

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 1121
Senate Health Care Committee Substitute Adopted 8/11/05

Short Title: Hospital Authority.

(Public)

Sponsors:

Referred to:

April 6, 2005

A BILL TO BE ENTITLED

AN ACT TO PROVIDE FOR THE MERGER OF A HOSPITAL AUTHORITY
CREATED BY A CITY AND A CHARITABLE OR RELIGIOUS
CORPORATION OR A HOSPITAL AUTHORITY IN THE COUNTY IN WHICH
THE CITY IS LOCATED AND RELATING TO PUBLIC HOSPITAL
INVESTMENTS.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 55A of the General Statutes is amended by adding the
following new section to read:

**"§ 55A-11-10. Merger with certain charitable or religious corporation or hospital
authority.**

(a) A hospital authority created by a city may merge into a charitable or religious
corporation having its principal office in the county in which the city is located, under a
plan of merger approved by the city and the county and by a majority of the members of
the board of commissioners of such authority and by or for the corporation as provided
in G.S. 55A-11-03.

(b) A hospital authority created by a city may merge into a hospital authority
created by the county in which the city is located, pursuant to a plan of merger approved
by the city and the county and by a majority of the members of the board of
commissioners of each authority.

(c) The plan of merger shall include all of the following:

(1) The name of the city hospital authority and the charitable or religious
corporation or the county hospital authority planning to merge and the
name of the surviving charitable or religious corporation or county
hospital authority into which such city hospital authority plans to
merge.

(2) The terms and conditions of the merger.

- 1 (3) Any amendments to the articles or certificate of incorporation or
2 bylaws of the surviving charitable or religious corporation or the
3 surviving county hospital authority to be effected by the merger.
- 4 (4) Other provisions relating to the merger.
- 5 (d) After the plan of merger is approved, the surviving charitable or religious
6 corporation or the surviving county hospital authority shall deliver to the Secretary of
7 State for filing articles of merger that include all of the following:
- 8 (1) The plan of merger.
- 9 (2) In the case of a merger of a city hospital authority into a charitable or
10 religious corporation, a statement that the plan of merger was approved
11 by the city and by a majority of the members of the board of
12 commissioners of the city hospital authority and the statements
13 required under G.S. 55A-11-04(a)(2), (3), or (4); or
- 14 (3) In the case of a merger of a city hospital authority into a county
15 hospital authority, a statement that the plan of merger was approved by
16 the city and the county and a majority of each of the boards of
17 commissioners of the authorities.
- 18 (e) A merger takes effect upon the effective date of the articles of merger.
- 19 (f) Certificates of merger shall also be registered as provided in G.S. 47-18.1.
- 20 (g) All of the following shall occur upon an effective merger under this section:
- 21 (1) The separate existence of the city hospital authority that merges into
22 the charitable or religious corporation or into the county hospital
23 authority ceases.
- 24 (2) The title to all real estate and other property owned by the hospital
25 authority is vested in the surviving charitable or religious corporation
26 or in the surviving county hospital authority without reversion or
27 impairment subject to any and all conditions to which the property was
28 subject prior to the merger.
- 29 (3) The surviving charitable or religious corporation or the surviving
30 county hospital authority has all liabilities and obligations of the city
31 hospital authority and the charitable or religious corporation or the
32 county hospital authority party to the merger.
- 33 (4) A proceeding pending by or against the city hospital authority and the
34 charitable or religious corporation or the county hospital authority
35 party to the merger may be continued as if the merger did not occur or
36 the surviving charitable or religious corporation or the surviving
37 county hospital authority may be substituted in the proceeding for the
38 city hospital authority whose existence ceased.
- 39 (5) The articles or certificate of incorporation and bylaws of the surviving
40 charitable or religious corporation or the surviving county hospital
41 authority are amended to the extent provided in the plan of merger.
- 42 (6) Any bequest, devise, gift, grant, or promise contained in a will or other
43 instrument of donation, subscription, or conveyance that is made to a
44 city hospital authority that has merged into a charitable or religious

1 corporation or into a county hospital authority and that takes effect or
2 remains payable after the merger, inures to the surviving charitable or
3 religious corporation or the surviving county hospital authority unless
4 the will or other instrument otherwise specifically provides.

5 (h) A merger pursuant to the provisions of this section will not be deemed to be a
6 sale or conveyance of a hospital facility under or pursuant to G.S. 131E-8, 131E-13, or
7 131E-14 of the Municipal Hospital Act (Part 1, Article 2, Chapter 131E of the General
8 Statutes) and G.S. 131E-13(d) will not be applicable to such merger."

9 **SECTION 2.** This act applies only to the merger of a hospital authority
10 formed by a city in a county with a population of less than 150,000 as of the most recent
11 U.S. Census and either (i) a charitable or religious corporation formed on or before the
12 effective date of this act having its principal office located in such county as of the
13 effective date of this act, or (ii) a hospital authority formed after the effective date of
14 this act by the county in which the city is located.

15 **SECTION 3.** This act is effective when it becomes law.