

SUBJECT: Power of cooperative associations to provide heating and water services.

COMMITTEE: Public Health — favorable, without amendment

VOTE: 8 ayes — Delisi, Laubenberg, Jackson, Cohen, Gonzales, S. King, Olivo, Truitt
0 nays
1 absent — Coleman

SENATE VOTE: On final passage, April 12 — 31-0, on Local and Uncontested Calendar

WITNESSES: For — Robert Miller, Thermal Energy Corporation
Against — None

BACKGROUND: Health and Safety Code, ch. 301 authorizes tax-exempt healthcare institutions to create cooperative associations to establish, operate, and maintain a system on a nonprofit, cooperative basis solely for the use and benefit of eligible institutions. They may provide services for the benefit of eligible institutions that include central heating and cooling services, including steam and chilled water supply. A cooperative association is tax exempt and may acquire buildings, property, and materials necessary to perform its functions.

DIGEST: SB 515 would amend Health and Safety Code, sec. 301.038 to allow a cooperative association to provide and determine an amount to charge for central heat and cooling services to persons other than eligible institutions.

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, 2007.

SUPPORTERS SAY: SB 515 would allow cooperative associations to provide central heating and cooling services to an entire healthcare complex instead of providing services in a piecemeal fashion. Currently, cooperative associations may provide services only to non-profit entities. An entire healthcare complex

might have a mixture of non-profit and for-profit entities. This situation makes it difficult for a cooperative association to provide consistent quality service to non-profit entities. SB 515 would help alleviate the service inconsistency.

**OPPONENTS
SAY:**

SB 515 is unclear about the limits that would be set for cooperative associations. The bill would not limit a cooperative association to providing services only to for-profit entities within the healthcare complex, nor would it state to what extent an association could provide for-profit services.