

BILL ANALYSIS

Senate Research Center
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S.B. 233
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Tomball Hospital Authority (authority) sold the Tomball Regional Hospital, resulting in an endowment of approximately \$80 million under the control of the authority. The authority's ability to invest its funds is currently restricted by the Public Funds Investment Act. The authority would like to be able to invest its funds according to the Prudent Investor Rule applicable to trustees under Chapter 117 (Uniform Prudent Investor Act), Property Code.

S.B. 233 will allow the authority to manage and use these funds to promote wellness and improve the health status of residents of Tomball and its surrounding communities through programs that enhance access to health care, preventative care, and health education.

As proposed, S.B. 233 amends current law relating to the use of funds of certain municipal hospital authorities.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter C, Chapter 262, Health and Safety Code, by adding Sections 262.0331 and 262.039, as follows:

Sec. 262.0331. EXPENDITURE OF FUNDS FOR PUBLIC HEALTH INITIATIVES AFTER SALE OR CLOSING OF HOSPITAL. (a) Authorizes the board of directors of a hospital authority (board) (authority) to use the authority's available assets to promote public health and general welfare initiatives that the board determines will benefit the residents served by the authority if, after the sale or closing of a hospital under Section 262.033 (Sale or Closing of Hospital), the authority does not own or operate a hospital, including:

- (1) owning, operating, or funding an indigent health care clinic, medical research facility, medical training facility, or other health care facility;
- (2) providing direct or indirect financial assistance to a nonprofit organization that:
 - (A) owns or operates a hospital, indigent health care clinic, medical research facility, medical training facility, or other health care facility; or
 - (B) supports an initiative promoting health education, wellness, or disease prevention; and
- (3) undertaking any other activity that the board determines is necessary or appropriate to improve public health, promote wellness, prevent

disease, or enhance the general welfare of the residents served by the authority.

(b) Prohibits the board from making an expenditure under Subsection (a) unless:

(1) the board makes appropriate provisions for the satisfaction of any outstanding bonds, debt obligations, or other liabilities of the authority;

(2) the predominant purpose of the expenditure is to promote the public health and general welfare of the residents served by the authority; and

(3) the board establishes sufficient controls to ensure that the expenditure promotes the public health and general welfare of the residents served by the authority.

Sec. 262.039. INVESTMENT OF AUTHORITY FUNDS. (a) Provides that this section applies only to an authority that:

(1) is located in a county of 3.3 million or more;

(2) has no outstanding bonds issued under Subchapter D (Bonds); and

(3) does not own or operate a hospital.

(b) Authorizes an authority, notwithstanding any other law, to invest authority funds:

(1) as provided by Chapter 2256 (Public Funds Investment), Government Code; and

(2) in any investment a trustee is authorized to make under Subtitle B (Texas Trust Code: Creation, Operation, and Termination of Trusts), Title 9, Property Code.

SECTION 2. Effective date: September 1, 2013.