

## **BILL ANALYSIS**

Senate Research Center  
77R10139 YDB-F

S.B. 1824  
By: Sibley  
Intergovernmental Relations  
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### **DIGEST AND PURPOSE**

As proposed, S.B. 1824 sets forth the procedures for the creation, establishment, and administration of the West Medical District, and authorizes a property tax to support the district, contingent on the approval of the community's voters.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the board of directors of the West Medical District in SECTION 5.05 of this bill.

### **SECTION BY SECTION ANALYSIS**

#### ARTICLE 1. GENERAL PROVISIONS

SECTION 1.01. DEFINITIONS. Defines "district," "board," and "director."

SECTION 1.02. DISTRICT AUTHORIZATION. Authorizes the creation and establishment of a hospital district to be known as the West Medical District (district) and, if created, requires the district to be maintained, operated, and financed in the manner provided by Section 9, Article IX (Hospital Districts; Creation, Operation, Powers, Duties and Dissolution), Texas Constitution, and by this Act.

SECTION 1.03. BOUNDARIES. Provides that the boundaries of the district are coextensive with the boundaries of the West Independent School District in McLennan County.

SECTION 1.04. ELECTION CODE PROVISIONS. Provides that Section 41.001(a) (Uniform Election Dates), Election Code, does not apply to an election ordered under this Act.

#### ARTICLE 2. TEMPORARY DIRECTORS

SECTION 2.01. TEMPORARY DIRECTORS. Sets forth seven persons who are to become temporary directors of the district on the effective date of this Act.

SECTION 2.02. VACANCY IN OFFICE. Requires the directors remaining after a vacancy in the office of a temporary director to fill the vacancy by appointment by majority vote.

#### ARTICLE 3. CREATION OF DISTRICT

SECTION 3.01. CREATION ELECTION. Authorizes the district to be created and a tax to be authorized only if the creation and the tax are approved by a majority of the qualified voters of the territory of the proposed district voting at an election called and held for that purpose.

SECTION 3.02. ORDERING ELECTION. Sets forth provisions for ordering a creation election.

SECTION 3.03. ELECTION ORDER. Sets forth statements that are required to be on the order

calling the election.

SECTION 3.04. NOTICE. Requires the temporary directors to give notice of the election by publishing a substantial copy of the election order in a newspaper of general circulation in the proposed district once a week for two consecutive weeks. Requires the first publication to appear at least 35 days before the date set for the election.

SECTION 3.05. ELECTION DATE. Requires the election to be held not less than 45 days or more than 60 days after the date on which the election is ordered.

SECTION 3.06. BALLOT PROPOSITION. Requires the ballot for the election to be printed to permit voting for or against the proposition: "The creation of a hospital district to be known as the West Medical District and the levy of annual taxes for hospital purposes at a rate not to exceed 75 cents on each \$100 valuation of all taxable property in the district."

SECTION 3.07. CANVASSING RETURNS. (a) Requires the temporary directors to meet and canvass the returns of the election.

(b) Requires the temporary directors to declare the district created and to enter the results in their minutes if a majority of the votes cast at the election favor creation of the district.

(c) Provides that if the creation of the district is defeated, the temporary directors are authorized to call and hold another creation election, but prohibits them from doing so before the first anniversary of the date of the most recent creation election.

SECTION 3.08. EXPIRATION OF ACT. Provides that if the creation of the district is not approved at an election held before the fifth anniversary of the effective date of this Act, this Act expires.

#### ARTICLE 4. DISTRICT ADMINISTRATION

SECTION 4.01. BOARD OF DIRECTORS. (a) Provides that the district is governed by a board of seven directors.

(b) Provides that from the time the creation of the district is approved until the elected directors take office, the temporary directors serve as directors of the district.

SECTION 4.02. INITIAL DIRECTORS ELECTION. Provides for the election of the initial directors.

SECTION 4.03. METHOD OF ELECTION; STAGGERED TERMS; TERM OF OFFICE; ELECTION DATE. Provides for the election of successor directors and for three-year terms for directors.

SECTION 4.04. NOTICE OF ELECTION. Requires notice of each election of directors to be published in a newspaper of general circulation in the district in accordance with Chapter 4 (Notice of Election), Election Code.

SECTION 4.05. APPLICATION. Requires a person who wishes to be on the ballot as a candidate for director to file an application with the secretary of the board of directors in accordance with Chapter 144 (Candidate for Office of Political Subdivision Other Than County or City), Election Code.

SECTION 4.06. QUALIFICATIONS FOR OFFICE. Sets forth qualifications for a person to be eligible to be a candidate for or to serve as a director. Prohibits a district employee from serving as a director.

