

BILL ANALYSIS

Senate Research Center

S.B. 1147
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Intergovernmental Relations
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Travis County Healthcare District, d/b/a Central Health, owns 14.3 acres of real property on which the University Medical Center Brackenridge (i.e., Brackenridge Hospital or UMCB), medical office buildings, and other related buildings are situated. This real property was transferred to Central Health by the City of Austin upon the creation of the healthcare district in 2004.

Seton Healthcare Family currently leases UMCB and other structures on this real property from Central Health. However, when the Seton Healthcare Family opens its new teaching hospital across the street in 2017, Central Health may re-purpose the property in ways that are consistent with its mission to provide access to health care for qualifying Travis County residents, including entering into leases that generate revenue to provide health care services.

Section 281.050 (Powers Relating to District Property, Facilities, and Equipment), Health and Safety Code, provides that the board of any hospital district may, with the approval of the commissioners court, lease undeveloped real property for not more than 50 years to provide for the development and construction of facilities designed to generate revenue for the financial benefit of the district. However, to generate maximum lease revenues, it is customary to enter into longer lease terms, and it is not unusual to agree to lease terms for up to 99 years for real estate transactions on properties similar to Central Health's 14.3 acres. Central Health already has the authority under Section 281.0511 of the Health and Safety Code, which only applies to Central Health, to enter into a lease for any property or hospital facility without the approval of the commissioners court, but that leasing authority is limited by Section 281.050 to 50 years.

S.B. 1147 seeks to amend Section 281.0511 (which pertains only to Central Health) of the Health and Safety Code by adding Subsection (d), notwithstanding Subsections (b) and (c) of this section, to permit Central Health, with the approval of the commissioners court, to lease undeveloped or vacant real property for not more than 99 years to provide for the development and construction of facilities designed to generate revenue for the financial benefit of the district.

As proposed, S.B. 1147 amends current law relating to the lease of undeveloped real property by certain hospital districts.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 281.0511, Health and Safety Code, by adding Subsection (d), as follows:

(d) Authorizes the board of hospital managers of a district (board), notwithstanding Subsections (b) (authorizing the board to contract with any person to provide or assist in the provision of services) and (c) (authorizing the board to enter into a lease of property or hospital facilities without the approval of the commissioners court) of this section, with the approval of the commissioners court, to lease undeveloped or vacant real

property for not more than 99 years to provide for the development and construction of facilities designed to generate revenue for the financial benefit of the district. Authorizes the board, directly or through a nonprofit corporation, to contract or enter into a joint venture with a public or private entity as necessary to enter into a lease under this subsection. Authorizes the board to enter into a lease under this subsection only after an open meeting in accordance with Chapter 551 (Open Meetings), Government Code, including Section 551.072 (Deliberation Regarding Real Property; Closed Meeting), Government Code.

SECTION 2. Effective date: upon passage or September 1, 2015.