

1-1 By: Spiller, et al. (Senate Sponsor - Parker) H.B. No. 3788  
1-2 (In the Senate - Received from the House May 15, 2025;  
1-3 May 15, 2025, read first time and referred to Committee on Local  
1-4 Government; May 20, 2025, reported favorably by the following  
1-5 vote: Yeas 6, Nays 0; May 20, 2025, sent to printer.)

1-6 COMMITTEE VOTE

1-7	Yea	Nay	Absent	PNV
1-8	X			
1-9	X			
1-10	X			
1-11			X	
1-12	X			
1-13	X			
1-14	X			

1-15 A BILL TO BE ENTITLED  
1-16 AN ACT

1-17 relating to the operations of municipal hospital authorities.

1-18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-19 SECTION 1. Section 262.011(b), Health and Safety Code, is  
1-20 amended to read as follows:

1-21 (b) The number of directors shall be determined at the time  
1-22 the authority is created. The number may be changed by amendment of  
1-23 the ordinance or ordinances creating the authority unless  
1-24 prohibited by a ~~[the]~~ resolution ~~[authorizing the issuance of~~  
1-25 ~~bonds]~~ or ~~[by the]~~ trust indenture described by Section 262.012  
1-26 ~~[securing the bonds]~~. ~~A [However, a]~~ reduction in the number of  
1-27 directors may not shorten the term of an incumbent director.

1-28 SECTION 2. Sections 262.012(a), (b), and (f), Health and  
1-29 Safety Code, are amended to read as follows:

1-30 (a) The governing body or governing bodies shall appoint the  
1-31 initial directors of the authority for terms not to exceed two years  
1-32 except as otherwise provided by this section. If the authority  
1-33 includes more than one municipality, each governing body shall  
1-34 appoint an equal number of directors unless the governing bodies  
1-35 agree otherwise.

1-36 (b) The board may prescribe in the ~~[The]~~ resolution  
1-37 authorizing the issuance of revenue bonds or the trust indenture  
1-38 securing the bonds, in an agreement securing notes of any kind  
1-39 issued by the authority, or in another resolution ~~[may prescribe]~~  
1-40 the method of selecting ~~[a majority of]~~ the directors and the term  
1-41 of office of those directors. Except as provided by Subsections  
1-42 (c), (d), and (e), the method of selecting the directors and the  
1-43 term of office of those directors prescribed by the board may not be  
1-44 changed except by a subsequent resolution adopted by the board.  
1-45 The ~~[, and the]~~ terms of directors appointed before the issuance of  
1-46 the bonds are subject to the resolution or trust indenture. The  
1-47 governing body or governing bodies shall appoint any ~~[the]~~  
1-48 remaining directors.

1-49 (f) An officer or employee of a municipality in the  
1-50 authority or an employee of the authority is not eligible for  
1-51 appointment as a director.

1-52 SECTION 3. Section 262.0331, Health and Safety Code, is  
1-53 amended by amending Subsection (a) and adding Subsection (c) to  
1-54 read as follows:

1-55 (a) If, after the sale or closing of a hospital under  
1-56 Section 262.033, the authority does not own or operate a hospital,  
1-57 the board may use the authority's available assets to promote  
1-58 public health and general welfare initiatives that the board  
1-59 determines will benefit the residents served by the authority,  
1-60 including:

1-61 (1) owning, operating, or funding an:

(A) administrative office; or  
 (B) indigent health care clinic, medical research facility, fitness or physical health center, medical training or education 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.

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

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

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

(1) is located in:

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

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

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

(3) does not operate a hospital.

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

Sec. 262.041. REVENUE BONDS. (a) The authority may issue revenue bonds to provide funds for any of the authority's purposes, including the purposes described by Sections 262.0331 and 262.034, regardless of whether the authority owns or operates a hospital.

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

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

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

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

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

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

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