

HEALTH & SAFETY CODE
SUBTITLE D. HOSPITAL DISTRICTS
CHAPTER 281. HOSPITAL DISTRICTS IN COUNTIES OF AT LEAST 190,000
SUBCHAPTER A. CREATION OF DISTRICT

Sec. 281.001. DEFINITIONS. In this chapter:

(1) "Board" means the board of hospital managers of a district.

(2) "District" means a hospital district created under this chapter.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.002. DISTRICT AUTHORIZATION. (a) A county with at least 190,000 inhabitants that does not own or operate a hospital system for indigent or needy persons may create a countywide hospital district and provide for the establishment of a hospital or hospital system to furnish medical aid and hospital care to indigent and needy persons residing in the district.

(b) A county with at least 190,000 inhabitants that owns and operates a hospital or hospital system for indigent or needy persons, separately or jointly with a municipality, may create a countywide hospital district and take over the hospital or hospital system to furnish medical aid and hospital care to indigent and needy persons residing in the district.

(c) A county with at least 190,000 inhabitants that has within its boundaries a municipality that owns a hospital or hospital system for indigent or needy persons that is operated by or on behalf of the municipality may create a countywide hospital district to assume ownership of the hospital or hospital system and to furnish medical aid and hospital care to indigent and needy persons residing in the district.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2003, 78th Leg., ch. 198, Sec. 2.208, eff. Sept. 1, 2003.

Sec. 281.003. CREATION ELECTION REQUIRED. (a) The district may be created only if the creation is approved by a majority of the qualified voters of the county in which the proposed district is to be located who vote at an election called and held for that purpose.

(b) The commissioners court may order a creation election to be held on its own motion and shall order the election on the presentation of a petition for a creation election signed by at least 100 qualified property taxpaying voters of the county.

(c) The election shall be held on the first authorized uniform election date prescribed by the Election Code that allows sufficient time to comply with other requirements of law.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.004. BALLOT PROPOSITIONS. (a) Except as provided by Subsection (a-1) or (b), the ballot for an election under this chapter shall be printed to provide for voting for or against the proposition: "The creation of a hospital district and the levy of a tax not to exceed 75 cents on each \$100 of the taxable value of property taxable by the district."

(a-1) The ballot for an election under this chapter held in a county with a population of more than 800,000 that is not included in the boundaries of a hospital district before September 1, 2003, shall be printed to provide for voting for or against the proposition: "The creation of a hospital district and the levy of a tax not to exceed 25 cents on each \$100 of the taxable value of property taxable by the district."

(b) If the county or a municipality in the county has any outstanding bonds issued for hospital purposes, the ballot for an election under this chapter shall contain the proposition prescribed by Subsection (a) or (a-1), as appropriate, followed by ", and the assumption by the district of all outstanding bonds previously issued for hospital purposes by _____ County and by any municipality in the county."

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2003, 78th Leg., ch. 198, Sec. 2.209, eff. Sept. 1, 2003.

SUBCHAPTER B. DISTRICT ADMINISTRATION

Sec. 281.021. APPOINTMENT OF BOARD. (a) The commissioners court of a county in which a district is created under this chapter shall appoint a board of hospital managers composed of not less than five or more than seven members.

(b) The commissioners court of a county with a population of more than 1.4 million but less than 1.5 million in which a district is created under this chapter shall appoint a board composed of not less than five or more than 15 members.

(c) The Harris County Commissioners Court shall appoint a

board composed of not less than seven or more than nine members.

(d) If a district is created under this chapter in a county with a population of more than 800,000 that was not included in the boundaries of a hospital district before September 1, 2003, the district shall be governed by a nine-member board of hospital managers, appointed as follows:

(1) the commissioners court of the county shall appoint four members;

(2) the governing body of the municipality with the largest population in the county shall appoint four members; and

(3) the commissioners court and the governing body of the municipality described by Subdivision (2) shall jointly appoint one member.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., ch. 597, Sec. 72, eff. Sept. 1, 1991; Acts 2001, 77th Leg., ch. 669, Sec. 36, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 198, Sec. 2.210, eff. Sept. 1, 2003.

Sec. 281.022. TERM. (a) A board member serves a two-year term, except that the commissioners court may make some initial appointments for one year in order to stagger terms.

(b) The members of the board of hospital managers of the Nueces County Hospital District serve staggered three-year terms, with as near as possible to one-third of the members' terms expiring each year.

(c) The members of a board of hospital managers appointed under Section 281.021(d) serve staggered four-year terms, with as near as possible to one-fourth of the members' terms expiring each year. The terms of the members appointed under that section are as follows:

(1) the members appointed solely by the governing body of the municipality with the largest population in the county shall draw lots to determine which member serves a one-year term, which member serves a two-year term, which member serves a three-year term, and which member serves a four-year term;

(2) the members appointed solely by the commissioners court of the county shall draw lots to determine which member serves a one-year term, which member serves a two-year term, which member serves a three-year term, and which member serves a four-year term; and

(3) the member appointed jointly by the governing body of the municipality described by Subdivision (1) and the commissioners court serves a four-year term.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1995, 74th Leg., ch. 212, Sec. 1, eff. Sept. 1, 1995; Acts 2003, 78th Leg., ch. 198, Sec. 2.211, eff. Sept. 1, 2003.

