

BILL ANALYSIS

Senate Research Center
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S.B. 1028
By: Gallegos
Health & Human Services
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DIGEST AND PURPOSE

The 77th Texas Legislature created the Texas Community Health Center Revolving Loan Fund. This loan fund is administered by the Health and Human Services Commission (HHSC) and is for the purpose of providing capital loans to Federally Qualified Health Centers and similar community-based non-profit primary health care providers. The legislation contained language referring to money appropriated by the state as a “trust fund.” This created debate as to whether any money in such a fund was outside the state treasury. The attorney general released an opinion at the request of HHSC stating that the legislation does not violate the state constitution and that no trust fund exists outside the treasury. As proposed, S.B. 1028 changes the name to the Texas Community Health Center Revolving Loan Program. This bill also requires the development corporation to be a certified Community Development Financial Institution, clarifies that an “award” to the development corporation is a grant, that interest payments received from loans may be used to pay the costs of loan making and servicing, and provides that HHSC may adopt rules necessary to carry out this legislation.

RULEMAKING AUTHORITY

Grants rulemaking authority to the Health and Human Services Commission in SECTION 8 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends the heading to Chapter 136, Human Resources Code, to read as follows:

CHAPTER 136. TEXAS COMMUNITY HEALTH CENTER REVOLVING LOAN PROGRAM

SECTION 2. Amends Section 136.002(3), Human Resources Code, to add a nonprofit corporation that is certified by the United States Department of Treasury as a Community Development Financial Institution to the definition of a “development corporation.”

SECTION 3. Amends Section 136.004, Human Resources Code, to require the Health and Human Services Commission (HHS) to award a grant, rather than money, to a development corporation to carry out the purpose of this chapter. Deletes existing language related to HHS contracting with a development corporation.

SECTION 4. Amends Section 136.005(a), Human Resources Code, to make a conforming change.

SECTION 5. Amends Section 136.006, Human Resources Code, by amending Subsections (d) and (e) and adding Subsection (f), as follows:

(d) Authorizes the development corporation to make a loan under the program through a partnership or joint investment with one or more other lenders, rather than financial institutions, or federal or state programs.

(e) Requires the development corporation to make new loans and cover the expenses of making and servicing loans under, rather than as provided by, this chapter.

(f) Authorizes the development corporation to make a loan to fund a joint project of two or more community health centers.

SECTION 6. Amends Sections 136.009(a) and (b), Human Resources Code, as follows:

(a) Requires HHS to adopt rules necessary to administer this chapter and to ensure a grant made under this chapter is used for the purposes intended by the legislation. Deletes existing text related to rules that require certain actions.

(b) Authorizes the development corporation, under rules adopted by HHS, to take certain actions. Deletes existing text related to making grants to eligible community health centers from money other than money that is received from the fund. Makes a conforming change.

SECTION 7. Repealer: Sections 136.002(4) (regarding the definition of “fund”), 136.003 (Trust Fund), and 136.007 (Self-Funding), Human Resources Code.

SECTION 8. Requires HHS to adopt rules to administer Chapter 136, Human Resources Code, as amended by this Act, not later than December 1, 2003.

SECTION 9. Effective date: September 1, 2003.