

Legislative Bill Summary

Bill Number: SB 202 (Introduced)

Title: Concerning the Authority for the Proceeds of the Transfer of a Hospital Owned by Certain Types of Local Governments to be Used for a Public Purpose if the Public Purpose is Approved by the Voters of the Local Government

Sponsors: Cadman (Senate)
Gardner, B (House)

Location: Senate Local Government (04/14/2011)

Under current Colorado law, if a for profit organization purchases a hospital owned by a nonprofit entity or government entity, proceeds from the sale must be distributed to a new or existing charitable organization (501 c3), whose mission and functions "reflect the historical charitable purposes of the nonprofit entity proposing the transaction."

SB 202 amends Colorado law to allow proceeds from the sale of a city or county-owned hospital to a for profit entity to be used for any public purpose, so long as that purpose is approved by the voters.

In cases where the stipulations set forth in SB 202 would be the controlling statute, the following aspects of current Colorado law would be preempted:

- CRS 6-19-403(1)(a): Wording that requires the transaction to include "appropriate steps...to safeguard the value of the nonprofit assets being transferred and to ensure that any proceeds are dedicated to a charitable purpose."
- CRS 6-19-403(1)(b): Wording guaranteeing that the transaction result in "continuing access to health care services for the affected community."
- CRS 6-19-403(1)(f): A clause directing the proceeds of the sale to be distributed to charitable organizations.
- CRS 6-19-403(1)(i): Direction that the mission of the receiving charitable organizations "reflect the historical charitable purposes of the nonprofit entity proposing the transaction."