Sec. 281.023. OFFICERS. (a) The board shall elect from among its members:

(1) a chairman; and

(2) a vice-chairman to preside in the chairman's absence.

(b) The board shall appoint a board member or the administrator to serve as secretary.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.024. COMPENSATION. A board member serves without compensation.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.025. RECORD OF BOARD MEETING. (a) The board shall require the secretary to keep a suitable record of each board meeting.

(b) The presiding member shall read and sign the record after the meeting, and the secretary shall attest to the record.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.026. ADMINISTRATOR; DUTIES. (a) The board shall appoint a person qualified by training and experience as the administrator for the district.

(b) The administrator serves at the will of the board and for terms of not more than four years.

(c) The administrator is entitled to compensation as determined by the board.

(d) Before assuming duties, the administrator shall execute a bond payable to the district in the amount of not less than \$10,000, conditioned on the faithful performance of the administrator's duties and any other requirements determined by the board.

(e) Subject to the limitations prescribed by the board, the

administrator shall:

- (1) perform duties required by the board;
- (2) supervise the work and activities of the district;

and

- (3) generally direct the affairs of the district.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2005, 79th Leg., ch. 424, Sec. 1, eff. June 17, 2005.

Sec. 281.027. ASSISTANT ADMINISTRATOR. (a) If the administrator is incapacitated, absent, or unable to perform the administrator's duties, the board may designate an assistant administrator to perform any of the administrator's powers or duties, subject to limitations prescribed by board order.

(b) The assistant administrator or other persons shall execute a bond as required by board order.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.028. STAFF. (a) The board may appoint doctors to the district's staff and hire technicians, nurses, and other employees the board considers advisable for the district's efficient operation.

(b) An employment contract of a person appointed or hired under this section may not exceed four years.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., ch. 110, Sec. 1, eff. Aug. 26, 1991.

Sec. 281.029. RETIREMENT PROGRAMS. (a) With the approval of the commissioners court, the board may contract with the state or the federal government as necessary to establish or continue a retirement program for the benefit of district employees.

(b) In addition to the retirement programs authorized by Subsection (a), the board may establish a retirement program the board considers necessary and advisable for the benefit of district employees.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.030. SEAL. The board shall have a seal engraved with the district's name. The seal shall be kept by the secretary and used to authenticate the board's acts.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

SUBCHAPTER C. GENERAL POWERS AND DUTIES

Sec. 281.041. TRANSFER OF COUNTY AND MUNICIPAL HOSPITAL PROPERTY AND FUNDS. (a) Except as provided by Subsection (e), on the creation of a district under this chapter and the appointment and qualification of the district board, the county owning the hospital or hospital system, the county and municipality jointly operating a hospital or hospital system, or the municipality owning a hospital or hospital system shall execute and deliver to the district board a written instrument conveying to the district the title to land, buildings, and equipment jointly or separately owned by the county and municipality and used to provide medical services or hospital care, including geriatric care, to indigent or needy persons of the county or municipality.

(b) On the creation of a district under this chapter and the appointment and qualification of the district board, the county owning the hospital or hospital system, the county and municipality jointly operating a hospital or hospital system, or the municipality owning a hospital or hospital system shall, on the receipt of a certificate executed by the board's chairman stating that a depository for the district has been chosen and qualified, transfer to the district:

(1) all joint or separate county and municipal funds that are the proceeds of any bonds assumed by the district under Section 281.044; and

(2) all unexpended joint or separate county and municipal funds that have been established or appropriated by the county or municipality to support and maintain the hospital facilities for the year in which the district is created, to be used by the district to operate and maintain those facilities for the remainder of the year.

(c) Funds transferred to the district under this section may be used only for a purpose for which the county or the municipality that transferred the funds could lawfully have used the funds if the funds had remained the property and funds of the county or municipality.

(d) On the creation of the district, the board of managers of the county or municipal hospital system shall continue to manage and control the property and affairs of that system until the board of the district is appointed and organized. At that time, the

county or municipal board of managers shall transfer to the district board all county and municipal hospital system records, property, and affairs and shall cease to exist.

(e) A county or municipality transferring property or funds under this section is not required to transfer to the district:

(1) a medical facility used primarily for the treatment of inmates of a jail or any other correctional facilities, including juvenile justice facilities;

(2) property owned by the municipality that is used in connection with the provision of utility services, including electricity, water, wastewater, and sewer services;

(3) any real property or other assets related to a medical clinic facility on which construction has begun, but has not been completed, by the date on which the board members have been appointed and qualified to serve;

(4) a building and related land owned by the county or municipality that are used for purposes related or unrelated to the hospital or hospital system, except that:

(A) if the county or municipality retains ownership of the building and related land, the county or municipality shall lease the space used for hospital or hospital system purposes to the district for an initial term of three years unless a shorter term is otherwise agreed to by the district and the transferring entity; or

(B) if the county or municipality transfers the building and related land to the district, the district shall lease to the transferring entity the space not used for hospital or hospital system purposes for an initial term of three years unless a shorter term is otherwise agreed to by the district and the transferring entity;

(5) any or all of the public health services and related facilities of the county or municipality, other than a hospital or hospital district, unless the transfer of the public health services or a related facility to the district is mutually agreed to by the district and the transferring entity; or

(6) an ambulance service, emergency medical service, search and rescue service, or medical transport service that is owned or operated by the county or municipality, unless the transfer of all or part of the service and related buildings and equipment to the district is mutually agreed to by the district and the transferring entity.