SECTION 4.07. BOND. (a) Requires each director, before assuming the duties of the office, to execute a bond for \$5,000 payable to the district, conditioned on the faithful performance of the person's duties as director.

(b) Requires the bond to be kept in the permanent records of the district.

(c) Authorizes the board to pay for the director's bond with district funds.

SECTION 4.08. BOARD VACANCY. Requires a vacancy in the office of director to be filled for the unexpired term by appointment by the remaining directors.

SECTION 4.09. OFFICERS; OFFICERS' TERMS; VACANCY. Makes provisions regarding board officers and filling a vacancy in a board office.

SECTION 4.10. COMPENSATION. (a) Provides that directors and officers serve without compensation but authorizes them to 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 4.11. QUORUM; VOTING REQUIREMENT. (a) Provides that a majority of the membership of the board constitutes a quorum for the transaction of business.

(b) Provides that when a quorum is present, a majority of the members of the board voting must concur in a matter relating to the business of the district.

SECTION 4.12. ADMINISTRATOR AND ASSISTANT ADMINISTRATOR. Provides for the appointment and compensation of an administrator and assistant administrator of the district.

SECTION 4.13. APPOINTMENTS TO STAFF. Provides for the appointment of doctors to the staff.

SECTION 4.14. TECHNICIANS, NURSES, AND OTHER DISTRICT EMPLOYEES. Authorizes the district to employ or contract with technicians, nurses, fiscal agents, accountants, architects, attorneys, and other necessary employees.

## ARTICLE 5. POWERS AND DUTIES

SECTION 5.01. RESPONSIBILITY OF GOVERNMENTAL ENTITY. (a) Authorizes the West Hospital Authority, in the authority's sole discretion, on creation of the district, to convey or transfer to the district certain titles, funds, and accounts receivable.

(b) Requires the West Hospital Authority to convey or transfer to the district funds established for payment of indebtedness assumed by the district.

(c) Provides that, except as provided by Subsection (b) of this section, nothing in this Act requires the West Hospital Authority to convey or transfer any funds or interest in property to the district.

(d) Authorizes McLennan County, on creation of the district, to transfer to the district certain taxes or accounts receivable.

SECTION 5.02. LIMITATION ON GOVERNMENTAL ENTITY. Prohibits another governmental entity, including a county or municipality in which the district is located, on or after

creation of the district, from levying taxes or issue bonds or other obligations for hospital purposes or for providing medical care for the residents of the district.

**SECTION 5.03. DISTRICT RESPONSIBILITIES.** (a) Provides that the district, on its creation:

- (1) assumes full responsibility for operating hospital facilities and for furnishing medical and hospital care for the district's needy inhabitants;
- (2) assumes any outstanding indebtedness incurred by a county, municipality, or other governmental entity in which all or part of the district is located in providing hospital care for residents of the territory of the district before the district's creation; and
- (3) may operate or provide for the operation of a mobile emergency medical service.

(b) Provides that if part of a county, municipality, or other governmental entity is included in the district and part is not included in the district, the amount of indebtedness the district assumes under Subsection (a)(2) of this section is the portion of the total outstanding indebtedness of the county, municipality, or other entity for hospital care for all residents of the county, municipality, or other entity that the value of taxable property in the district bears to the total value of taxable property in the county, municipality, or other entity according to the last preceding approved assessment rolls of the county, municipality, or other entity before the district is confirmed.

**SECTION 5.04. MANAGEMENT, CONTROL, AND ADMINISTRATION.** Requires the board to manage, control, and administer the hospital system and the funds and resources of the district.

**SECTION 5.05. DISTRICT RULES.** Authorizes the board to adopt rules governing the operations of the hospital and hospital system and the duties, functions, and responsibilities of district staff and employees.

**SECTION 5.06. METHODS AND PROCEDURES.** Authorizes the board to prescribe the method of making purchases and expenditures by and for the district and accounting and control procedures for the district.

**SECTION 5.07. HOSPITAL PROPERTY, FACILITIES, EQUIPMENT, AND SERVICES.** (a) Requires the board to determine the type, number, and location of buildings required to establish and maintain an adequate hospital system and the type of equipment necessary for hospital care.

(b) Provides that the board has complete discretion as to the type and extent of services the district will offer. Authorizes the district to provide any services or facilities the board finds necessary for hospital or medical care, including certain services.

