

## **BILL ANALYSIS**

Senate Research Center  
81R14507 ALB-D

S.B. 2517  
By: Duncan  
Intergovernmental Relations  
4/17/2009  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently portions of Runnels County are being served by two hospital districts. The North Runnels County Hospital District supports a hospital and clinic in Winters and the Ballinger Memorial Hospital District supports a hospital and clinic in Ballinger. The third largest community in the county, Miles, does not have any coverage.

After an extensive study and meetings between the two hospital district boards of directors, the conclusion was made that two hospital districts is not a cost-effective means to provide quality healthcare to the entire county.

As proposed, S.B. 2517 provides a local option to abolish the North Runnels County Hospital District and the Ballinger Memorial Hospital District and create the new Runnels County Hospital 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. DISSOLUTION OF BALLINGER MEMORIAL HOSPITAL DISTRICT ON CREATION OF RUNNELS COUNTY HOSPITAL DISTRICT

SECTION 1.01. Amends Chapter 1004, Special District Local Laws Code, by adding Subchapter D-1, as follows:

#### SUBCHAPTER D-1. DISSOLUTION OF BALLINGER MEMORIAL HOSPITAL DISTRICT ON CREATION OF RUNNELS COUNTY HOSPITAL DISTRICT

Sec. 1004.171. DISSOLUTION; ELECTION. (a) Authorizes the board of directors of the Ballinger Memorial Hospital District to order an election on the question of the dissolution of the Ballinger Memorial Hospital District, creation of the Runnels County Hospital District, transfer of the Ballinger Memorial Hospital District's assets and obligations to the Runnels County Hospital District, and assumption of the district's outstanding debts by the Runnels County Hospital District.

(b) Requires the board of directors of the Ballinger Memorial Hospital District to order the election if the board of directors of the Ballinger Memorial Hospital District receives a petition requesting an election that is signed by at least 50 of the Ballinger Memorial Hospital District's registered voters, or the board of directors of the Ballinger Memorial Hospital receives notice that the board of directors of the North Runnels Hospital District intends to order an election to dissolve the North Runnels County Hospital District and create the Runnels County Hospital District under Section 20c, Chapter 206 (North Runnels County Hospital), Acts of the 61st Legislature, Regular Session, 1969.

(c) Requires the board of directors of the Ballinger Memorial Hospital District, if the board of directors of the Ballinger Memorial Hospital District intends to hold an election under this subchapter, to notify the board of directors of the North

Runnels County Hospital District and the Runnels County Commissioners Court of that intention.

(d) Requires that the election held under this subchapter be held on the same date as the election to dissolve the North Runnels County Hospital District and create the Runnels County Hospital District under Section 20c, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, and the election in the portion of the county not included in a hospital district to create the Runnels County Hospital District. Requires board of directors of the Ballinger Memorial Hospital District to coordinate with the board of directors of the North Runnels County Hospital District and the Commissioners Court of Runnels County in setting the election date under this section.

(e) Requires that the order calling the election state the nature of the election, including the proposition that is to appear on the ballot, the date of the election, the hours during which the polls will be open, and the location of the polling places.

(f) Provides that Section 41.001 (Uniform Election Dates), Election Code, does not apply to an election ordered under this section.

Sec. 1004.172. NOTICE OF ELECTION. (a) Requires the board of directors of the Ballinger Memorial Hospital District to give notice of an election under this subchapter by publishing a substantial copy of the election order in a newspaper with general circulation in the Ballinger Memorial Hospital District once a week for two consecutive weeks.

(b) Requires that the first publication appear not later than the 35th day before the date set for the election.

Sec. 1004.173. BALLOT. Requires that the ballot for an election under this subchapter be printed to permit voting for or against a certain proposition.

Sec. 1004.174. ELECTION RESULTS. (a) Requires the board of directors of the Ballinger Memorial Hospital District to find that the Ballinger Memorial Hospital District is dissolved if:

(1) a majority of the votes in an election under this subchapter favor dissolution of the Ballinger Memorial Hospital District and creation of the Runnels County Hospital District;

(2) a majority of the votes in an election held on the same date under Section 20c, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, favor dissolution of the North Runnels County Hospital District and creation of the Runnels County Hospital District; and

(3) a cumulative majority of the votes in all three elections held on the question of creating the Runnels County Hospital District favor creation of the Runnels County Hospital District.

(b) Requires the board of directors of the Ballinger Memorial Hospital District, if a majority of the votes in either election under Subdivision (a)(1) or (2) do not favor dissolution of the Ballinger Memorial Hospital District and creation of the Runnels County Hospital District, or if a cumulative majority of the votes in all three elections held on the question of creating the Runnels County Hospital District do not favor creation of the Runnels County Hospital District, to continue to administer the district and provides that another election on the question of dissolution under this subchapter may not be held before the first anniversary of the date of the most recent election under this subchapter to dissolve the Ballinger Memorial Hospital District.

Sec. 1004.175. TRANSFER OR ADMINISTRATION OF ASSETS. (a) Requires the board of directors of the Ballinger Memorial Hospital District, if a majority of the votes in both elections under Sections 1004.174(a)(1) and (2) favor dissolution of the Ballinger Memorial Hospital District and creation of the Runnels County Hospital District, and a cumulative majority of the votes in all three elections held on the question of creating the Runnels County Hospital District favor creation of the Runnels County Hospital District, to transfer the land, buildings, improvements, equipment, and other assets belonging to the district to the Runnels County Hospital District.