(f) A transfer of an asset under this section, including a federally qualified health center, that would violate federal or state law unless a waiver or other authorization or approval is granted by a federal or state agency may not occur until the required waiver, authorization, or approval is obtained. A facility designated as a federally qualified health center under 42 U.S.C. Section 1396d(1)(2)(B), as amended, may not be transferred to the district until the district board has confirmed that the transfer will not jeopardize the federal designation of that facility.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2003, 78th Leg., ch. 198, Sec. 2.212, eff. Sept. 1, 2003.

Sec. 281.042. RETURN OF TRANSFERRED PROPERTY TO COUNTY OR MUNICIPALITY. (a) The board by deed may transfer to the county or a municipality any property that:

(1) was transferred to the district by that county or municipality under Section 281.041; and

(2) the board considers is not and will not be useful for the purposes for which the property was originally transferred to the district.

(b) The transfer may be made on terms determined suitable by the board and the commissioners court.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.043. ASSUMPTION OF CONTRACT OBLIGATIONS. On the creation of the district, the district assumes, without prejudice to the rights of third parties, any outstanding contract obligations legally incurred by the county or municipality, or both, for the construction, support, maintenance, or operation of hospital facilities and the provision of health care services or hospital care, including mental health care, to indigent residents of the county or municipality before the creation of the district.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2003, 78th Leg., ch. 198, Sec. 2.213, eff. Sept. 1, 2003.

Sec. 281.044. ASSUMPTION OF BONDED INDEBTEDNESS;

CANCELLATION OF UNSOLD MUNICIPAL OR COUNTY BONDS. (a) On the creation of the district, the district assumes:

(1) any outstanding bonded indebtedness incurred by the county or municipality, or both, in the acquisition of land, buildings, and equipment transferred to the district or in the construction and equipping of hospital facilities; and

(2) any other outstanding bonds issued by the county or municipality for hospital purposes, the proceeds of which are in whole or in part unexpended.

(b) On the creation of the district, the county or a municipality in the district that issued bonds for hospital purposes is no longer liable for the payment of the bonds or for providing interest and sinking fund requirements on those bonds.

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

(d) If the issuance of bonds by the county or municipality, or both, to provide hospital facilities was approved at a bond election but the bonds have not been sold on the date on which the hospital district is created under this chapter, the bond authority is canceled and the county or municipality, or both, may not sell the bonds.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.045. LIMITATION ON TAXING POWER BY GOVERNMENTAL ENTITY; DISPOSITION OF DELINQUENT TAXES. (a) On or after the creation of the district, the county or a municipality located in the district may not levy taxes for hospital purposes.

(b) The county or a municipality located in the district that collects delinquent taxes owed to the county or municipality on levies for county and municipal hospital systems under Chapter 265 shall pay the amount of the collected delinquent taxes to the district, and the district shall apply that money to the purposes for which the taxes were originally levied.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.046. DISTRICT RESPONSIBILITY FOR MEDICAL AID AND HOSPITAL CARE. Beginning on the date on which taxes are collected for the district, the district assumes full responsibility for furnishing medical and hospital care for indigent and needy persons residing in the district.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.0465. NURSING SERVICES FOR SCHOOL DISTRICTS. A hospital district may contract with a school district included in the hospital district to provide nursing services and assistance to employees or students of the school district.

Added by Acts 1995, 74th Leg., ch. 260, Sec. 38, eff. May 30, 1995.

Sec. 281.047. MANAGEMENT, CONTROL, AND ADMINISTRATION. The board shall manage, control, and administer the hospital or hospital system of the district.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.0475. RENAMING DISTRICT. (a) This section applies only to a district created in a county with a population of more than 800,000 that was not included in the boundaries of a hospital district before September 1, 2003.

(b) With the approval of the commissioners court, the board may rename the district.

Added by Acts 2005, 79th Leg., ch. 1094, Sec. 10, eff. Sept. 1, 2005.

Sec. 281.048. DISTRICT RULES. The board may adopt rules governing the operation of the hospital or hospital system.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.049. PURCHASING AND ACCOUNTING METHODS AND PROCEDURES. (a) The commissioners court may prescribe:

(1) the method of making purchases and expenditures by and for the district; and

(2) accounting and control procedures for the district.

(b) The commissioners court by resolution or order may delegate its powers under Subsection (a) to the board.

(c) A county officer, employee, or agent shall perform any function or service required by the commissioners court under this section.

(d) The district shall pay salaries and expenses necessarily incurred by the county or by a county officer or agent in performing a duty prescribed or required under this section.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.050. POWERS RELATING TO DISTRICT PROPERTY, FACILITIES, AND EQUIPMENT. With the approval of the commissioners court, the board may construct, condemn, acquire, lease, add to, maintain, operate, develop, regulate, sell, exchange, and convey any property, property right, equipment, hospital facility, or system to maintain a hospital, building, or other facility or to provide a service required by the district. Approval of the commissioners court shall be required for the sale or lease of a hospital facility regardless of the provisions of Section 285.051. Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1997, 75th Leg., ch. 137, Sec. 1, eff. Sept. 1, 1997.

Sec. 281.051. CONTRACTING AUTHORITY. (a) With the approval of the commissioners court, the board may, in performing its powers under Section 281.050, contract or cooperate with:

- (1) the federal government;
- (2) this state;
- (3) another governmental entity; or
- (4) a privately owned or operated hospital.