(c) Authorizes the board to:

- (1) acquire property, facilities, and equipment for the district for use in the hospital system;
- (2) mortgage or pledge the property, facilities, or equipment acquired as security for the payment of the purchase price;
- (3) transfer by lease to physicians, individuals, companies, corporations, or other legal entities or acquire by lease district hospital facilities; and
- (4) sell or otherwise dispose of property, facilities, or equipment.

**SECTION 5.08. CONSTRUCTION CONTRACTS.** (a) Authorizes the board to enter into

construction contracts on behalf of the district.

(b) Provides that a contract for construction in excess of the amount provided by Section 271.024 (Competitive Bidding Procedure Applicable to Contract), Local Government Code, may be made only after competitive bidding as provided by Chapter 271B (Competitive Bidding on Certain Public Works Contracts), Local Government Code.

(c) Provides that Chapter 2253 (Public Work Performance and Payment Bonds), Government Code, as it relates to performance and payment bonds, applies to construction contracts let by the district.

**SECTION 5.09. DISTRICT OPERATING AND MANAGEMENT CONTRACTS.** Authorizes the board to enter into operating or management contracts relating to hospital facilities on behalf of the district.

**SECTION 5.10. 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 (Eminent Domain), Property Code, but does not require the district to deposit in the trial court money or bond as provided by Section 21.021(a) (Possession Pending Litigation), Property Code.

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

**SECTION 5.11. EXPENSES FOR MOVING FACILITIES OF RAILROADS AND UTILITIES.** Provides that 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, the district is required to bear the actual cost of making the changes to provide comparable replacement without enhancement of a facility, after deducting the net salvage value derived from the old facility.

**SECTION 5.12. INDIGENT CARE.** (a) Requires the district to supply care and treatment without charge to a patient who resides in the district if the patient or relative who is legally responsible for the patient's support cannot pay for the care and treatment.

(b) Requires the board to determine the health care services to be provided to residents eligible for assistance under this section to fulfill the district's obligations under Section 9, Article IX, Texas Constitution, and Section 61.055 (Basic Health Care Services Provided by Hospital Districts), Health and Safety Code. Authorizes the board to enter into a contract with another entity to fulfill its obligations under this Act, Section 9, Article IX, Texas Constitution, and Section 61.055, Health and Safety Code.

(c) 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 (Application Procedure), Health and Safety Code.

(d) Authorizes the administrator of the district to have an inquiry made into the financial circumstances of a patient residing in the district and admitted to a district facility and a relative of the patient who is legally responsible for the patient's support.

(e) Requires the administrator, on finding that the patient or a relative of the patient legally responsible for the patient's support can pay for all or any part of the care and treatment provided by the district, to report that finding to the board, and requires the board to issue an order directing the patient or the relative to pay the district each week a specified amount that the individual is able to pay.

(f) Authorizes the administrator to collect money owed to the district from the estate of the patient or from that of a relative who was legally responsible for the patient's support in the manner provided by law for collection of expenses in the last illness of a deceased person.

(g) Requires the board, if there is a dispute relating to an individual's ability to pay or if the administrator has any doubt concerning the individual's ability to pay, to call witnesses, hear and resolve the question, and issue a final order. Requires an appeal from a final order of the board to be made to a district court in the county in which the district is located, and provides that the substantial evidence rule applies.

**SECTION 5.13. 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 (Indigent Health Care and Treatment Act), 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 state or federal government for the state or federal government to reimburse the district for treatment of a sick, diseased, or injured person.

**SECTION 5.14. SERVICE CONTRACTS.** Authorizes the board to contract with a municipality, county, special district, or other political subdivision of the state or with a state or federal agency for the district to furnish a mobile emergency medical service or provide for the investigatory or welfare needs of inhabitants of the district.

**SECTION 5.15. GIFTS AND ENDOWMENTS.** 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 5.16. AUTHORITY TO SUE AND BE SUED.** Authorizes the board to sue and be sued on behalf of the district.

**SECTION 5.17. RETIREMENT BENEFITS.** Authorizes the board to provide retirement benefits for the employees of the district by establishing or administering a retirement program or electing to participate in any statewide retirement system in which the district is eligible to participate.

**SECTION 5.18. RECRUITMENT OF STAFF AND EMPLOYEES.** Authorizes the board to spend district funds, enter into agreements, and take other necessary action to recruit physicians, nurses, and other persons to serve as medical staff members or employees of the district, including certain actions.

**SECTION 5.19. NONPROFIT CORPORATION.** Authorizes the district to sponsor and create a nonprofit corporation under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., V.T.C.S.), and to contribute funds to or solicit funds for the corporation. Authorizes the corporation to use district funds only to provide health care or other services the district is authorized to provide under

this Act. Requires the board to establish adequate controls to ensure that the corporation uses its funds as required by law. Authorizes the corporation to invest corporation funds in any manner in which the district is authorized to invest funds, including investing funds as authorized by Chapter 2256 (Public Funds Investment), Government Code.

