

BILL ANALYSIS

Senate Research Center
78R9743 EMT-F

C.S.S.B. 1632
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Intergovernmental Relations
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Committee Report (Substituted)

DIGEST AND PURPOSE

Current law is silent on the ability of a jointly owned city-county hospital to borrow money using real property as collateral. C.S.S.B. 1632 allows a city-county hospital to borrow money using real property as collateral.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 265, Health and Safety Code, by adding Sections 265.0177- 265.0179, as follows:

Sec. 265.0177. **AUTHORITY TO BORROW MONEY.** (a) Authorizes the board of managers, after approval by resolution of the commissioners court of the county and the governing body of the municipality that appointed the board of managers, to, on behalf of the hospital, borrow money from a federally insured lending institution for a purpose described by Section 265.0179. Authorizes the board of managers to execute a loan agreement or promissory note as evidence of the obligation to repay the loan.

(b) Authorizes the board of managers to borrow money in an amount it considers advisable, subject to a rate of interest, security, and other terms it considers advisable. Requires the loan to mature not later than the 30th anniversary of the date on which the loan is made.

(c) Requires the board of managers, before entering into a loan under this section, to determine that there will be sufficient money available from revenues generated by the hospital to pay the loan when the loan becomes due.

(d) Requires the commissioners court of the county and the governing body of the municipality that appointed the board of managers to approve the terms of a loan agreement by written resolution.

(e) Provides that Chapter 1202, Government Code, does not apply to a promissory note or any other instrument evidencing a loan under this section.

Sec. 265.0178. **PLEDGE OF SECURITY.** (a) Authorizes certain loans under Section 265.0177.

(b) Provides that the holder of a loan obligation under Section 265.0177 is not entitled to demand payment of the principal and interest on the loan from any money or property of the hospital other than the money or property specifically pledged to secure payment of the loan.

Sec. 265.0179. **PERMISSIBLE USES OF LOAN PROCEEDS.** Authorizes the proceeds from a loan under Sec. 265.0177 to be used to pay costs related to the acquisition,

construction, rehabilitation, and equipping of a hospital facility, including costs related to the acquisition of real property and any other improvement considered necessary and appropriate by the board of managers.

SECTION 2. Effective date: upon passage or September 1, 2003.