

CHAPTER 558

S.B. No. 695

AN ACT

relating to powers and duties of certain municipal hospital authorities, including the power to have municipalities issue bonds on their behalf.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subchapter C, Chapter 262, Health and Safety Code, is amended by adding Section 262.035 to read as follows:

Sec. 262.035. POWERS AND DUTIES OF CERTAIN HOSPITAL AUTHORITIES; LEASE. (a) This section applies only to an authority created in a county with a population of at least 350,000 in which a hospital district is not located.

(b) A municipality may lease to an authority subject to this section all or part of a hospital and any other health facilities owned by the municipality. The lease may provide that the municipality may retain during the term of the lease specified rights relating to the operation of the authority and the facilities leased from the municipality. The lease may provide that:

(1) the municipality may retain the power to appoint all directors of the authority, notwithstanding Section 262.012;

(2) the authority is required to perform specified health care services on behalf of the municipality;

(3) the municipality may agree to fund specified health care services;

(4) the authority is prohibited from eliminating or curtailing specified health care services offered at the facilities leased from the municipality without prior consultation with or the approval of the municipality;

(5) the authority is prohibited from subletting the facilities leased from the municipality or assigning its rights under the lease for a total term of more than five years, or entering into a management contract for the operation of the facilities leased from the municipality as a whole, or pledging the authority's revenues derived from the operation of the facilities leased from the municipality, without prior consultation with or the approval of the municipality;

(6) the board may be subject to any ethics or conflict of interest ordinance applicable to other sovereign city boards and commissions adopted by the municipality and any goals for hiring and contracting with minorities or women adopted by and for the municipality;

(7) the authority will comply with Chapter 252, Local Government Code, relating to purchasing and contracts;

(8) the municipality may issue general obligation bonds for the use and benefit of the authority;

(9) an authority and its employees may participate in the municipality's employee retirement plan, employee health plans, and other employee benefit plans; and

(10) the lease may contain other terms and conditions that the municipality and authority agree on and which are not prohibited by law or by the constitution.

(c) If the municipality retains in the lease the right to appoint all members of the board, the municipality may remove the entire board or any member of the board at any time with cause. The municipality may remove the board or a member of the board under this subsection only after reasonable written notice to the board or board members and on the affirmative vote of a majority of the members of the governing body of the municipality.

(d) For purposes of Chapters 101 and 102, Civil Practice and Remedies Code, a municipal hospital authority subject to this section is a unit of local government and not a municipality.

(e) An authority subject to this section is subject to the open meetings law, Chapter 271, Acts of the 60th Legislature, Regular Session, 1967 (Article 6252-17, Vernon's Texas Civil

Statutes), and the open records law, Chapter 424, Acts of the 63rd Legislature, Regular Session, 1973 (Article 6252-17a, Vernon's Texas Civil Statutes).

SECTION 2. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed the Senate on April 15, 1993: Yeas 30, Nays 0; the Senate concurred in House amendment on May 27, 1993: Yeas 31, Nays 0; passed the House, with amendment, on May 7, 1993: Yeas 139, Nays 0, two present not voting.

Approved June 11, 1993.

Effective June 11, 1993.