## ARTICLE 6. DISTRICT FINANCES

SECTION 6.01. FISCAL YEAR. (a) Provides that the district operates on the fiscal year established by the board.

(b) Prohibits the fiscal year from being changed if revenue bonds of the district are outstanding or more than once in a 24-month period.

SECTION 6.02. ANNUAL AUDIT. Requires the board annually to have an audit made of the financial condition of the district.

SECTION 6.03. 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.

SECTION 6.04. 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 information.

SECTION 6.05. 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) Entitles any resident of the district 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 administrator. Authorizes the board to make any changes in the proposed budget that in its judgment the interests of the taxpayers demand.

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

SECTION 6.06. AMENDING BUDGET. Authorizes the annual budget, after adoption, to be amended on the board's approval.

SECTION 6.07. LIMITATION ON EXPENDITURES. Prohibits money from being spent for an expense not included in the annual budget or an amendment to it.

SECTION 6.08. 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 6.09. BORROWING MONEY. (a) Authorizes the district to borrow money at a rate not to exceed the minimum annual percentage rate allowed by law for district obligations at the time of the loan.

(b) Authorizes the board, in order to secure a loan, to pledge certain monies.

(c) Requires a loan for which taxes or bonds are pledged to mature not later than the first anniversary of the date on which the loan is made. Requires a loan for which district revenues are pledged to mature not later than the fifth anniversary of the date on which the loan is made.

SECTION 6.10. DEPOSITORY. (a) Requires the board to name at least one bank to serve as depository for district funds.

(b) Requires district funds, other than 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 to 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.

## ARTICLE 7. BONDS

SECTION 7.01. 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 hospital district to accomplish certain purposes.

SECTION 7.02. TAXES TO PAY BONDS. (a) Requires the board to levy a tax at the time the bonds are issued by the district.

(b) Requires the tax to be sufficient to create an interest and sinking fund to pay the principal of and interest on the bonds as the bonds mature.

(c) Prohibits the tax together with any other tax the district levies from exceeding the limit approved by the voters at the election authorizing the levy of taxes in any year.

SECTION 7.03. BOND ELECTION. (a) Authorizes the district to issue general obligation bonds only if the bonds are authorized by a majority of the qualified voters of the district voting at an election called and held for that purpose under this section.

(b) Authorizes the board to order a bond election. Requires the order calling the election to make certain statements.

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

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

SECTION 7.04. REVENUE BONDS. (a) Authorizes the board to issue bonds to accomplish certain purposes.

(b) Requires the bonds to be payable from and secured by a pledge of all or part of the revenues derived from the operation of the district's hospital system. Authorizes the bonds to be additionally secured by a mortgage or deed of trust lien on all or part of district property.

(c) Requires the bonds to 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, for issuance of revenue bonds by county

hospital authorities.

SECTION 7.05. REFUNDING BONDS. (a) Authorizes refunding bonds of the district to be issued to refund and pay off any outstanding indebtedness the district has issued or assumed.

(b) Requires the bonds to be issued in the manner provided by Chapter 1207 (Refunding Bonds), Government Code.

SECTION 7.06. 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 (Interest Rate), Government Code.

SECTION 7.07. EXECUTION OF BONDS. Requires the president of the board to execute the bonds in the name of the district, and requires the secretary of the board to countersign the bonds in the manner provided by Chapter 618 (Uniform Facsimile Signature of Public Officials Act), Government Code.

SECTION 7.08. APPROVAL AND REGISTRATION OF BONDS. (a) Provides that district bonds are subject to the same requirements with regard to approval by the attorney general and registration by the comptroller as the law provides for approval and registration of bonds issued by counties.

(b) Provides that, on approval by the attorney general and registration by the comptroller, the bonds are incontestable for any cause.

SECTION 7.09. BONDS AS INVESTMENTS. Provides that district bonds and indebtedness assumed by the district are legal and authorized investments for certain entities.

SECTION 7.10. BONDS AS SECURITY FOR DEPOSITS. Provides that district bonds are eligible to secure deposits of public funds of the state and of municipalities, counties, school districts, and other political subdivisions of the state. Provides that the bonds are lawful and sufficient security for deposits to the extent of their value if accompanied by all unmatured coupons.

SECTION 7.11. 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.

## ARTICLE 8. TAXES

SECTION 8.01. LEVY OF TAXES. (a) Authorizes the board annually to impose property taxes in an amount not to exceed the limit approved by the voters at the election authorizing the levy of taxes.

