facility of the district.

SECTION 9.002. REQUIRED PUBLICATION. Provides that proof of publication of the notice required in the enactment of this Act under the provisions of Section 9, Article IX, Texas Constitution, has been made in the manner and form provided by law pertaining to the enactment of local and special laws, and the notice is found and declared proper and sufficient to satisfy the requirement.

SECTION 9.003. POWERS CUMULATIVE. Provides that the powers granted to the district by this Act are cumulative of all other powers granted by other laws that are by their terms applicable to the district.

SECTION 9.004. EFFECTIVE DATE. Effective date: upon passage or September 1, 2003.