

- SUBJECT:** Investment of funds by certain municipal hospital authorities
- COMMITTEE:** Public Health — committee substitute recommended
- VOTE:** 11 ayes — Crossover, Naishtat, Blanco, Coleman, Collier, S. Davis, Guerra, R. Miller, Sheffield, Zedler, Zerwas
- 0 nays
- WITNESSES:** For — Don Arnwine, Irving Hospital Authority; Kevin Reed, Metrocrest and Irving Hospital Authorities; Charles Heath, Metrocrest Hospital Authority; (*Registered, but did not testify:* Dan Posey, Baylor Scott and White Health; Gregg Knaupe, Seton Healthcare Family)
- Against — None
- BACKGROUND:** Health and Safety Code, sec. 262.039 enables certain municipal hospital authorities to invest authority funds in any investment a trustee is authorized to make under Property Code, title 9, subtitle B, which governs the creation, operation, and termination of trusts, and as provided by Government Code, ch. 2256, the Public Funds Investment Act.
- Only a municipal hospital authority in Harris County with no outstanding bonds that can be issued by a municipal hospital authority under Health and Safety Code, ch. 262, subch. D and that does not own or operate a hospital may invest authority funds in these types of investments.
- DIGEST:** CSHB 3333 would allow a municipal hospital authority to invest authority funds in certain investments if it was located in Dallas County, in addition to Harris County, or if it was located in a municipality of less than 15,000 and if it had assets that exceeded the amount of any outstanding bonds that can be issued by a municipal hospital authority under Health and Safety Code, ch. 262, subch. D. These investments include any investment a trustee is authorized to make under Property Code, title 9, subtitle B, which governs the creation, operation, and termination of trusts, and as provided by Government Code, ch. 2256, the Public Funds Investment

Act.

The bill would take effect September 1, 2015.

**SUPPORTERS
SAY:**

CSHB 3333 would give certain municipal hospital authorities the investment flexibility they need to maximize their current resources and meet the unmet health care needs of their communities. The current restrictions in statute limit the return on investment that certain municipal hospital districts can receive. The bill would allow additional hospital districts to gain a higher return on their investments so they could improve the health status of residents in their communities.

SB 233 by Patrick, enacted by the 83rd Legislature in 2013, allowed the Tomball hospital authority to invest authority funds in these types of investments, which was successful in helping that authority to meet its residents' health care needs. CSHB 3333 would allow the hospital authorities in this bill, such as eligible authorities in Dallas County, to do the same. Although these hospital authorities could not be entities that operated a hospital, they still provide vital services to residents of those communities through charity care.

While allowing hospital authorities to invest in higher-return investments carries more risk, the bill would allow these additional hospital districts to invest in high-quality investments that would provide a greater amount of money to spend on the health care needs of their communities. Any investment will carry some risk, but the hospital authorities' boards would not allow an overly risky investment.

**OPPONENTS
SAY:**

CSHB 3333 would allow certain municipal hospital authorities to take on investments that have greater risk, which could lead these authorities to lose funds in the case of a bad investment rather than gaining a greater return, as intended.