

BILL ANALYSIS

C.S.H.B. 770
By: Solis
Public Health
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Community health centers, often funded by public and private grants, provide health care services to uninsured and under insured residents. These community health centers are, by law, located only in medically underserved areas and primarily serve low-income and uninsured clients, taking a huge burden off of hospital emergency rooms and other providers. There are thirty-two such community health centers in Texas providing care through almost 200 community sites.

These centers may find it difficult to acquire commercial loans, because their revenue source is not stable and consistent. This precarious financial situation contributes to the centers neglect of building repairs and other nonmedical services, including meeting building code requirements and purchasing equipment. The 77th Texas Legislature created the statutory framework for making state funding available to provide seed capital for a perpetual revolving loan fund to finance the capital needs (building and equipment) of community health centers. However, the Legislature did not make an appropriation for this initiative last session.

This bill would clarify that a joint project by two or more community health centers is eligible for financing. It requires the non-profit entity which administers the program to be a Certified Community Development Financial Institution (CDFI) in order to be eligible for the program with federal dollars. Furthermore, it deletes references to “fund” or “trust fund” in order to eliminate any constitutional questions and confusion in regard to other state fund balances. It clarifies that the state funding is a grant , in order to meet both state constitutional requirements and federal CDFI matching requirements. The bill also clarifies that any lender which wishes to help finance Community health center projects, not just financial institutions, is eligible to do so.

RULEMAKING AUTHORITY

It is the committee’s opinion that rulemaking authority is expressly granted to the Board of Health in SECTION 1 (Section 112.007, Health and Safety Code) of this bill.

ANALYSIS

SECTION 1. Chapter 136, Human Resources Code, is transferred to Subtitle E, Title 2, Health and Safety Code, renumbered as Chapter 112, Health and Safety Code, and amended to read as follows:

Chapter 112, Health and Safety Code, renames the loan fund as the Texas Community Health Center Loan Program.

Sec. 112.001. Purpose. Establishes the purpose of the Chapter.

Sec. 112.002. Definitions. Removes the Health and Human Services Commission as definition of “Commission”. Adds that the a development corporation means a nonprofit corporation that is by the United States Department of Treasury as a Community Development Financial Institution. Deletes the definition of “Fund” and references to “Trust Fund”.

Sec. 112.003. Development Corporation. Authorizes the Texas Department of Health to award grants to development corporations to fulfill the purpose of this chapter.

Sec. 112.004. Investment Committee. Requires a development corporation to establish an investment committee before it can receive a grant from the Health and Human Services Commission.

Sec. 112.005. Loans to Community Health Centers. Clarifies that a loan can be made through a partnership or joint investment of one or more lenders, and by allowing loan payment money to be used to cover the expense of making and servicing loans.

Sec. 112.006. Income From Loan. Establishes that income received from the loan is the property of the development Corporation.

Sec. 112.007. Rules. Authorizes the Texas Board of Health to adopt necessary rules to ensure a grant made under this chapter is used for the purposes intended by the legislature.

SECTION 2. The Texas Board of Health shall adopt rules to administer Chapter 112.

SECTION 3. Effective Date: September 1, 2003.

EFFECTIVE DATE

September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 770 differs from the original bill in that the substitute transfers Chapter 136 of the Human Resources Code to Subtitle E Title 2, of the Health and Safety Code and is renumbered as Chapter 112, of the Health and Safety Code.