

SUBJECT: Transfer of Beaumont State Center to Spindletop MHMR non-profit

COMMITTEE: Human Services —favorable, without amendment

VOTE: 9 ayes — Hupp, Eissler, Davis, A. Allen, Gonzalez Toureilles, Goodman, Naishtat, Paxton, Reyna

0 nays

WITNESSES: None

BACKGROUND: In 1999, the 76th Legislature enacted SB 358 by Madla, authorizing the Department of Mental Health and Mental Retardation (MHMR) to transfer the state-operated Beaumont State Center, which provided mental health and mental retardation services, to locally controlled community services. Following this legislation, the Beaumont State Center facility was leased to Spindletop Mental Health and Mental Retardation Services (Spindletop), a nonprofit MHMR organization in Beaumont.

In 2001, the 77th Legislature enacted HB 1628 by Deshotel, which authorized MHMR to convey the land, buildings, and improvements of the former Beaumont State Center to Spindletop in consideration for Spindletop's continued use of the property to provide community-based mental health or mental retardation services. However, because the transfer did not occur by May 31, 2002, the transfer deadline required in the legislation, Spindletop never received title to the facility.

Spindletop continues to seek ownership of the former Beaumont State Center facility to provide community-based MHMR services. With the transfer, the financial responsibility and/or legal culpability of the Health and Human Services Commission (HHSC) with respect to the property would be virtually eliminated. Additionally, conveying ownership would allow Spindletop to access and secure a broader spectrum of funding sources, such as bonds, to finance future capital improvements not currently available because the state holds title to the facility.

DIGEST: HB 2188 would authorize the Health and Human Services Commission, the Department of State Health Services, or the Department of Aging and Disability Services to transfer to Spindletop all or part of the real property,

including improved fixtures, of the former site of the Beaumont State Center, as legally described in the bill. The transfer would have to take place by May 31, 2006, and would exclude any and all oil, gas, and other mineral interest rights in and under the described property. Under the bill, Spindletop would not be responsible for any debts related to the property that would accrue before the transfer.

The bill would provide that Spindletop would have to continue to use the property to provide community-based MHMR services as nonmonetary consideration for the transfer. If Spindletop failed to use the property for such services for more than 180 continuous days, ownership of the property automatically would revert back to the agency that made the transfer. These restrictive conditions would be binding on the property transaction. HB 2188 provides that the transfer would have to occur by deed without warranties regarding covenants of title, and the deed would have to include the provisions enumerated in the bill.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2005.

NOTES:

The fiscal note states that the bill could result in a loss of potential general revenue dedicated revenue in the amount of \$4,140,570, the value of the property and improvements, if the property were transferred to Spindletop and not sold.