

HB 777 -- Election for Charter Hospitals to be Governed by  
Missouri's Nonprofit Corporation Law

Sponsor: Swearingen

This bill allows a local city hospital organized and operated under Chapter 96, RSMo, to be converted to a nonprofit corporation governed by Missouri's nonprofit corporation law under Chapter 355.

Beginning January 1, 2013, the board of trustees of a hospital with at least 250 beds that has not received money from the city in the preceding 20 years may adopt a resolution upon a majority vote of the board of trustees to become a nonprofit corporation. Prior to the vote on the resolution, the board must notify city residents about the vote and provide, upon request, non-confidential financial, operational, and strategic information about the hospital prepared by an independent third party. The board may abandon the conversion at any time prior to filing the new articles of incorporation by the Secretary of State.

The hospital may also become a nonprofit corporation upon majority approval of the voters in the city in which the hospital is located. The governing body of the city must put the question before the voters if it receives a petition signed by 5% of the registered voters who voted in the last city election calling for the hospital to become a nonprofit. If a citizen vote does not pass, another petition cannot be filed for five years.

The conversion of the hospital to a nonprofit will not become effective until any outstanding revenue bonds issued by the city are satisfied. In addition, any assets donated to the hospital must continue to be used for its intended purposes, unless the terms of the donation allow otherwise.

The bill specifies the procedures for notifying the Attorney General about the conversion. The conversion will become effective 20 days after the board notifies the Attorney General or the Attorney General consents to the conversion.

The purpose of the newly converted nonprofit hospital must be the same as a Chapter 96 hospital, including the care and treatment of the sick, disabled, and infirm persons in the community.

The conversion will become effective when the Secretary of State files the articles of incorporation. The new public benefit corporation must have at least 15 members on its board, a majority of whom must be residents of the county in which the hospital is located and no less than one-half of county residents must be residents of the city in which the hospital is located. For 15

years after the filing of the articles of incorporation, the hospital cannot be sold or leased to a for profit entity for 15 years after filing the articles of incorporation, and the sale after 15 years will require voter approval.

The new public benefit corporation will retain all of the assets and liabilities of the former Chapter 96 hospital under Missouri law.

The bill contains an emergency clause.