

By: Parker

S.B. No. 2829

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the operations of municipal hospital authorities.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

4 SECTION 1. Section 262.011(b), Health and Safety Code, is
5 amended to read as follows:

6 (b) The number of directors shall be determined at the time
7 the authority is created. The number may be changed by amendment of
8 the ordinance or ordinances creating the authority unless
9 prohibited by a [~~the~~] resolution [~~authorizing the issuance of~~
10 ~~bonds~~] or [~~by the~~] trust indenture described by Section 262.012
11 [~~securing the bonds~~]. A [~~However, a~~] reduction in the number of
12 directors may not shorten the term of an incumbent director.

13 SECTION 2. Sections 262.012(a), (b), and (f), Health and
14 Safety Code, are amended to read as follows:

15 (a) The governing body or governing bodies shall appoint the
16 initial directors of the authority for terms not to exceed two years
17 except as otherwise provided by this section. If the authority
18 includes more than one municipality, each governing body shall
19 appoint an equal number of directors unless the governing bodies
20 agree otherwise.

21 (b) The board may prescribe in the [The] resolution
22 authorizing the issuance of revenue bonds or the trust indenture
23 securing the bonds, in an agreement securing notes of any kind
24 issued by the authority, or in another resolution [may prescribe]

1 the method of selecting [~~a majority of~~] the directors and the term
2 of office of those directors. Except as provided by Subsections
3 (c), (d), and (e), the method of selecting the directors and the
4 term of office of those directors prescribed by the board may not be
5 changed except by a subsequent resolution adopted by the board.
6 The [~~and the~~] terms of directors appointed before the issuance of
7 the bonds are subject to the resolution or trust indenture. The
8 governing body or governing bodies shall appoint any [~~the~~]
9 remaining directors.

10 (f) An officer or employee of a municipality in the
11 authority or an employee of the authority is not eligible for
12 appointment as a director.

13 SECTION 3. Section [262.0331](#), Health and Safety Code, is
14 amended by amending Subsection (a) and adding Subsection (c) to
15 read as follows:

16 (a) If, after the sale or closing of a hospital under
17 Section [262.033](#), the authority does not own or operate a hospital,
18 the board may use the authority's available assets to promote
19 public health and general welfare initiatives that the board
20 determines will benefit the residents served by the authority,
21 including:

22 (1) owning, operating, or funding an:
23 (A) administrative office; or
24 (B) indigent health care clinic, medical
25 research facility, fitness or physical health center, medical
26 training or education facility, or other health care facility;
27 (2) providing direct or indirect financial assistance

1 to a nonprofit organization that:

2 (A) owns or operates a hospital, indigent health
3 care clinic, medical research facility, medical training facility,
4 or other health care facility; or

5 (B) supports an initiative promoting health
6 education, wellness, or disease prevention; and

7 (3) undertaking any other activity that the board
8 determines is necessary or appropriate to improve public health,
9 promote wellness, prevent disease, or enhance the general welfare
10 of the residents served by the authority.

11 (c) The authority may issue revenue bonds and other notes in
12 accordance with this chapter to undertake any initiative authorized
13 by this section.

14 SECTION 4. Section 262.039(a), Health and Safety Code, is
15 amended to read as follows:

16 (a) This section applies only to an authority that:

17 (1) is located in:

18 (A) a county with a population of 2.4 million or
19 more; or

20 (B) a municipality with a population of less than
21 30,000 [15,000];

22 (2) has assets that exceed the amount of any
23 outstanding bonds issued under Subchapter D; and

24 (3) does not operate a hospital.

25 SECTION 5. Section 262.041, Health and Safety Code, is
26 amended to read as follows:

27 Sec. 262.041. REVENUE BONDS. (a) The authority may issue

1 revenue bonds to provide funds for any of the authority's purposes,
2 including the purposes described by Sections 262.0331 and 262.034,
3 regardless of whether the authority owns or operates a hospital.

4 (b) Revenue bonds must be payable from, and secured by a
5 pledge of, revenues from:

6 (1) the operation of one or more hospitals and any
7 other revenues from the ownership or investment of [owning]
8 hospital property; or

9 (2) any initiative described by Section 262.0331 or
10 any facility or service described by Section 262.034.

11 (c) Additionally, revenue bonds may be secured by a mortgage
12 or deed of trust on real property owned by the authority or by a
13 chattel mortgage on the authority's personal property.

14 SECTION 6. Sections 262.034(d), (e), (f), and (g), Health
15 and Safety Code, are repealed.

16 SECTION 7. This Act takes effect September 1, 2025.