(b) Prohibits the tax rate for all purposes from exceeding 75 cents on each \$100 valuation of all taxable property in the district.

(c) Authorizes the taxes to be used to pay the indebtedness issued or assumed by the district and the maintenance and operating expenses of the district.

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

SECTION 8.02. BOARD AUTHORITY. Authorizes the board to impose taxes for the entire year in which the district is created.

SECTION 8.03. ADOPTING TAX RATE. Requires the board, in adopting the tax rate, to consider the income of the district from sources other than taxation.

SECTION 8.04. 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.

#### ARTICLE 9. DISSOLUTION OF DISTRICT

SECTION 9.01. DISSOLUTION ELECTION. Authorizes the district to be dissolved only if the dissolution is approved by a majority of the qualified voters of the district voting in an election called and held for that purpose.

SECTION 9.02. ORDERING ELECTION. (a) Authorizes the board to order an election on the question of dissolving the district and disposing of the district's assets and obligations.

(b) Requires the board to order an election on the question of dissolving the district and disposing of the district's assets and obligations if the board receives a petition requesting an election that is signed by a number of registered voters of the district equal to at least 15 percent of the registered voters in the district.

SECTION 9.03. ELECTION ORDER. Requires the order calling the election to contain certain statements.

SECTION 9.04. NOTICE. Requires the board to give notice of the election by publishing a substantial copy of the election order in a newspaper with general circulation in the district once a week for two consecutive weeks. Requires the first publication must appear at least 35 days before the date set for the election.

SECTION 9.05. ELECTION DATE. (a) Requires the election to be held not later than the 60th day after the date the election is ordered.

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

SECTION 9.06. BALLOT PROPOSITION. Requires the ballot for an election at which the dissolution of the district is proposed to be printed to permit voting for or against the proposition: "The dissolution of the West Medical District."

SECTION 9.07. CANVASSING RETURNS. (a) Requires the board to canvass the returns of the election.

(b) Requires the board, if a majority of the votes in the election favor dissolution, to find that the district is dissolved.

(c) Requires the board, if a majority of the votes 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 date of the most recent election to dissolve the district.

SECTION 9.08. DISSOLUTION PROCEDURES. (a) Requires the board, if a majority of the votes in the election favor dissolution, to dispose of the district's assets.

(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, at which time the district is dissolved. Provides that if the district does not transfer the land, buildings, improvements, equipment, and other assets to a county or other governmental entity, or sell those assets and the liabilities to another person, the board is required to administer the property, assets, and debts of the district until all funds have been disposed of and all district debts have been paid or settled, at which time the district is dissolved.

(c) Requires the board, after it finds that the district is dissolved, to determine the debt owed by the district and impose on the property included in the district's tax rolls a tax that is in proportion of the debt to the property value.

(d) 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 tax money to each district taxpayer.

(e) 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.

(f) Requires the board, after the district has paid all of the district's debts and has disposed of all of the district's assets and funds as prescribed by this section, to file a written report with the Commissioners Court of McLennan County setting forth a summary of the board's actions in dissolving the district.

(g) Requires the Commissioners Court of McLennan 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 and releasing the board from any further duty or obligation.

**SECTION 9.09. SALE OR TRANSFER OF ASSETS.** (a) Authorizes the district to provide for the sale or transfer of the district's assets and liabilities to another entity or person and the district's subsequent dissolution. Prohibits the dissolution of the district and the sale or transfer of the district's assets and liabilities to another person or entity from contravening a trust indenture or bond resolution relating to the outstanding bonds of the district. Provides that the dissolution and sale or transfer does not diminish or impair the rights of a holder of an outstanding bond, warrant, or other obligation of the district.

(b) Requires the sale or transfer of the district's assets and liabilities to satisfy the debt and bond obligations of the district in a manner that protects the interests of the residents of the district, including the residents' collective property rights in the district's assets. Provides that any grant from federal funds is considered an obligation to be repaid in satisfaction. Prohibits the district from transferring or disposing of the district's assets except for due compensation unless the transfer is made to another governmental agency that serves the district and the transferred assets are to be used for the benefit of residents of the district.

## ARTICLE 10. MISCELLANEOUS

**SECTION 10.01. LIMITATION ON STATE ASSISTANCE.** Prohibits the state from becoming obligated for the support or maintenance of a hospital district created under this Act, and the legislature from making a direct appropriation for the construction, maintenance, or improvement of a facility of the district.

**SECTION 10.02. 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 10.03. EFFECTIVE DATE. Effective date: upon passage or September 1, 2001.