
OLR Bill Analysis

sHB 5316

AN ACT PROHIBITING REAL ESTATE INVESTMENT TRUSTS FROM ACQUIRING OR INCREASING OPERATIONAL CONTROL OVER HOSPITALS OR HEALTH SYSTEMS AND PROHIBITING HOSPITALS AND HEALTH SYSTEMS FROM ENTERING INTO SALE-LEASEBACK FINANCING TRANSACTIONS.

SUMMARY

This bill prohibits, beginning October 1, 2026, real estate investment trusts (REITs) from acquiring any operational control, or increasing any operational control they already have, over a hospital or health system (hospitals or parent corporations of hospitals and their affiliates).

Under the bill, “operational control” is (1) influencing or directing actions or policies of any part of a hospital or health system or (2) choosing, appointing, or terminating a person or entity that participates in the hospital’s or health system’s operational oversight (for example, a board member, senior employee, or consultant). The bill incorporates the REIT definition from the federal Internal Revenue Code (26 U.S.C. § 856). Subject to various conditions, a REIT is generally a corporation, trust, or association (other than a financial institution or insurance company) that owns or finances income-producing real estate.

The bill also prohibits, starting October 1, 2026, hospitals and health systems from entering into sale-leaseback transactions. These transactions are agreements for a hospital or health system to sell and lease back real property comprising a hospital’s main campus.

EFFECTIVE DATE: October 1, 2026

BACKGROUND

Related Bills

sSB 196 (File 48), favorably reported by the Public Health Committee, (1) prohibits hospitals from entering into sale-leaseback transactions

and (2) requires hospitals to annually attest that no private equity entity has a controlling interest in the hospital or may influence policies or procedures that would interfere with clinicians' decisions, and that the hospital license holder has full governance control over its assets and activities.

HB 5045, favorably reported by the Public Health Committee, replaces the current health care facility certificate of need (CON) program with a new one and, among various other changes, generally requires CON approval for a REIT's acquisition (in any way) of at least 20% of the assets or operations of a health care entity.

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 13 Nay 0 (03/10/2026)