(b) Provides that on the date the Ballinger Memorial Hospital District makes the transfer under Subsection (a), the Runnels County Hospital District assumes all debts and obligations of the Ballinger Memorial Hospital District at the time of the transfer. Provides that the Ballinger Memorial Hospital District is dissolved at the time of the transfer and the board of directors of the Ballinger Memorial Hospital District is released from any further duty or obligation.

SECTION 1.02. Provides that on the dissolution of the Ballinger Memorial Hospital District and the approval of the creation of the Runnels County Hospital District, a reference in any law to the district means the Runnels County Hospital District.

SECTION 1.03. (a) Requires that an election to dissolve the Ballinger Memorial Hospital District and create the Runnels County Hospital District be held not later than the fifth anniversary of the effective date of this Act.

(b) Provides that if the dissolution of the Ballinger Memorial Hospital District and creation of the Runnels County Hospital District are not approved at an election held not later than the fifth anniversary of the effective date of this Act, Subchapter D-1, Chapter 1004 (Ballinger Memorial Hospital District), Special District Local Laws Code, as added by this article, expires.

## ARTICLE 2. DISSOLUTION OF NORTH RUNNELS COUNTY HOSPITAL DISTRICT ON CREATION OF RUNNELS COUNTY HOSPITAL DISTRICT

SECTION 2.01. Amends Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, by adding Section 20c, as follows:

Sec. 20c. (a) Authorizes the board of the North Runnels County Hospital District to order an election on the question of the dissolution of the North Runnels County Hospital District, creation of the Runnels County Hospital District, transfer of the North Runnels County Hospital District's assets and obligations to the Runnels County Hospital District, and assumption of the North Runnels County Hospital District's outstanding debts by the Runnels County Hospital District.

(b) Requires the board of the North Runnels County Hospital District to order the election if the board of the North Runnels County Hospital District receives a petition requesting an election that is signed by at least 50 of the North Runnels County Hospital District's registered voters, or the board of the North Runnels County Hospital District receives notice that the board of the Ballinger Memorial Hospital District intends to order an election to dissolve the Ballinger Memorial Hospital District and create the Runnels County Hospital District under Subchapter D-1, Chapter 1004, Special District Local Laws Code.

(c) Requires the board of the North Runnels County Hospital District, if the board of the North Runnels County Hospital District intends to hold an election under this section, to notify the board of directors of the Ballinger Memorial Hospital District and the Runnels County Commissioners Court of that intention. Requires that the election under this section be held on the same date as the election to dissolve the Ballinger Memorial Hospital District under Subchapter D-1, Chapter 1004, Special District Local Laws Code, and the election in the portion of the county not included in a hospital district to create the Runnels County Hospital District. Requires the board of the North Runnels County Hospital

District to coordinate with the board of directors of the Ballinger Memorial Hospital District and the Commissioners Court of Runnels County in setting the election date under this section.

(d) Requires that the order calling the election state the nature of the election, including the proposition that is to appear on the ballot, the date of the election, the hours during which the polls will open, and the location of the polling places.

(e) Provides that Section 41.001, Election Code, does not apply to an election ordered under this section.

(f) Requires the board of the North Runnels County Hospital District to give notice of an election under this subchapter by publishing a substantial copy of the election order in a newspaper with a general circulation in the district once a week for two consecutive weeks. Requires the first publication appear not later than the 35th day before the date set for the election.

(g) Requires the ballot for an election under this subchapter be printed to permit voting for or against a certain proposition.

(h) Requires the board of the North Runnels County Hospital District to find that the North Runnels County Hospital District is dissolved if:

(1) a majority of the votes in an election under this section favor dissolution of the North Runnels County Hospital District and creation of the Runnels County Hospital District;

(2) a majority of the votes in an election held on the same date under Subchapter D-1, Chapter 1004, Special District Local Laws Code, favor dissolution of the Ballinger Memorial Hospital District and creation of the Runnels County Hospital District; and

(3) a cumulative majority of the votes in all three elections held on the question of creating the Runnels County Hospital District favor creation of the Runnels County Hospital District.

(i) Requires the board of the North Runnels County Hospital District, if a majority of the votes in either election under Subdivision (h)(1) or (2) do not favor dissolution of the North Runnels County Hospital District and creation of the Runnels County Hospital District, or if a cumulative majority of the votes in all three elections held on the question of creating the Runnels County Hospital District do not favor creation of the Runnels County Hospital District, to continue to administer the North Runnels County Hospital District, and another election on the question of dissolution under this section may not be held before the first anniversary of the date of the most recent election under this section to dissolve the North Runnels County Hospital District.

(j) Requires the board of the North Runnels County Hospital District, if a majority of the votes in both elections under Subdivisions (h)(1) and (2) favor dissolution of the North Runnels County Hospital District and creation of the Runnels County Hospital District, and a cumulative majority of the votes in all three elections held on the question of creating the Runnels County Hospital District favor creation of the Runnels County Hospital District, the board of the North Runnels County Hospital District is required to transfer the land, buildings, improvements, equipment, and other assets belonging to the North Runnels County Hospital District to the Runnels County Hospital District.

(k) Provides that on the date the North Runnels County Hospital District makes the transfer under Subsection (j) of this section, the Runnels County Hospital District assumes all debts and obligations of the North Runnels County Hospital District at the time of the transfer. Provides that the North Runnels County

Hospital District is dissolved at the time of the transfer and the board of the North Runnels County Hospital District is released from any further duty or obligation.

SECTION 2.02. Provides that on the dissolution of the North Runnels County Hospital District and the approval of the creation of the Runnels County Hospital District, a reference in any law to the North Runnels County Hospital District means the Runnels County Hospital District.