(b) With the approval of the commissioners court, the board may contract with:

- (1) a county for care and treatment of the county's sick, diseased, or injured persons; and
- (2) this state or the federal government for care and treatment of sick, diseased, or injured persons for whom the state or federal government is responsible.

(c) The board shall encourage and promote participation by all sectors of the business community, including small businesses and businesses owned by members of a minority group or by women, in the process by which the district enters into contracts. The board shall develop a plan for the district to identify and remove barriers that do not have a definite or objective relationship to quality or competence and that unfairly discriminate against small businesses and businesses owned by members of a minority or by women. These barriers may include contracting procedures and contract specifications or conditions.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1993, 73rd Leg., ch. 996, Sec. 1, eff. Aug. 30, 1993; Acts 1997, 75th Leg., ch. 137, Sec. 2, eff. Sept. 1, 1997.

Sec. 281.0514. HARRIS COUNTY HOSPITAL DISTRICT; CONTRACT WITH CERTAIN HOSPITALS. (a) The Harris County Hospital District may contract for indigent health care services with at least one hospital that is:

- (1) located in the district;
- (2) exempt from federal income tax under Section 501(a), Internal Revenue Code of 1986, and its subsequent amendments, by being listed as an exempt entity under any subdivision of Section 501(c) of that code; and
- (3) substantially devoted to providing hospital services to socially and economically disadvantaged individuals in the geographical area of the district.

(b) A contract under this section is subject to Section 281.051(a).

Added by Acts 1999, 76th Leg., ch. 1377, Sec. 1.24, eff. Sept. 1, 1999.

Sec. 281.0515. PROCEDURES FOR HEALTH MAINTENANCE ORGANIZATION. A district may establish a health maintenance organization in accordance with the Texas Health Maintenance Organization Act (Chapter 20A, Vernon's Texas Insurance Code) to provide or arrange for health care services for the residents of the district.

Added by Acts 1993, 73rd Leg., ch. 908, Sec. 2, eff. Aug. 30, 1993.

Sec. 281.0517. INTEGRATED HEALTH CARE SYSTEM. (a) In this section:

(1) "Integrated health care system" means a nonprofit corporation established and operated by a district and a medical school to provide or arrange for comprehensive health care services for residents of the district.

(2) "Provider" means a physician or a provider as defined under Section 843.002, Insurance Code.

(3) "Medical school" means a medical school governed by Chapter 110, Education Code.

(b) The El Paso County Hospital District and a medical school may establish and operate an integrated health care system.

(c) To provide or arrange for comprehensive health care

services, an integrated health care system created under this section may:

(1) own, acquire, lease, or contract for all necessary assets;

(2) enter into contracts with providers for the provision of health care services directly or indirectly through subcontract;

(3) provide or enter into a contract with an individual or business entity under which the individual or entity provides necessary management or administrative services for the system and the system's providers;

(4) enter into a contract or other agreement with a business or governmental entity under which the system is paid to provide health care services; and

(5) enter into a fee-for-service, capitated, or risk-sharing health care service arrangement.

(d) An integrated health care system that recites in its articles of incorporation that it is created under this section is:

(1) subject to:

(A) Chapter 551, Government Code;

(B) Chapter 552, Government Code;

(C) Chapter 843, Insurance Code;

(D) Chapter 844, Insurance Code; and

(E) Chapter 262, Local Government Code; and

(2) a unit of local government for the purposes of Chapter 101, Civil Practice and Remedies Code.

(e) Notwithstanding Subsection (d)(1)(A), an integrated health care system created under this section may hold a closed meeting to deliberate:

(1) pricing or financial planning relating to a bid or negotiation for a contract to provide a service or product line, if an open meeting would have a detrimental effect on the position of the system in the bid or negotiation process; or

(2) a proposed new service or product line, if the meeting is held before public announcement of the service or product line.

(f) Notwithstanding Subsection (d)(1)(B), information relating to the following is confidential and not subject to disclosure:

(1) pricing or financial planning relating to a bid or negotiation for a contract to provide a service or product line, if disclosure would have a detrimental effect on the position of the integrated health care system in the bid or negotiation process; or

(2) a proposed new service or product line, if disclosure is requested before public announcement of the service or product line.

(g) Subject to the requirements and limitations of the local health care market, an integrated health care system created under this section shall make reasonable efforts to include in its provider group community providers other than the medical school and a hospital of the El Paso County Hospital District.

Added by Acts 1997, 75th Leg., ch. 947, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2003, 78th Leg., ch. 1276, Sec. 10A.528, 10A.529, eff. Sept. 1, 2003.

Sec. 281.052. COUNTY AUTHORITY TO SELL, LEASE, AND PURCHASE FACILITIES FOR DISTRICT PURPOSES. (a) The commissioners court of a county in which a district is created under this chapter may sell real or personal property in order to enter into a contract to:

(1) lease or rent buildings, land, facilities, equipment, or services from others for district purposes;

(2) construct, repair, renovate, improve, or enlarge buildings, land, facilities, or equipment for district purposes; and

(3) pay regular monthly utility bills, including electricity, gas, and water bills, for the leased or rented buildings, land, facilities, equipment, or services.

