

By: Solis, Raymond, et al.

H.B. No. 770

Substitute the following for H.B. No. 770:

By: Coleman

C.S.H.B. No. 770

A BILL TO BE ENTITLED

AN ACT

relating to a community health center revolving loan program.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

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 [~~136~~]. TEXAS COMMUNITY HEALTH CENTER REVOLVING
LOAN PROGRAM [~~FUND~~]

Sec. 112.001 [~~136.001~~]. PURPOSE. The legislature finds that:

(1) community health centers play a significant role in the delivery of medical care and related services to the residents of this state who cannot afford health insurance;

(2) community health centers are a cost-effective way to provide primary and preventive health care to populations lacking quality health care by reducing hospitalizations and the inappropriate use of emergency rooms;

(3) the financing sources available for the capital needs of community health centers, such as buildings and equipment, are inadequate; and

(4) increasing community health centers' access to capital would benefit residents of this state in poor and underserved communities and foreign-born residents who are

1 uninsured, by providing greater access to primary care and
2 preventive health services and by targeting the common health
3 problems of these residents.

4 Sec. 112.002 [~~136.002~~]. DEFINITIONS. In this chapter:

5 (1) "Community health center" means a nonprofit
6 corporation in this state that:

7 (A) provides required primary health services,
8 including:

9 (i) basic health services;

10 (ii) referrals to providers of medical
11 services;

12 (iii) patient case management services;

13 (iv) outreach; and

14 (v) patient education; and

15 (B) has a governing board that:

16 (i) is composed of individuals, a majority
17 of whom are being served by the community health centers; and

18 (ii) represents the individuals being
19 served by the community health center.

20 (2) [~~"Commission" means the Health and Human Services~~
21 ~~Commission.~~

22 [~~(3)~~] "Development corporation" means a nonprofit
23 corporation that:

24 (A) provides revolving loan funds to community
25 health centers;

26 (B) accepts gifts and grants;

27 (C) seeks funding from various government and

1 private sources; ~~and~~

2 (D) associates with a broad-based organization
3 serving community health centers; and

4 (E) is certified by the United States Department
5 of Treasury as a Community Development Financial Institution.

6 ~~(3) [(4) "Fund" means the community health center~~
7 ~~revolving loan fund established by this chapter.~~

8 ~~[(5)]~~ "Program" means the loan program authorized by
9 this chapter.

10 ~~[Sec. 136.003. TRUST FUND. (a) The community health center~~
11 ~~revolving loan fund is a trust fund outside the state treasury held~~
12 ~~by a financial institution and administered by the commission as~~
13 ~~trustee on behalf of community health centers in this state.~~

14 ~~[(b) The fund is composed of:~~

15 ~~[(1) money appropriated to the fund by the~~
16 ~~legislature;~~

17 ~~[(2) gifts or grants received from public or private~~
18 ~~sources; and~~

19 ~~[(3) income from other money in the fund.~~

20 ~~[(c) The commission may accept on behalf of the fund gifts~~
21 ~~and grants for the use and benefit of the program.]~~

22 Sec. 112.003 ~~[136.004]~~. DEVELOPMENT CORPORATION. The
23 department ~~[commission]~~ shall ~~[contract with and]~~ award a grant
24 ~~[money]~~ to a development corporation to carry out the purposes of
25 this chapter.

26 Sec. 112.004 ~~[136.005]~~. INVESTMENT COMMITTEE. (a) Before
27 awarding a grant to ~~[contracting with]~~ a development corporation,

1 the department [~~commission~~] shall require the development
2 corporation to establish an investment committee to approve loan
3 requests of community health centers.

4 (b) The investment committee must consist of seven members
5 as follows:

6 (1) at least two members with lending experience;

7 (2) at least two members who receive health care
8 services from a community health center; and

9 (3) at least one member who represents the Texas
10 Association of Community Health Centers, Inc.

11 Sec. 112.005 [~~136.006~~]. LOANS TO COMMUNITY HEALTH CENTERS.

12 (a) The development corporation may make a loan to a community
13 health center only with the approval of the investment committee.

14 (b) The development corporation shall use at least 60
15 percent of the money received under the program for loans to
16 community health centers in existence for at least one year before
17 the loan date.

18 (c) A loan made by the development corporation may be
19 subordinated debt.

20 (d) The development corporation may make a loan under the
21 program through a partnership or joint investment with one or more
22 other lenders [~~financial institutions~~] or federal or state
23 programs.

24 (e) Payments on community health center loans shall be made
25 to the development corporation. The development corporation shall
26 use the loan payment money received from community health centers
27 to make new loans and cover the expenses of making and servicing

1 loans under [~~as provided by~~] this chapter.

2 (f) The development corporation may make a loan to fund a
3 joint project of two or more community health centers.

4 [~~Sec. 136.007. SELF-FUNDING. The commission shall develop~~
5 ~~the fund program as a revolving loan fund that will become~~
6 ~~self-funding over the life of the program.~~]

7 Sec. 112.006 [~~136.008~~]. INCOME FROM LOAN. All income
8 received on a loan made with money received under the program is the
9 property of the development corporation. Income received on a loan
10 includes the payment of interest by a borrower and the
11 administrative fees assessed by the development corporation.

12 Sec. 112.007 [~~136.009~~]. RULES. (a) The board [~~commission~~]
13 shall adopt rules necessary to administer this chapter and to
14 ensure a grant made under this chapter is used for the purposes
15 intended by the legislature [~~, including rules that require:~~

16 [~~(1) the commission to review the lending and~~
17 ~~servicing practices of a development corporation to ensure the~~
18 ~~practices conform to generally accepted accounting principles;~~

19 [~~(2) an eligible community health center to enter into~~
20 ~~an agreement with the development corporation that states the terms~~
21 ~~of the loan made to the center;~~

22 [~~(3) the development corporation to provide to the~~
23 ~~commission semiannual reports giving details of the status of each~~
24 ~~loan made under the program;~~

25 [~~(4) the development corporation to require annual~~
26 ~~audits of community health centers receiving loans under the~~
27 ~~program; and~~

1 ~~[(5) the commission to provide oversight of the~~
2 ~~development corporation as necessary to qualify the development~~
3 ~~corporation for loan guarantees from federal and state programs].~~

4 (b) Under rules adopted by the board ~~[commission]~~, the
5 development corporation may:

6 (1) make grants to eligible community health centers
7 from money other than money ~~[that is received from the fund and that~~
8 ~~was]~~ derived from a legislative appropriation; or

9 (2) seek funds from state or federal agencies or
10 private sources to supplement and complement the funds received
11 under the grant ~~[program]~~.

12 (c) The board ~~[commission]~~ may adopt other rules as
13 necessary to accomplish the purposes of this chapter.

14 SECTION 2. The Texas Board of Health shall adopt rules
15 necessary for the Texas Department of Health to administer Chapter
16 112, Health and Safety Code, as transferred and amended by this Act,
17 not later than December 1, 2003.

18 SECTION 3. This Act takes effect September 1, 2003.