

**SUBJECT:** Removing statutes of limitation on suits by hospital districts

**COMMITTEE:** Civil Practices — favorable, without amendment

**VOTE:** 5 ayes — Gray, Hilbert, Nixon, Roman, Zbranek  
1 nay — Bosse  
3 absent — Alvarado, Dutton, Goodman

**WITNESSES:** For — King Hillier, Harris County Hospital District; Dori Wind, Harris County Attorney's Office  
Against — None

**BACKGROUND :** Statutes of limitation restrict how long a party can wait before filing a suit. Under the Civil Practices and Remedies Code, suits brought by the state and certain governmental entities are not limited by statutes of limitation or related restrictions. Among the governmental bodies included in this exception are counties, incorporated cities or towns, navigation districts, port or harbor authorities, and school districts.

**DIGEST:** HB 2650 would add hospital districts to the list of governmental bodies to which statutes of limitation and related limitations would not apply.  
HB 2650 would take effect September 1, 1997, and apply only to a cause of action that accrued on or after that date.

**SUPPORTERS SAY:** Texas law gives the state and selected political subdivisions the right to pursue a claim without any limitations regarding when the claim was filed. Hospital districts are very much like the other political subdivisions that are not barred by limitations under §16.061. They have the same power to tax and are established to provide essential services to the benefit of the public. They should be included in the list of those entities that are not barred by limitations.  
Hospital districts must be specifically added because case law has determined that political subdivisions of the state are not covered by

§16.061, *Cornerstone Municipal Utility District v. Monsanto Co.*, 845 S.W.2d 444 (Tex. App.—Houston [14th Dist.] 1993). Because the interpretation of the courts has been that each type of political subdivision must be specifically listed, hospital districts must be added to the statute to receive the same protections as similar political subdivisions.

Hospital districts need to be exempted from the statutes of limitations in order to collect for services rendered but not paid for. If the state attempts to collect past due bills, it is not barred by the limitations period. Hospital districts, as a political subdivision of the state, also should not be barred. The money that hospital districts would be attempting to collect is money that is owed to the public. If the hospital district is unable to collect on debts, it must use money set aside for indigent care to cover those expenses.

OPPONENTS  
SAY:

The purpose cited for allowing hospital districts to be exempted from the statutes of limitation does not justify the exemption. Allowing hospital district to collect funds owed them regardless of how long it has been since the debt became due is considered a proprietary action under common law and not subject to the public right of the state to ignore the limitations period. If a hospital district cannot collect its debts or file its suits within the amount of time granted to private institutions, it should not be given special dispensation merely because it is a political subdivision. The general limitations period for such actions is four years. If a hospital district cannot collect a debt or file an action in four years, there are other problems that need to be addressed in that district.