(b) The commissioners court may pay for the facilities, equipment, and services and for the regular monthly utility bills for those facilities, equipment, and services from the county's general fund if a majority of the commissioners court considers the facilities, equipment, and services essential to the proper administration of the county.

(c) A construction project under this section shall be let by contract. The contract must contain the prevailing wage for mechanics, laborers, and other persons employed in the project.

The Tarrant County Commissioners Court shall set the prevailing wage in the amount set by the commissioners court for all construction projects involving the expenditure of county funds.

(d) On or before the expiration of the lease or rental contract, the county may purchase the facilities with county general funds if a majority of the commissioners court considers the purchase price reasonable.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.053. DISTRICT INSPECTIONS. (a) The district may be inspected by a representative of the commissioners court, the Texas Board of Health, or the Texas Department of Human Services.

(b) A district officer shall:

(1) admit an inspector into the district facilities;
and

(2) on demand give the inspector access to records, reports, books, papers, and accounts related to the district.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.054. EMINENT DOMAIN. (a) The district has the power of eminent domain to acquire any interest in real, personal, or mixed property located in the district if the property interest is necessary or convenient for the exercise of the rights or authority conferred on the district by this chapter.

(b) The district must exercise the power of eminent domain in the manner provided by Chapter 21, Property Code, but the district is not required to deposit with the trial court money or a bond as provided by Section 21.021(a), Property Code.

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

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

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

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

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.055. GIFTS AND ENDOWMENTS. On behalf of the district, the board may accept gifts and endowments to be held in trust and administered by the board for the purposes and under the directions, limitations, or provisions prescribed in writing by the donor that are consistent with the proper management of the district.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.056. AUTHORITY TO SUE AND BE SUED; LEGAL REPRESENTATION. (a) The board may sue and be sued. A health care liability claim, as defined by Section 74.001, Civil Practice and Remedies Code, may be brought against the district only in the county in which the district is established.

(b) Except as provided by Subsection (b-1), a district may employ or contract with private legal counsel to represent the district on any legal matter. If the district does not employ or contract with private legal counsel on a legal matter, the county attorney, district attorney, or criminal district attorney, as appropriate, with the duty to represent the county in civil matters shall represent the district.

(b-1) The county attorney, district attorney, or criminal district attorney, as appropriate, with the duty to represent the county in civil matters shall, in all legal matters, represent a district located in:

(1) a county with a population of 650,000 or more that borders the United Mexican States;

(2) a county with a population of 3.4 million or more;
or

(3) a county with a population of more than 800,000 that was not included in the boundaries of a hospital district before September 1, 2003.

(c) A board that receives legal services from a county attorney, district attorney, or criminal district attorney may employ additional private legal counsel when the board determines that additional counsel is advisable. A board that contracts or employs private legal counsel under Subsection (b) may request and receive additional legal services from the county attorney, district attorney, or criminal district attorney, as appropriate, with the duty to represent the county in civil matters when the board determines that additional counsel is necessary.

(d) If the district receives legal services from a county

attorney, district attorney, or criminal district attorney, the district shall contribute sufficient funds to the general fund of the county for the account of the budget of the county attorney, district attorney, or criminal district attorney, as appropriate, to pay all additional salaries and expenses incurred by that officer in performing the duties required by the district. Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2003, 78th Leg., ch. 204, Sec. 3.08, eff. Sept. 1, 2003; Acts 2005, 79th Leg., ch. 1094, Sec. 11, eff. Sept. 1, 2005.

Sec. 281.0565. CHARITABLE ORGANIZATIONS. (a) In this section, "charitable organization" means an organization that is exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986 by being listed as an exempt organization in Section 501(c)(3) or 501(c)(4) of the code.

(b) A district may create a charitable organization to facilitate the 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.

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

Added by Acts 1997, 75th Leg., ch. 104, Sec. 1, eff. Sept. 1, 1997.

Sec. 281.057. EMPLOYMENT OF DISTRICT PEACE OFFICERS. (a) The board of the Dallas County Hospital District, the Tarrant County Hospital District, or the Bexar County Hospital District may employ and commission peace officers for the district.

(b) The jurisdiction of a peace officer commissioned under this section includes the property owned or controlled by the district that employs the peace officer and any street abutting, right-of-way over or through, or easement in the property.

(c) In a district peace officer's jurisdiction, the peace officer has the authority granted by Chapter 14, Code of Criminal Procedure. The peace officer may also make an arrest without a warrant in the officer's jurisdiction if the offense involves injury or harm to any property owned or controlled by the district. Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., ch. 853, Sec. 1, eff. Sept. 1, 1991; Acts 2003, 78th Leg., ch. 888, Sec. 1, eff. June 20, 2003.

SUBCHAPTER D. MEDICAL TREATMENT AND CARE

Sec. 281.071. PAYMENT AND SUPPORT. (a) The administrator shall inquire into a patient's circumstances and the circumstances of the patient's relatives legally responsible for the patient's support if the patient is admitted to district facilities from the county in which the hospital is located. If the administrator finds that the patient or the patient's relatives are liable for the patient's care and treatment in whole or in part, the administrator shall issue an order directing the patient or the patient's relatives to pay to the district treasurer a specified amount each week in proportion to the financial ability of the patient or the patient's relatives to pay.

(b) A patient or the patient's relatives may not be required to pay an amount greater than the actual per capita cost of maintenance.

