

## Senate Bill 71

By: Senators Watson of the 1st, Burke of the 11th, Black of the 8th, Hufstetler of the 52nd and Kirk of the 13th

**AS PASSED SENATE**

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 4 of Chapter 7 of Title 31 of the Official Code of Georgia Annotated,  
2 relating to county and municipal hospital authorities, so as to revise provisions relating to the  
3 sale or lease of a hospital by a hospital authority; to provide for the investment of funds by  
4 certain hospital authorities; to provide for related matters; to repeal conflicting laws; and for  
5 other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Article 4 of Chapter 7 of Title 31 of the Official Code of Georgia Annotated, relating to  
9 county and municipal hospital authorities, is amended by revising Code Section 31-7-75.1,  
10 relating to proceeds of sale of hospital held in trust to fund indigent hospital care, as follows:

11 "31-7-75.1.

12 (a) The proceeds from any sale or lease of a hospital owned by a hospital authority or  
13 political subdivision of this state, which proceeds shall not include funds required to pay  
14 off the bonded indebtedness of the sold hospital or any expense of the authority or political  
15 subdivision attributable to the sale or lease, shall be held by the authority or political  
16 subdivision in an irrevocable trust fund. Such proceeds in that fund may be invested in the  
17 same way that public moneys may be invested generally pursuant to general law and as  
18 permitted under Code Section 31-7-83, but money in that trust fund shall be used  
19 exclusively for funding the provision of ~~hospital~~ health care for the indigent residents of  
20 the political subdivision which owned the hospital or by which the authority was activated  
21 or for which the authority was created. If the funds available for a political subdivision in  
22 that irrevocable trust fund are less than \$100,000.00, the principal amount may be used to  
23 fund the provision of indigent ~~hospital~~ health care; otherwise, only the income from that  
24 fund may be used for that care. Such funding or reimbursement for indigent care shall not  
25 exceed the diagnosis related group rate for that hospital in each individual case.

26 (b) In the event a hospital authority which sold or leased a hospital was activated by or  
 27 created for more than one political subdivision or in the event a hospital having as owner  
 28 more than one political subdivision is sold or leased by those political subdivisions, each  
 29 such constituent political subdivision's portion of the irrevocable trust fund for indigent  
 30 hospital health care shall be determined by multiplying the amount of that fund by a figure  
 31 having a numerator which is the population of that political subdivision and a denominator  
 32 which is the combined population of all the political subdivisions which owned the hospital  
 33 or by which or for which the authority was activated or created.

34 (c) For purposes of hospital health care for the indigent under this Code section, the  
 35 standard of indigency shall be that determined under Code Section 31-8-43, relating to  
 36 standards of indigency for emergency care of pregnant women, based upon 125 percent of  
 37 the federal poverty level.

38 (d) This Code section shall not apply to the following actions:

39 (1) A reorganization or restructuring;

40 (2) Any sale of a hospital, or the proceeds from that sale, made prior to April 2, 1986;  
 41 and

42 (3) Any sale or lease of a hospital when the purchaser or lessee pledges, by written  
 43 contract entered into concurrently with such purchase or lease, to provide an amount of  
 44 hospital health care equal to that which would have otherwise been available pursuant to  
 45 subsections (a), (b), and (c) of this Code section for the indigent residents of the political  
 46 subdivisions which owned the hospital, by which the hospital authority was activated, or  
 47 for which the authority was created. However, the exception to this Code section  
 48 provided by this paragraph shall only apply to:

49 (A) Hospital authorities that operate a licensed hospital pursuant to a lease from the  
 50 county which created the appropriate authority; ~~and~~

51 (B) Hospitals that have a bed capacity of more than 150 beds; ~~and~~

52 (C) Hospitals located in a county in which no other medical-surgical licensed hospital  
 53 is located; ~~and~~

54 (D) Hospitals located in a county having a population of less than 45,000 according to  
 55 the United States decennial census of 1990; and

56 (E) Hospitals operated by a hospital authority that entered into a lease-purchase  
 57 agreement between such hospital and a private corporation prior to July 1, 1997."

58 **SECTION 2.**

59 Said article is further amended by revising Code Section 31-7-83, relating to investment of  
 60 surplus moneys and moneys received through issuance of revenue certificates, as follows:

61 "31-7-83.

62 (a) Pending use for the purpose for which received, each hospital authority created by and  
63 under this article is authorized and empowered to invest all moneys or any part thereof  
64 received through the issuance and sale of revenue certificates of the authority in any  
65 securities which are legal investments or which are provided for in the trust indenture  
66 securing such certificates or other legal investments; provided, however, that such  
67 investments ~~will~~ shall be used at all times while held, or upon sale, for the purposes for  
68 which the money was originally received and no other. Contributions or gifts received by  
69 any authority shall be invested as provided by the terms of the contribution or gift or in the  
70 absence thereof as determined by the authority.

71 (b) In addition to the authorized investments in subsection (a) of this Code section and in  
72 Code Section 36-83-4, hospital authorities that have ceased to own or operate medical  
73 facilities for a minimum of seven years, have paid off all bonded indebtedness and  
74 outstanding short-term or long-term debt obligations, and hold more than \$20 million in  
75 funds for charitable health care purposes may invest a maximum of 30 percent of their  
76 funds in the following:

77 (1) Shares of mutual funds registered with the Securities and Exchange Commission of  
78 the United States under the Investment Company Act of 1940, as amended; and

79 (2) Commingled funds and collective investment funds maintained by state chartered  
80 banks or trust companies or regulated by the Office of the Comptroller of the Currency  
81 of the United States Department of the Treasury, including common and group trusts,  
82 and, to the extent the funds are invested in such collective investment funds, the funds  
83 shall adopt the terms of the instruments establishing any group trust in accordance with  
84 applicable United States Internal Revenue Service Revenue Rulings."

85 **SECTION 3.**

86 All laws and parts of laws in conflict with this Act are repealed.