SECTION 2.03. (a) Requires that an election to dissolve the North Runnels County Hospital District and create the Runnels County Hospital District be held not later than the fifth anniversary of the effective date of this Act.

(b) Provides that if the dissolution of the North Runnels County Hospital District and creation of the Runnels County Hospital District are not approved at an election held not later than the fifth anniversary of the effective date of this Act, Section 20c, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, as added by this article, expires.

### ARTICLE 3. CREATION OF RUNNELS COUNTY HOSPITAL DISTRICT

SECTION 3.01. Amends Subtitle A, Title 3, Special District Local Laws Code, by adding Chapter 1072, as follows:

#### CHAPTER 1072. RUNNELS COUNTY HOSPITAL DISTRICT SUBCHAPTER A. GENERAL PROVISIONS.

Sec. 1072.001. DEFINITIONS. Defines "board," "director," and "district."

Sec. 1072.002. AUTHORITY FOR OPERATION. Provides that the Runnels County Hospital District operates and is financed as provided by Section 9 (Hospital Districts; Creation, Operation, Powers, Duties, and Dissolution), Article IX (Counties), Texas Constitution, and by this chapter.

Sec. 1072.003. ESSENTIAL PUBLIC FUNCTION. Provides that the Runnels County Hospital District is a public entity performing an essential public function.

Sec. 1072.004. DISTRICT TERRITORY. Provides that the boundaries of the Runnels County Hospital District are coextensive with the boundaries of Runnels County, Texas.

Sec. 1072.005. DISTRICT SUPPORT AND MAINTENANCE NOT STATE OBLIGATION. Prohibits the state from being obligated for the support or maintenance of the Runnels County Hospital District.

Sec. 1072.006. RESTRICTION ON STATE FINANCIAL ASSISTANCE. Prohibits the legislature from making a direct appropriation for the construction, maintenance, or improvement of a Runnels County Hospital District facility.

[Reserves Sections 1072.007-1072.020 for expansion.]

#### SUBCHAPTER A-1. TEMPORARY PROVISIONS

Sec. 1072.021. (a) Requires the Commissioners Court of Runnels County to order an election for the registered voters of Runnels County who do not reside in the Ballinger Memorial Hospital District or the North Runnels County Hospital District on the question of creating the Runnels County Hospital District if the commissioners court receives notice that:

(1) the board of directors of the Ballinger Memorial Hospital District intends to order an election to dissolve the Ballinger Memorial Hospital District and create the Runnels County Hospital District under Subchapter D-1, Chapter 1004; and

(2) the board of directors of the North Runnels County Hospital District intends to order an election to dissolve the North Runnels County Hospital District and create the Runnels County Hospital District under Section 20c, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969.

(b) Requires the Commissioners Court of Runnels County to notify the boards of directors of the Ballinger Memorial Hospital District and the North Runnels County Hospital District that the commissioners court intends to hold the election under this section.

(c) Requires that the election held under this section be held on the same date as the elections to dissolve the Ballinger Memorial Hospital District and the North Runnels County Hospital District and to create the Runnels County Hospital District. Requires the Commissioners Court of Runnels County to coordinate with the boards of directors of the Ballinger Memorial Hospital District and the North Runnels County Hospital District in setting the election date under this section.

(d) Requires that the order calling the election under this section state the nature of the election, including the proposition that is to appear on the ballot, the date of the election, the hours during which the polls will be open, and the location of the polling places.

(e) Provides that Section 41.001, Election Code, does not apply to an election ordered under this section.

(f) Requires the Commissioners Court of Runnels County to give notice of an election under this section by publishing a substantial copy of the election order in a newspaper with general circulation in Runnels County once a week for two consecutive weeks. Requires that the first publication appear not later than the 35th day before the date set for the election.

(g) Requires that the ballot for an election under this section be printed to permit voting for or against a certain proposition.

(h) Requires the Commissioners Court of Runnels County to find that the Runnels County Hospital District is created if:

(1) a majority of the votes in an election held on the same date under Subchapter D-1, Chapter 1004, favor dissolution of the Ballinger Memorial Hospital District and creation of the Runnels County Hospital District;

(2) a majority of the votes in an election held on the same date under Section 20c, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, favor dissolution of the North Runnels County Hospital District and creation of the Runnels County Hospital District; and

(3) a cumulative majority of the votes held in the election called by the commissioners court and in the elections described by Subdivisions (1) and (2) favor creation of the Runnels County Hospital District.

Sec. 1072.022. TEMPORARY DIRECTORS. (a) Requires the following persons, if the creation of the Runnels County Hospital District is approved at the elections held under Subchapter D-1, Chapter 1004, Section 20c, Chapter 206, Acts of the 61st Legislature, Regular Session, 1969, and Section 1072.021, to serve as temporary directors of the Runnels County Hospital District:

- (1) Lewis Bergman;
- (2) Charles Brown;
- (3) Mike Dankworth;

- (4) Rodney Flanagan;
- (5) Bill Hunter;
- (6) Paul Sklenarik;
- (7) Dewey Whitfield.

(b) Requires the temporary board to serve as the temporary directors of the Runnels County Hospital District until the initial elected directors take office under Section 1072.025.

(c) Requires that a vacancy on the temporary board of directors of the Runnels County Hospital District (temporary board) be filled by the Commissioners Court of Runnels County.

(d) Requires a person, to serve as a temporary director, to be a resident of the district, and a qualified voter.

(e) Prohibits an employee of the district from serving as a temporary director.