(c) An administrator may collect an amount owed under this section from the estate of a patient, or the relatives legally responsible for the patient's support, in the manner provided by law for the collection of expenses of the last illness of a deceased person.

(d) If the administrator finds that the patient and the patient's relatives are not able to pay in whole or in part, the district shall without charge supply the care and treatment to the patient.

(e) A county court of the county in which a patient's hospital is located shall hear and determine the ability of the patient or the patient's relatives to pay under this section if there is a dispute over this ability or if there is doubt in the mind of the administrator over this ability. The court shall hear witnesses and issue any order that may be proper.

(f) An appeal from an order of the county court must be made to a district court in the county in which the district is located. Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.072. REIMBURSEMENT FOR SERVICES. The board shall 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).
Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.073. DISPOSITION OF DISTRICT RECORDS. (a) The preservation, microfilming, destruction, or other disposition of the records of a district is subject to Subtitle C, Title 6, Local Government Code.

(b) The period that medical records are retained shall be in accordance with rules relating to the retention of medical records adopted by the Texas Department of Health and with other applicable federal and state laws and rules.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1991, 72nd Leg., ch. 14, Sec. 118, eff. Sept. 1, 1991.

SUBCHAPTER E. DISTRICT FINANCES

Sec. 281.091. BUDGET. (a) The administrator shall prepare an annual budget under the board's direction.

(b) The budget and budget revisions must be approved by the board and then shall be presented to the commissioners court for final approval.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.092. ADMINISTRATOR'S REPORT. (a) As soon as practicable after the close of the fiscal year, the administrator shall make a report to the board, commissioners court, Texas Board of Health, and comptroller.

(b) The report must:

(1) consist of a sworn statement of all money and choses in action received by the administrator and their disposition; and

(2) show in detail the operations of the district for the fiscal year.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.093. DEPOSITORY. (a) Not later than the 30th day after the appointment of the board, the board shall:

(1) select a depository for district funds in the manner provided by law for the selection of a county depository; or

(2) elect to use the depository previously selected by the county.

(b) If the board selects a depository in accordance with Subsection (a)(1), the depository shall serve as the district depository for four years and until its successor is selected and qualified.

(c) The board may extend any contract with a depository to the next October and then select a depository for the following four years.

(d) All income of the district shall be deposited in the district depository.

(e) Warrants against district funds do not require the county clerk's signature.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 1993, 73rd Leg., ch. 246, Sec. 1, eff. Aug. 30, 1993.

Sec. 281.094. USE OF CERTAIN FUNDS BY THE NUECES COUNTY HOSPITAL DISTRICT. (a) With the approval of the Nueces County Commissioners Court, the board of the Nueces County Hospital District may use funds made available to the district from sources other than a tax levy to fund health care services, including public health services, mental health and mental retardation services, emergency medical services, health services provided to persons confined in jail facilities, and for other health related purposes.

(b) The board of the Nueces County Hospital District may use funds made available to the district from any source to fund indigent health care.

Added by Acts 1999, 76th Leg., ch. 1133, Sec. 1, eff. June 18, 1999.

Sec. 281.095. PROHIBITION AGAINST PARTICIPATION IN TAX INCREMENT FINANCING BY CERTAIN HOSPITAL DISTRICTS. (a) In this section, "district" means Bexar County Hospital District, Nueces County Hospital District, El Paso County Hospital District, or Harris County Hospital District.

(b) The district may not enter 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. This subsection does not affect the validity of an agreement entered into by the district before September 1, 2001, to pay a portion of the district's tax increment into a tax increment fund under Chapter 311, Tax Code.

(c) The proceeds of a tax imposed under Section 281.121 may not be used to make a payment into a tax increment fund under Chapter 311, Tax Code, if that payment is prohibited by this section.

(d) A project plan or reinvestment zone financing plan approved under Section 311.011, Tax Code, on or after September 1, 2001, may not include 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.

(e) A project plan or reinvestment zone financing plan approved under Section 311.011, Tax Code, before September 1, 2001, may not be amended on or after September 1, 2001, to:

(1) increase the percentage of the district's tax increment to be contributed to a tax increment fund;

(2) increase the time during which the district is to contribute any of the district's tax increment to a tax increment fund;

(3) allow or require the district, if it was not included in the originally approved project plan or reinvestment zone financing plan, to contribute any of the district's tax increment or other money to a tax increment fund; or

(4) allow the district to pay into a tax increment fund any of the district's tax increment derived from property added to the reinvestment zone on or after September 1, 2001.

(f) An agreement entered into by the district under Section 311.013(f), Tax Code, before September 1, 2001, may not be amended on or after September 1, 2001, to include any of the conditions prohibited by Subsection (e).

Added by Acts 2001, 77th Leg., ch. 588, Sec. 1, eff. Sept. 1, 2001.

Sec. 281.096. AUTHORITY TO TAKE ACTIONS RELATING TO AD VALOREM TAXES. (a) With respect to the imposition or collection of an ad valorem tax imposed for the benefit of a hospital district, the commissioners court of the county in which the district is located has the authority assigned by law to the governing body of the hospital district, including the authority to:

(1) adopt an exemption, partial exemption, or other form of relief from an ad valorem tax;

(2) elect to tax property that would otherwise be exempt from an ad valorem tax; and

(3) exercise a power granted to a taxing unit under Section 6.30, Tax Code.

