ENGROSSED HOUSE
BILL NO. 1645

By: Winchester and Dorman of the House

and

Justice of the Senate

An Act relating to county hospitals; amending 19 O.S. 2001, Section 789, which relates to lease of county hospitals to certain organizations; modifying leasing arrangements; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 19 O.S. 2001, Section 789, is amended to read as follows:

Section 789. A. It shall be the duty of the board of county commissioners to place the management and control of a county hospital either under a board of control composed of five, seven, or nine members, or to lease the hospital and the equipment therein to a public trust or to an organization authorized to transact business in this state, the principal purpose of which is providing health care services and which can demonstrate to the board of county commissioners its financial and managerial ability to operate property owned by the hospital or a portion of the hospital.

B. Unless the hospital is to be leased as provided in this section, the board of county commissioners shall appoint the members of the board of control who shall be residents of the county, not more than three of whom may be residents of the city or town in which the hospital is located. Members of the board of control shall hold office, as follows: Five-member board - one for one (1) year; two for two (2) years; and two for three (3) years. Seven-member board - two for one (1) year; two for two (2) years;

and three for three (3) years. Nine-member board - three for one (1) year; three for two (2) years; and three for three (3) years. The board of county commissioners shall appoint successors for members of the board of control whose terms have expired. Successors shall serve for a term of four (4) years; provided, the board of county commissioners may at their discretion call an election for the purpose of electing such successors with the cost of the election to be paid for by the county. Filings for election shall be made with the county election board which shall conduct the election. No member of the board of control shall hold any state, county or city elective office while serving on the board of control. Members of the board of control shall receive no salary or compensation for their services, but may be reimbursed for any actual and necessary expenditures incurred in the performance of their duties upon presentation of an itemized statement of such expenses duly verified, filed with the secretary, if every attending member of the board votes in the affirmative at any regular board meeting. Vacancies in the board of control occasioned by removal, resignation, or otherwise shall be filled in like manner as original appointments, to hold office during the unexpired term for which the member was appointed.

C. 1. If, by a two-thirds (2/3) vote, the board of county commissioners determines that it is in the best interest of the county, it may in lieu of operation of the hospital through a board of control, lease the hospital and the equipment therein to an organization authorized to transact business in this state, the principal purpose of which is providing health care services, and which can demonstrate to the board of county commissioners its financial and managerial ability to operate the hospital.

2. The lease shall require that the lessee shall be responsible for all costs of operation and maintenance of the hospital in its entirety.

3. The lessee is specifically authorized to mortgage, with appropriate remedies, including the right of foreclosure, its leasehold interest in the real and personal property comprising or owned by the hospital ~~and~~, any portion of the hospital, or the equipment for the purpose of securing or refunding indebtedness incurred in connection with the related hospital or equipment.

4. a. If the lessee is a public trust, the lessee, by a two-thirds (2/3) vote of its board of trustees and with the approval of the board of county commissioners by a two-thirds (2/3) vote, may assign its leasehold interest or sublease the real and personal property comprising or owned by the hospital ~~and~~, a portion of the hospital, or the equipment to an organization authorized to transact business in this state, the principal purpose of which is providing health care services, and which can demonstrate to the board of trustees and to the board of county commissioners its financial and managerial ability to operate property owned by the hospital or a portion of the hospital.

b. If the lessee is other than a public trust, the lessee, by a two-thirds (2/3) vote of the lessee's governing board and with the approval of the board of county commissioners by a two-thirds (2/3) vote, may assign its leasehold interest or sublease the real and personal property comprising or owned by the hospital ~~and~~, a portion of the hospital, or the equipment to a public trust or to an organization authorized to transact business in this state, the principal purpose of which is providing health care services and which can demonstrate to the board of county commissioners its financial and managerial ability to operate

property owned by the hospital or a portion of the hospital.

D. Any lease, sublease, or assignment of leasehold interests executed prior to the effective date of this act that meets the requirements of this section is hereby declared to be valid.

SECTION 2. This act shall become effective November 1, 2005.

Passed the House of Representatives the 22nd day of February, 2005.

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Presiding Officer of the House of Representatives

Passed the Senate the ____ day of _____, 2005.

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Presiding Officer of the Senate