Sec. 1072.023. TEMPORARY OFFICERS. (a) Requires the temporary board to elect a president and a vice president from among the temporary directors.

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

(c) Requires the temporary board to fill a vacancy in a board office for the remainder of the unexpired term.

Sec. 1072.024. ELECTION OF INITIAL ELECTED DIRECTORS. (a) Requires the temporary directors of the Runnels County Hospital District (temporary directors) to hold an election to elect seven initial directors on the first uniform election date in May that occurs after the date the Runnels County Hospital District is created. Requires one initial director to be elected from each commissioners precinct of Runnels County and three initial directors to be elected from the Runnels County Hospital District at large.

(b) Authorizes the temporary directors to postpone the election under Subsection (a) for not more than one year or until the next uniform election date if the temporary directors determine that there is not sufficient time to comply with the requirements of this section or if the temporary directors determine that it is in the best interests of the Runnels County Hospital District to maintain the temporary directors for another year.

(c) Requires that the notice of the election of the initial directors be published at least once in a newspaper of general circulation in the Runnels County Hospital District in accordance with Section 4.003(a) (relating to methods for which notice of an election must be given), Election Code.

Sec. 1072.025. INITIAL ELECTED DIRECTORS. (a) Provides that the candidate receiving the highest number of votes from each commissioners precinct of Runnels County is the initial elected director for that precinct, and the three candidates receiving the highest number of votes from the Runnels County Hospital District at large are the initial elected directors from the district at large.

(b) Provides that the initial elected directors serve three-year terms.

(c) Requires that a person, to be a candidate for or to serve as an initial elected director, be a resident of the Runnels County Hospital District and a qualified voter.

(d) Prohibits an employee of the Runnels County Hospital District from serving as an initial elected director.

Sec. 1072.026. INITIAL ELECTED OFFICERS. (a) Requires the initial elected board of directors of the Runnels County Hospital District (initial board) to elect a president and a vice president from among the initial elected directors.

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

(c) Requires the initial board to fill a vacancy in a board office for the remainder of the unexpired term.

Sec. 1072.027. PROCEDURE FOR ELECTION OF PERMANENT DIRECTORS. Requires the initial board, not later than the date the terms of the initial elected directors expire, to adopt a procedure for the election of directors under Section 1072.051. Requires that the procedure provide for appropriate representation of the residents of the Runnels County Hospital District and provide for the first election of permanent directors to occur on the first uniform election date in May that occurs at the end of the initial directors' terms.

[Reserves Sections 1072.028-1072.050 for expansion.]

#### SUBCHAPTER B. DISTRICT ADMINISTRATION

Sec. 1072.051. BOARD ELECTION; TERM. (a) Provides that the board of directors of the Runnels County Hospital District (board) consists of seven directors elected in the manner prescribed by the initial directors under Section 1072.026.

(b) Requires that an election be held each year on the uniform election date in May to elect the appropriate number of directors.

(c) Provides that directors serve staggered three-year terms.

Sec. 1072.052. NOTICE. Requires that notice of the directors' election be published at least once in a newspaper with general circulation in the district in accordance with Section 4.003(a), Election Code.

Sec. 1072.053. QUALIFICATIONS FOR OFFICE. (a) Requires a person, to be a candidate for or to serve as a director, to be a resident of the district and a qualified voter.

(b) Prohibits an administrator or an employee of the district from serving as a director.

Sec. 1072.054. DIRECTOR'S BOND. (a) Requires each director, before assuming the duties of office, to execute a bond in the amount of \$5,000 payable to the Runnels County Hospital District and conditioned on the faithful performance of the director's duties.

(b) Requires that the bond to be kept in the permanent records of the Runnels County Hospital District.

(c) Authorizes the board to pay for a director's bond with Runnels County Hospital District money.

Sec. 1072.055. BOARD VACANCY. Requires the remaining directors, if a vacancy occurs in the office of director, to appoint a director for the remainder of the unexpired term.

Sec. 1072.056. OFFICERS. (a) Requires the board to elect a president and a vice president from among the directors.

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

(c) Provides that each officer of the board serves a one-year term.



(d) Requires the board to fill a vacancy in a board office for the remainder of the unexpired term.

Sec. 1072.057. COMPENSATION; REIMBURSEMENT. Authorizes a director or officer serving without compensation to be reimbursed for actual expenses incurred in the performance of official duties. Requires that the expenses be reported in the Runnels County Hospital District's records and approved by the board.

Sec. 1072.058. VOTING REQUIREMENT. Provides that a concurrence of a majority of the directors voting is necessary in matters relating to district business.

Sec. 1072.059. DISTRICT ADMINISTRATOR; ADMINISTRATOR'S BOND. (a) Authorizes the board to appoint a qualified person as Runnels County Hospital District administrator.

(b) Provides that the Runnels County Hospital District administrator serves at the will of the board.

(c) Entitles the Runnels County Hospital District administrator to compensation determined by the board.

(d) Requires the administrator, before assuming the duties of Runnels County Hospital District administrator, to execute a bond payable to the Runnels County Hospital District in an amount not less than \$5,000, as determined by the board, conditioned on the faithful performance of the administrator's duties.

(e) Authorizes the board to pay for the bond with Runnels County Hospital District money.

Sec. 1072.060. GENERAL DUTIES OF DISTRICT ADMINISTRATOR. Requires the Runnels County Hospital District administrator, subject to the limitations prescribed by the board, to supervise the work and activities of the Runnels County Hospital District and direct the general affairs of the Runnels County Hospital District.

