

## **BILL ANALYSIS**

Senate Research Center

H.B. 3234  
By: Hinojosa (Lucio)  
Intergovernmental Relations  
5-13-97  
Committee Report (Amended)

### **DIGEST**

Currently, hospital authorities are created by municipalities to ensure that the health care needs of area residents are met. Hospital authorities have bonding authority, but not taxing authority, and their primary function is to acquire and operate hospitals. Concern has been raised that statutory clarification is needed to allow hospital authorities to use funds for purposes other than for the operation of its hospitals. A problem arises, for example, when a hospital authority board wants to use assets and funds for health-related programs which are not part of its hospital system. Another source of conflict is when a hospital authority sells its hospital unit. Critics of the present system argue that since the authority no longer has a hospital to operate, proceeds from the sale should be transferred to either the creating municipality or another entity which could use the funds to serve the health care needs of the area. However, under a recent attorney general's opinion, the Edinburg Hospital Authority was prevented from transferring the proceeds from the sale of the hospital back to the city because as the attorney general's opinion stated, even upon dissolution of the authority, only transfers "specifically for the purpose of providing for and operating hospitals" would be valid. H.B. 3234 allows municipal hospital authorities to transfer assets to another governmental agency to fund or support items which are related to providing for the health care needs of those served by the authority.

### **PURPOSE**

As proposed, H.B. 3234 provides for the transfer of municipal hospital authority assets for health-related projects.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 262.002, Health and Safety Code, by adding Subdivision (9), to define "health-related projects."

SECTION 2. Amends Section 262.005(a), Health and Safety Code, to delete the provision making dissolution of a hospital authority (authority) created by the governing body contingent upon the authority providing for the sale or transfer of the authority's assets and liabilities to the municipality or to another person. Prohibits the governing body of a municipality (governing body) from transferring the assets of the authority without due compensation except to a governmental entity that embraces the territory of the authority, including the municipality that created the authority or a county in which that municipality is located, to fund or support health-related projects.

SECTION 3. Amends Section 262.033, Health and Safety Code, by adding Subsection (e), to authorize the authority to transfer proceeds from the sale of a hospital or part of a hospital to a governmental entity that embraces the territory of the authority, including the municipality that created the authority or a county in which the municipality is located, to fund or support health-related projects.

SECTION 4. Amends Chapter 262C, Health and Safety Code, by adding Section 262.037, as follows:

Sec. 262.037. HEALTH-RELATED PROJECTS. Authorizes an authority to transfer assets to a governmental entity that embraces the territory of the authority, including the municipality that created the authority or a county in which that municipality is located, to fund or support health-related projects.

SECTION 5. Emergency clause.

Effective date: upon passage.

**SUMMARY OF COMMITTEE CHANGES**

Amendment 1.

Page 1, line 14, after "body," strike "and the authority provide," and add "provides".

Page 1, line 17, after "The," strike "authority and the".