

BILL ANALYSIS

C.S.H.B. 2559
By: Zerwas
County Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Current law allows for certain hospital districts, with the approval of the commissioners court, to enter into long-term lease agreements for undeveloped real property for up to 50 years. Interested parties contend that such a restricted lease prevents a district from managing real property assets as effectively as other governmental entities. The parties assert that certain additional statutory authority would allow a district to better manage real property assets for the district's benefit and the benefit of the citizens the district serves. C.S.H.B. 2559 seeks to address this issue.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2559 amends the Health and Safety Code to replace the authority of the board of hospital managers of a hospital district in a county with a population of at least 190,000 to 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 district's financial benefit with the authority to enter into a lease, including a lease with an option to purchase, an installment purchase agreement, an installment sale agreement, or any other type of agreement that relates to real property considered appropriate by the board to provide for the development, improvement, acquisition, or management of developed or undeveloped real property designed to generate revenue for the district's financial benefit.

C.S.H.B. 2559 authorizes the board of hospital managers of a hospital 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, to lease undeveloped or vacant real property, with the approval of the commissioners court at a meeting subject to state open meetings law, for not more than 99 years to provide for the development and construction of facilities designed to generate revenue for the district's financial benefit. The bill 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 such a lease.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2559 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. The Legislature finds that the entering into the agreements authorized by Health and Safety Code Section 281.050(b) designed to generate revenues for the financial benefit of the district is in furtherance of hospital purposes and serves a public purpose of this state in furthering the benefits to the district and the public welfare of the persons served by the district.

SECTION 2. Section 281.050 Health and Safety Code, is amended by amending Subsection (b) to read as follows:

(b) Notwithstanding any other law, the board may, with the approval of the commissioners court, enter into a lease [~~undeveloped real property for not more than 50 years to provide for the development and construction of facilities, a lease~~] with an option to purchase, an installment purchase agreement, an installment sale agreement or any other form of agreement considered appropriate by the board to provide for the development, construction, improvement, acquisition or management of real property, whether developed or undeveloped designed to generate revenue for the financial benefit of the district. The board, directly or through a nonprofit corporation, may contract or enter into a joint venture with a public or private entity as necessary to enter into any form of agreement determined by the board to be appropriate to generate revenue for the financial benefit of the district [~~a lease~~] under this subsection.

No equivalent provision.

HOUSE COMMITTEE SUBSTITUTE

No equivalent provision.

SECTION 1. Section 281.050(b), Health and Safety Code, is amended to read as follows:

(b) Notwithstanding any other law, the board may, with the approval of the commissioners court, enter into a lease , including a lease with an option to purchase, an installment purchase agreement, an installment sale agreement, or any other type of agreement that relates to real property considered appropriate by the board [~~undeveloped real property for not more than 50 years~~] to provide for the development, improvement, acquisition, or management of developed or undeveloped real property [~~and construction of facilities~~] designed to generate revenue for the financial benefit of the district. The board, directly or through a nonprofit corporation, may contract or enter into a joint venture with a public or private entity as necessary to enter into an agreement [~~a lease~~] under this subsection.

SECTION 2. Section 281.0511, Health and Safety Code, is amended by adding Subsection (d) to read as follows:

(d) Notwithstanding any other law, the board may, with the approval of the commissioners court at a meeting subject to Chapter 551, Government Code, 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. The board, directly or through a nonprofit corporation, may contract or enter into a joint venture with a public or private entity as necessary to enter into a lease under this subsection.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2015.

SECTION 3. Same as introduced version.