Sec. 1072.061. ASSISTANT DISTRICT ADMINISTRATOR; ATTORNEY. (a) Authorizes the board to appoint qualified persons as assistant Runnels County Hospital District administrator and attorney for the Runnels County Hospital District.

(b) Provides that the assistant Runnels County Hospital District administrator and attorney for the Runnels County Hospital District serve at the will of the board.

(c) Entitles the assistant Runnels County Hospital District administrator and attorney for the Runnels County Hospital District to compensation determined by the board.

Sec. 1072.062. EMPLOYEES. (a) Authorizes the Runnels County Hospital District to employ nurses, technicians, fiscal agents, accountants, architects, additional attorneys, and other necessary employees.

(b) Authorizes the board to delegate to the Runnels County Hospital District administrator the authority to employ persons for the Runnels County Hospital District.

Sec. 1072.063. RECRUITMENT OF MEDICAL STAFF AND EMPLOYEES. Authorizes the board of directors to spend Runnels County Hospital District money, enter into agreements, and take other necessary actions to recruit physicians and other persons to serve as medical staff members or Runnels County Hospital District employees. Sets forth certain authorized actions.

Sec. 1072.064. APPOINTMENT AND REMOVAL OF MEDICAL STAFF. Authorizes the board to:

- (1) appoint to the medical staff any doctor the board of directors of the Runnels County Hospital District considers necessary for the efficient operation of the district;
- (2) remove any doctor from the medical staff, after due process, if the board of directors of the Runnels County Hospital District considers the doctor's removal necessary for the efficient operation of the district; and
- (3) make temporary appointments to the medical staff as the board of directors of the Runnels County Hospital District considers necessary.

Sec. 1072.065. RETIREMENT BENEFITS. Authorizes the board to provide retirement benefits for Runnels County Hospital District employees by establishing or administering a retirement program, or participating in the Texas County and District Retirement System, or another statewide retirement system in which the Runnels County Hospital District is eligible to participate.

[Reserves Sections 1072.066-1072.100 for expansion.]

#### SUBCHAPTER C. POWERS AND DUTIES

Sec. 1072.101. DISTRICT RESPONSIBILITY. Provides that the Runnels County Hospital District has full responsibility for operating hospital facilities and providing medical and hospital care for the Runnels County Hospital District's needy residents.

Sec. 1072.102. MANAGEMENT, CONTROL, AND ADMINISTRATION. Requires the board to manage, control, and administer the hospital system and the money and resources of the Runnels County Hospital District.

Sec. 1072.103. RULES. Authorizes the board to adopt rules governing the operation of the hospital and hospital system, and the duties, functions, and responsibilities of Runnels County Hospital District staff and employees.

Sec. 1072.104. PURCHASING AND ACCOUNTING PROCEDURES. Authorizes the board to prescribe the method of making purchases and expenditures by and for the Runnels County Hospital District, and accounting and control procedures for the Runnels County Hospital District.

Sec. 1072.105. PROVISION OF CERTAIN HEALTH SERVICES. (a) Authorizes the Runnels County Hospital District to operate or provide for the operation of a mobile emergency medical service.

(b) Authorizes the Runnels County Hospital District to operate or provide for home health services, long-term care, skilled nursing care, intermediate nursing care, or hospice care.

Sec. 1072.106. DISTRICT PROPERTY, FACILITIES, AND EQUIPMENT. (a) Requires the board to determine the type, number, and location of buildings required to maintain an adequate hospital system, and the type of equipment necessary for hospital care.

(b) Authorizes the board to acquire property, facilities, and equipment for the Runnels County Hospital District for use in the hospital system; mortgage or pledge the property, facilities, or equipment as security for payment of the purchase price; sell or otherwise dispose of property, facilities, or equipment for the Runnels County Hospital District; or lease hospital facilities for the Runnels County Hospital District.

Sec. 1072.107. OPERATING AND MANAGEMENT CONTRACTS. Authorizes the board to enter into operating or management contracts relating to hospital facilities for the Runnels County Hospital District.

Sec. 1072.108. SERVICE CONTRACTS. (a) Authorizes the board to contract with a public or private hospital, a political subdivision of the state, or a state or federal agency for the Runnels County Hospital District to provide a mobile emergency medical service or other health care services needed to provide for the investigatory or welfare needs of residents of the Runnels County Hospital District.

(b) Authorizes the board to contract with a person to receive or supply the services the board of directors of the Runnels County Hospital District considers necessary for the effective operation of the Runnels County Hospital District.

Sec. 1072.109. EMINENT DOMAIN. (a) Authorizes the Runnels County Hospital District to exercise the power of eminent domain to acquire a fee simple or other interest in property located in Runnels County Hospital District territory if the interest is necessary for the Runnels County Hospital District to exercise the rights or authority conferred by this chapter.

(b) Requires the Runnels County Hospital District to exercise the power of eminent domain in the manner provided by Chapter 21 (Eminent Domain), Property Code, except that the Runnels County Hospital District is not required to deposit with the trial court money or a bond as provided by Section 21.021(a) (relating to conditions under which the condemner may take possession of condemned property pending further litigation), Property Code.

(c) Provides that in a condemnation proceeding brought by the Runnels County Hospital District, the Runnels County Hospital District is not required to pay in advance or provide bond or other security for costs in the trial court, provide bond for the issuance of a temporary restraining order or a temporary injunction, or provide a bond for costs or a supersedeas bond on an appeal or writ of error.