(b) The board of a hospital district may not exercise a power granted by Subsection (a) to the commissioners court with respect to the imposition or collection of an ad valorem tax imposed for the benefit of the hospital district.

Added by Acts 2003, 78th Leg., ch. 102, Sec. 1, eff. Sept. 1, 2003.

SUBCHAPTER F. DISTRICT BONDS AND CERTIFICATES OF OBLIGATION

Sec. 281.101. GENERAL OBLIGATION BONDS. The commissioners court, in the district's name and on the district's faith and credit, may issue and sell bonds to acquire, construct, equip, or enlarge the hospital or hospital system.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.102. BOND ELECTION. (a) The district may not issue bonds, excluding refunding bonds, unless the bonds are authorized by a majority of the qualified voters of the district voting at an election called and held for that purpose.

(b) The commissioners court may order a bond election on its own motion or on the board's request.

(c) The election must be:

(1) called and held in accordance with Chapter 1251, Government Code; and

(2) conducted in the same manner as other countywide elections.

(d) The district shall pay for the cost of the election and shall provide for payment before the commissioners court orders the election.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2001, 77th Leg., ch. 1420, Sec. 8.261, eff. Sept. 1, 2001.

Sec. 281.103. REFUNDING BONDS. (a) Refunding bonds of the district may be issued to refund and pay any outstanding bonded indebtedness of the district, including assumed bonded indebtedness.

(b) The refunding bonds must be issued in the manner provided for other bonds of the district except that an election is not required.

(c) The refunding bonds may be:
(1) sold and the proceeds applied to the payment of outstanding bonds; or

(2) exchanged in whole or in part for not less than a similar principal amount of the outstanding bonds plus the unpaid, matured interest on those bonds.

(d) The average annual interest cost on the refunding bonds, computed in accordance with recognized standard bond interest cost tables, may not exceed the average annual interest cost so computed on the bonds to be discharged out of the proceeds of the refunding bonds, unless the total interest cost on the refunding bonds, computed to their respective maturity dates, is less than the total interest cost so computed on the bonds to be discharged out of those proceeds. In those computations, any premium required to be paid on the bonds to be refunded as a condition to payment in advance of their stated maturity dates shall be taken into account as an addition to the net interest cost to the district of the refunding bonds.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.104. EXECUTION OF BONDS. The county judge of the county in which the district is created shall execute the bonds in the name of the district, and the county clerk shall countersign the bonds.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.105. APPROVAL AND REGISTRATION OF BONDS. (a) 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 the county.

(b) The attorney general's approval of district bonds has the same effect as that approval for other bonds issued by the county.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989.

Sec. 281.106. AUTHORITY TO ISSUE CERTIFICATES OF OBLIGATION. With the approval of the commissioners court, the board may issue certificates of obligation in accordance with Subchapter C, Chapter 271, Local Government Code, for district purposes as authorized by this chapter.

Added by Acts 2003, 78th Leg., ch. 47, Sec. 2, eff. Sept. 1, 2003.

Sec. 281.107. ALTERNATIVE FINANCING AND ELECTION PROCEDURES. (a) This section is applicable to any hospital district that was created pursuant to the authority granted by Section 4, Article IX, Texas Constitution, is operating under this chapter, and has previously held an election at which the voters approved the levy and assessment of an ad valorem tax at a rate not greater than 75 cents per \$100 of assessed valuation of taxable property within the district.

(b) The commissioners court may, in the district's name, call, order, and hold an election and submit thereat the proposition and ballot prescribed in Subsections (c) and (d) if the district's board of managers:

(1) finds that capital funds are needed to acquire, construct, equip, and improve the district's hospital system;

(2) finds that financing such improvements through the issuance of combination tax and revenue bonds or other obligations is the best available method to provide the capital funds that are needed to furnish the highest quality of medical treatment and hospital care to persons residing in the district; and

(3) requests that the commissioners court call and hold an election under the alternative procedures authorized by this section.

(c) The official proposition submitted to the voters at an election held under this section shall read substantially as follows:

"PROPOSITION

"Shall (insert name of district) be authorized to pledge all or a portion of its hospital system revenues and the revenues received from the ad valorem tax that was previously approved by the voters of the district to the payment of outstanding and future combination tax and revenue bonds and other obligations, and debt service reserves therefor, that were and will be issued and executed for the capital purposes of the district's hospital system?"

(d) The ballot shall be arranged in a manner that will permit the voters to vote for or against the following summary of

the proposition:

"Authorizing the (insert name of district) to pledge the revenues from its hospital system and from the ad valorem tax that was previously approved by the voters to the payment of combination tax and revenue bonds and other obligations that have been and will be issued and executed for the capital purposes of the hospital system."

(e) The election order shall include:

(1) a statement of the maximum aggregate principal amount of bonds and obligations having maturities longer than five years that will be secured by the hospital system and tax revenues authorized by this section if approved by the voters at the election unless another election is held and the voters approve an increased amount; and

(2) a general description of the district's proposed financing and improvement plans, including:

(A) the expected uses of the proposed improvements to the hospital system according to the proposed plans;

(B) estimates of the costs of the proposed improvements, estimates of the amount of the expected revenues that will be received from the operation of the proposed improvements, and estimates of the amount of revenues, including tax revenues, that will be required to pay the long-term combination tax and revenue bonds and other obligations when due, based on the interest rate and other assumptions stated in the order; and

(C) any other matter deemed by the board of managers to be appropriate to inform the voters of the details of the proposed improvements to the district's hospital system and the financing plans.