Sec. 1072.110. COST OF RELOCATING OR ALTERING PROPERTY. Requires the Runnels County Hospital District in exercising the power of eminent domain, if the board of directors of the Runnels County Hospital District 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 line, conduit, pole, or facility, to pay the actual cost of that activity to provide a comparable replacement, without enhancement of facilities, after deducting the net salvage value derived from the old facility.

Sec. 1072.111. GIFTS AND ENDOWMENTS. Authorizes the board to accept for the Runnels County Hospital District a gift or endowment to be held in trust for any purpose and under any direction, limitation, or provision in writing by the donor that is consistent with the proper management of the Runnels County Hospital District.

Sec. 1072.112. PAYMENT FOR TREATMENT; PROCEDURES. (a) Authorizes the Runnels County Hospital District administrator, when a person who resides in the Runnels County Hospital District is admitted as a patient to a Runnels County Hospital District facility, to have an inquiry made into the financial circumstances of the patient, and a relative of the patient who is legally responsible for the patient's support.

(b) Requires the Runnels County Hospital District, to the extent that the patient or a relative of the patient who is legally responsible for the patient's support cannot pay for care and treatment provided by the district, to supply the care and treatment without charging the patient or the patient's relative.

(c) Requires the Runnels County Hospital District administrator, on determining that the patient or a relative legally responsible for the patient's support can pay for all or part of the care and treatment provided by the Runnels County Hospital

District, to report that determination to the board, and the board is required to issue an order directing the patient or the relative to pay the Runnels County Hospital District a specified amount each week. Requires that the amount be based on the person's ability to pay.

(d) Authorizes the Runnels County Hospital District administrator to collect money owed to the Runnels County Hospital District from the patient's estate or from that of a relative legally responsible for the patient's support in the manner provided by law for the collection of expenses in the last illness of a deceased person.

(e) Requires the board, if there is a dispute relating to the person's ability to pay or if the Runnels County Hospital District administrator has any doubt concerning a person's ability to pay, to call witnesses, hear and resolve the question, and issue a final order. Authorizes the order to be appealed to a district court in the county in which the district is located. Provides that the substantial evidence rule applies to an appeal under this subsection.

Sec. 1072.113. REIMBURSEMENT FOR SERVICES. (a) Requires the board to require a county, municipality, or public hospital located outside of the Runnels County Hospital District to reimburse the Runnels County Hospital District for the Runnels County Hospital District's care and treatment of a sick or injured person of that county, municipality, or hospital, as provided by Chapter 61 (Indigent Health Care and Treatment Act), Health and Safety Code.

(b) Requires the board to require the sheriff of Runnels County to reimburse the Runnels County Hospital District for the Runnels County Hospital District's care and treatment of a person who is confined in a jail facility of Runnels County and is not a resident of the Runnels County Hospital District.

(c) Authorizes the board, on behalf of the Runnels County Hospital District, to contract with the state or federal government for that government to reimburse the Runnels County Hospital District for treatment of a sick or injured person.

Sec. 1072.114. NONPROFIT CORPORATION. (a) Authorizes the Runnels County Hospital District to create and sponsor a nonprofit corporation under the Business Organizations Code and contribute money to or solicit money for the corporation.

(b) Authorizes a corporation created under this section to use money contributed by the Runnels County Hospital District only to provide health care or other services the Runnels County Hospital District is authorized to provide under this chapter.

(c) Authorizes the corporation to invest the corporation's money in any manner in which the Runnels County Hospital District may invest the district's money, including investing money as authorized by Chapter 2256 (Public Funds Investment), Government Code.

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

Sec. 1072.115. AUTHORITY TO SUE AND BE SUED. Authorizes the board to sue and be sued on behalf of the district.

Sec. 1072.116. CONSTRUCTION CONTRACTS; ADVERTISING FOR CERTAIN CONSTRUCTION CONTRACTS. (a) Authorizes the board to enter into a construction contract on the district's behalf.

(b) Authorizes the board to enter into a construction contract only after competitive bidding as provided by Subchapter B (Competitive Bidding On Certain Public Works Contracts), Chapter 271 (Purchasing and Contracting

Authority of Municipalities, Counties, and Certain Other Local Governments), Local Government Code, if the amount of the contract is greater than the amount provided by Section 271.024 (Competitive Bidding Procedure Applicable to Contract) of that code.

[Reserves Sections 1072.117-1072.150 for expansion.]

#### SUBCHAPTER D. GENERAL FINANCIAL PROVISIONS

Sec. 1072.151. BUDGET. (a) Requires the Runnels County Hospital District administrator to prepare a proposed annual budget for the Runnels County Hospital District.

(b) Requires the proposed budget to contain a complete financial statement including a statement of:

- (1) the outstanding obligations of the Runnels County Hospital District;
- (2) the amount of cash on hand to the credit of each fund of the Runnels County Hospital District;
- (3) the amount of money received by the Runnels County Hospital District from all sources during the previous year;
- (4) the amount of money available to the Runnels County Hospital 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.

Sec. 1072.152. NOTICE; HEARING; ADOPTION OF BUDGET. (a) Requires the board to hold a public hearing on the proposed budget.

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

(c) Entitles any Runnels County Hospital District resident to be present and participate at the hearing.

(d) Requires the board, at the conclusion of the hearing, to adopt a budget by acting on the budget proposed by the district administrator. Authorizes the board to make a change in the proposed budget that the board of directors of the Runnels County Hospital District determines to be in the interests of the taxpayers.

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

Sec. 1072.153. AMENDMENT OF BUDGET. Authorizes the budget to be amended, after the budget is adopted, on the board's approval.

Sec. 1072.154. FISCAL YEAR. (a) Provides that the Runnels County Hospital District operates according to a fiscal year established by the board.

(b) Prohibits the fiscal year from being changed during a period in which revenue bonds of the Runnels County Hospital District are outstanding, or more than once in a 24-month period.

Sec. 1072.155. ANNUAL AUDIT. Requires the board to have an annual audit made of the financial condition of the Runnels County Hospital District.

Sec. 1072.156. INSPECTION OF ANNUAL AUDIT AND DISTRICT RECORDS. Provides that the annual audit and other Runnels County Hospital District records are open to inspection during regular business hours at the principal office of the Runnels County Hospital District.

Sec. 1072.157. FINANCIAL REPORT. Requires the Runnels County Hospital District administrator of the Runnels County Hospital District, as soon as practicable after the close of each fiscal year, to prepare for the board a sworn statement of the amount of district money and an account of the disbursement of that money.

Sec. 1072.158. SHORT TERM FINANCING. Authorizes the Runnels County Hospital District to borrow money through short-term financing.

Sec. 1072.159. DEBT LIMITATION. Prohibits the Runnels County Hospital District, except as provided by Chapter 1207 (Refunding Bonds), Government Code, and Sections 1072.116, 1072.201, and 1072.204, from incurring a debt payable from Runnels County Hospital District revenue other than revenue available in the current fiscal year and the immediately following fiscal year of the Runnels County Hospital District.

Sec. 1072.160. DEPOSITORY. (a) Requires the board to select at least one bank to serve as a depository for Runnels County Hospital District money.

(b) Authorizes the board to solicit bids from local financial institutions to determine which institution may serve as a depository for district money.

(c) Requires that Runnels County Hospital District money, other than money invested as provided by Section 1072.161 and money transmitted to a bank for payment of bonds or obligations issued or assumed by the district, be deposited as received with the depository and remain on deposit. Provides that this subsection does not limit the power of the board of directors of the Runnels County Hospital District to place part of the Runnels County Hospital District's money on time deposit or to purchase certificates of deposit.

(d) Authorizes the Runnels County Hospital District to deposit money with a bank in an amount that exceeds the maximum amount secured by the Federal Deposit Insurance Corporation (FDIC) only if the bank first executes a bond or other security in an amount sufficient to secure from loss the district money that exceeds the amount secured by the FDIC.

Sec. 1072.161. RESTRICTION ON INVESTMENT. Authorizes the board to invest operating, depreciation, or building reserves only in funds or securities specified by Chapter 2256, Government Code.

[Reserves Sections 1072.162-1072.200 for expansion.]

#### SUBCHAPTER E. BONDS

Sec. 1072.201. GENERAL OBLIGATION BONDS. Authorizes the board, if authorized by an election, to issue and sell general obligation bonds in the name and on the faith and credit of the district, to:

(1) purchase, construct, acquire, repair, or renovate buildings or improvements;

- (2) equip buildings or improvements for hospital purposes; or
- (3) acquire and operate a mobile emergency medical service.

Sec. 1072.202. TAX TO PAY GENERAL OBLIGATION BONDS. (a) Requires the board, at the time general obligation bonds are issued by the Runnels County Hospital District under Section 1072.201, to impose an ad valorem tax in an amount sufficient to create an interest and sinking fund to pay the principal of and interest on the bonds as the bonds mature.

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

Sec. 1072.203. GENERAL OBLIGATION BOND ELECTION. (a) Authorizes the Runnels County Hospital District to issue general obligation bonds only if the bonds are authorized by a majority of the voters voting in an election held for that purpose.

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

(c) Requires that notice of a bond election be given as provided by Chapter 1251 (Bond Elections), Government Code.

(d) Requires the board to declare the results of the election.

Sec. 1072.204. REVENUE BONDS. (a) Authorizes the board to issue revenue bonds to:

- (1) acquire, purchase, construct, repair, renovate, or equip buildings or improvements for hospital purposes;
- (2) acquire sites to be used for hospital purposes; or
- (3) acquire and operate a mobile emergency medical service to assist the Runnels County Hospital District in carrying out its hospital purposes.

(b) Requires that the bonds be payable from and secured by a pledge of all or part of the revenues derived from the operation of the Runnels County Hospital District's hospital system.

(c) Authorizes the bonds to be additionally secured by a mortgage or deed of trust lien on all or part of the Runnels County Hospital District property.

(d) Requires that the bonds be issued in the manner provided by Sections 264.042 (Form and Procedure), 264.043 (Terms), 264.046 (Junior Lien Bonds; Parity Bonds), 264.047 (Bond Proceeds; Investment of Funds), 264.048 (Refunding Bonds), and 264.049 (Approval and Registration of Bonds), Health and Safety Code.

Sec. 1072.205. MATURITY. Requires that Runnels County Hospital District bonds mature not later than 40 years after the date of their issuance.

Sec. 1072.206. EXECUTION OF BONDS. (a) Requires the board president to execute Runnels County Hospital District bonds in the Runnels County Hospital District's name.

(b) Requires the board secretary to countersign the bonds in the manner provided by Chapter 618 (Uniform Facsimile Signature of Public Officials Act), Government Code.

Sec. 1072.207. BONDS NOT SUBJECT TO TAXATION. Provides that the following are not subject to taxation by the state or by a political subdivision of the state:

- (1) bonds issued by the Runnels County Hospital District;
- (2) any transaction relating to the bonds; and
- (3) profits made in the sale of the bonds.

[Reserves Sections 1072.208-1072.250 for expansion.]