(f) An election conducted pursuant to this section shall be conducted in accordance with the procedures provided in Section 281.102.

(g) If a majority of the votes received at the election favor the proposition submitted at the election, the commissioners court is authorized to issue and execute, on behalf and in the name of the district, combination tax and revenue bonds and other short-term and long-term obligations in the amounts and upon the terms recommended and at the times requested by the board of managers. If requested by the board of managers, the commissioners court may also, by order, extend or confirm the pledge to previously issued bonds and other obligations of the district.

(h) Bonds and other short-term or long-term obligations that are secured in the manner authorized by this section shall be payable from and secured by the revenues of the district's hospital system and from the ad valorem tax revenues of the district to the extent prescribed and agreed in the orders, resolutions, indentures, contracts, or other documents authorizing their issuance or execution. The district, through the commissioners court, shall annually levy, assess, and collect ad valorem taxes on taxable property in the district, within the limited tax rate previously authorized by the voters, when and as required by the proceedings authorizing the bonds and other obligations.

(i) Each district that utilizes the alternative procedures permitted by this section is authorized to enter into, execute, and deliver any of the credit agreements permitted by Chapter 1371, Government Code, and to secure them by pledging revenues and taxes to the same extent they are pledged to bonds or other short-term or long-term obligations in accordance with this section.

(j) The portion of the rate of ad valorem tax that is to be levied and assessed each year by or for the district that is allocated by the district to the payment of the principal of and the interest on bonds and other obligations or the maintenance of reserves therefor in accordance with this section shall be applied as a payment on current debt in calculating the current debt rate under the applicable tax rate rollback provisions of Chapter 26, Tax Code.

(k) The procedures authorized by this section are alternative to the provisions of Chapter 284 and the other sections of this chapter and are cumulative of and in addition to any powers granted to any district under those or any other laws.

Added by Acts 2003, 78th Leg., ch. 55, Sec. 1, eff. May 15, 2003. Renumbered from V.T.C.A., Health & Safety Code Sec. 281.106 by Acts 2005, 79th Leg., ch. 728, Sec. 23.001(48), eff. Sept. 1, 2005.

SUBCHAPTER G. TAXES

Sec. 281.121. TAXES TO PAY BONDS AND CERTIFICATES OF OBLIGATION; TAX ASSESSMENT AND COLLECTION. (a) When the district issues bonds or certificates of obligation payable from and secured by taxes under this chapter, the commissioners court shall impose a tax for the benefit of the district on all property subject to district taxation. The commissioners court may impose the tax for the entire year in which the district is created in order to finance initial district operation and to pay bonds assumed by the district.

(b) The tax amount:

(1) must be sufficient to create an interest and sinking fund to pay the principal of and interest on the bonds as they mature; and

(2) may not exceed 75 cents on each \$100 of the taxable value of property taxable by the district, or the rate authorized in the election to create the district.

(c) The proceeds of the tax may be used:

(1) to pay the interest on and create a sinking fund for bonds that may be assumed or issued by the district for hospital purposes in accordance with this chapter;

(2) to provide for the operation and maintenance of the hospital or hospital system;

(3) if requested by the board and approved by the commissioners court, to make further improvements and additions to the hospital system, including acquiring necessary sites by purchase, lease, or condemnation; and

(4) to pay for certificates of obligation issued under Section 281.106 that are payable from and secured by taxes.

(d) The county tax assessor-collector shall collect the tax.

Acts 1989, 71st Leg., ch. 678, Sec. 1, eff. Sept. 1, 1989. Amended by Acts 2003, 78th Leg., ch. 47, Sec. 3, 4, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 198, Sec. 2.2216, eff. Sept. 1, 2003.

Sec. 281.122. REDUCTION IN AD VALOREM TAX RATE BY GOVERNMENTAL ENTITY. (a) This section applies only to a district created in a county with a population of more than 800,000 that was not included in the boundaries of a hospital district before September 1, 2003.

(b) The commissioners court of the county and the governing body of the municipality with the largest population in the county, in determining the ad valorem tax rate of the county or municipality, as appropriate, for the first year in which the district imposes ad valorem taxes on property in the district, shall:

(1) take into account the decrease in the amount the county or municipality will spend for health care purposes in that year because the district is providing health care services previously provided or paid for by the county or municipality; and

(2) reduce the ad valorem tax rate adopted for the county or municipality, as appropriate, in accordance with the amount of the decrease.

(c) The commissioners court of the county and the governing body of the municipality with the largest population in the county shall retain an independent auditor to verify that the ad valorem tax rate of the county or municipality, as appropriate, has been reduced as required by Subsection (b).

Added by Acts 2003, 78th Leg., ch. 198, Sec. 2.217, eff. Sept. 1, 2003.

Sec. 281.123. SALES AND USE TAX PROHIBITED FOR CERTAIN DISTRICTS. (a) This section applies only to a district created in a county with a population of more than 800,000 that was not included in the boundaries of a hospital district before September 1, 2003.

(b) The board may not impose a sales and use tax under Subchapter E, Chapter 285, or any other law.

Added by Acts 2003, 78th Leg., ch. 198, Sec. 2.217, eff. Sept. 1, 2003.