#### SUBCHAPTER F. AD VALOREM TAX

Sec. 1072.251. IMPOSITION OF AD VALOREM TAX. (a) Requires the board to impose a tax on all property in the Runnels County Hospital District subject to hospital district taxation.

(b) Authorizes the tax to be used to pay indebtedness issued or assumed by the Runnels County Hospital District and the maintenance and operating expenses of the Runnels County Hospital District.

(c) Prohibits the Runnels County Hospital District from imposing a tax to pay the principal of or interest on revenue bonds issued under this chapter.

Sec. 1072.252. TAX RATE. (a) Authorizes the board from imposing an annual tax at a rate not to exceed the limit approved by the voters at the election authorizing the imposition of a tax.

(b) Prohibits the tax rate on all taxable property in the Runnels County Hospital District, for all purposes, from exceeding 75 cents on each \$100 valuation of the property according to the most recent certified tax appraisal roll of the Runnels County Hospital District.

(c) Requires the board, in setting the tax rate, to consider Runnels County Hospital District income from sources other than taxation.

Sec. 1072.253. TAX ASSESSOR-COLLECTOR. Authorizes the board to provide for the appointment of a tax assessor-collector for the Runnels County Hospital District or contract for the assessment and collection of taxes as provided by the Tax Code.

[Reserves Sections 1072.254-1072.300 for expansion.]

#### SUBCHAPTER G. DISSOLUTION

Sec. 1072.301. DISSOLUTION; ELECTION. (a) Authorizes the Runnels County Hospital District to be dissolved only on approval of a majority of the voters voting in an election held for that purpose.

(b) Authorizes the board to order an election on the question of dissolving the district and disposing of the Runnels County Hospital District's assets and obligations.

(c) Requires the board to order an election if the board of directors of the Runnels County Hospital District receives a petition requesting an election that is signed by at least 15 percent of the Runnels County Hospital District's registered voters.

(d) Requires that the order calling the election state certain information related to time, place, and location.

(e) Provides that Section 41.001, Election Code, does not apply to an election ordered under this section.



Sec. 1072.302. NOTICE OF ELECTION. (a) Requires the board to give notice of an election under this subchapter by publishing a substantial copy of the election order in a newspaper with general circulation in the Runnels County Hospital District once a week for two consecutive weeks.

(b) Requires that the first publication appear not later than the 35th day before the date set for the election.

Sec. 1072.303. BALLOT. Requires that the ballot for an election under this subchapter be printed to permit voting for or against a certain proposition.

Sec. 1072.304. ELECTION RESULTS. (a) Requires the board, if a majority of the votes in an election under this subchapter favor dissolution, to order that the Runnels County Hospital District be dissolved.

(b) Requires the board, if a majority of the votes in an election under this subchapter do not favor dissolution, to continue to administer the Runnels County Hospital District, and prohibits another election on the question of dissolution from being held before the first anniversary of the date of the most recent election to dissolve the Runnels County Hospital District.

Sec. 1072.305. TRANSFER OR ADMINISTRATION OF ASSETS. (a) Requires the board, if a majority of the votes in an election under this subchapter favor dissolution, to:

(1) transfer the land, buildings, improvements, equipment, and other assets belonging to the Runnels County Hospital District to Runnels County or another governmental entity in Runnels County ; or

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

(b) Provides that if the Runnels County Hospital District makes a transfer under Subsection (a)(1), the county or governmental entity assumes all debts and obligations of the Runnels County Hospital District at the time of the transfer. Provides that the district is dissolved at the time of the transfer.

(c) Provides that if the Runnels County Hospital District administers the property, assets, and debts of the Runnels County Hospital District under Subsection (a)(2), the Runnels County Hospital District is dissolved when all money has been disposed of and all Runnels County Hospital District debts have been paid or settled.

Sec. 1072.306. IMPOSITION OF TAX AND RETURN OF SURPLUS TAXES. Requires the board, after the board determines that the Runnels County Hospital District is dissolved, to determine the debt owed by the Runnels County Hospital District, and impose on the property included in the Runnels County Hospital District's tax rolls a tax that is in proportion of the debt to the property value.

(b) Requires the board, on the payment of all outstanding debts and obligations of the district, to order the secretary to return to each district taxpayer the taxpayer's pro rata share of all unused tax money.

(c) Authorizes a taxpayer to request that the taxpayer's share of surplus 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.

Sec. 1072.307. REPORT; DISSOLUTION ORDER. (a) Requires the board, after the district has paid all its debts and has disposed of all its money and other assets as

prescribed by this subchapter, to file a written report with the Commissioners Court of Runnels County summarizing the board's actions in dissolving the Runnels County Hospital District.

(b) Requires the Commissioners Court of Runnels County, not later than the 10th day after the date the commissioners court receives the report and determines that the requirements of this subchapter have been fulfilled, to enter an order dissolving the district and releasing the board of directors of the Runnels County Hospital District from any further duty or obligation.

SECTION 3.02. Requires the members of the board of directors of the Runnels County Hospital District elected at the first election held under Section 1072.051, Special District Local Laws Code, as added by this Act, to draw lots to determine the terms each director serves. Requires three directors to serve two-year terms and four directors to serve three-year terms. Requires the successor directors to serve three-year terms.

SECTION 3.03 Provides that if the creation of the Runnels County Hospital District is not approved at an election held not later than the fifth anniversary of the effective date of this Act, Chapter 1072, Special District Local Laws Code, as added by this article, expires.

#### ARTICLE 4. EFFECTIVE DATE

SECTION 4.01. Effective date: upon passage or September 1, 2009.