

1-1 By: Kuempel (Senate Sponsor - Wentworth) H.B. No. 2952  
1-2 (In the Senate - Received from the House May 7, 2003;  
1-3 May 9, 2003, read first time and referred to Committee on  
1-4 Administration; May 16, 2003, reported favorably by the following  
1-5 vote: Yeas 7, Nays 0; May 16, 2003, sent to printer.)

1-6 A BILL TO BE ENTITLED  
1-7 AN ACT

1-8 relating to the authority of a joint county and municipal hospital  
1-9 to borrow money.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Subchapter B, Chapter 265, Health and Safety  
1-12 Code, is amended by adding Sections 265.0177-265.0179 to read as  
1-13 follows:

1-14 Sec. 265.0177. AUTHORITY TO BORROW MONEY. (a) After  
1-15 approval by resolution of the commissioners court of the county and  
1-16 the governing body of the municipality that appointed the board,  
1-17 the board of managers may, on behalf of the hospital, borrow money  
1-18 from a federally insured lending institution for a purpose  
1-19 described by Section 265.0179. The board may execute a loan  
1-20 agreement or promissory note as evidence of the obligation to repay  
1-21 the loan.

1-22 (b) The board of managers may borrow money in an amount it  
1-23 considers advisable, subject to a rate of interest, security, and  
1-24 other terms it considers advisable. The loan shall mature not later  
1-25 than the 30th anniversary of the date on which the loan is made.

1-26 (c) Before entering into a loan under this section, the  
1-27 board of managers must determine that there will be sufficient  
1-28 money available from revenues generated by the hospital to pay the  
1-29 loan when the loan becomes due.

1-30 (d) The commissioners court of the county and the governing  
1-31 body of the municipality that appointed the board of managers must  
1-32 approve the terms of a loan agreement by written resolution.

1-33 (e) Chapter 1202, Government Code, does not apply to a  
1-34 promissory note or any other instrument evidencing a loan under  
1-35 this section.

1-36 Sec. 265.0178. PLEDGE OF SECURITY. (a) A loan under  
1-37 Section 265.0177 may be:

1-38 (1) payable from and secured by a pledge of all or part  
1-39 of the revenues, income, or resources of the hospital that are not  
1-40 pledged to pay a bonded indebtedness of the hospital; or

1-41 (2) secured by a deed of trust or other security  
1-42 interest in any property of the hospital that is not pledged to pay  
1-43 a bonded indebtedness of the hospital.

1-44 (b) The holder of a loan obligation under Section 265.0177  
1-45 is not entitled to demand payment of the principal and interest on  
1-46 the loan from any money or property of the hospital other than the  
1-47 money or property specifically pledged to secure payment of the  
1-48 loan.

1-49 Sec. 265.0179. PERMISSIBLE USES OF LOAN PROCEEDS. The  
1-50 proceeds from a loan under Section 265.0177 may be used to pay costs  
1-51 related to the acquisition, construction, rehabilitation, and  
1-52 equipping of a hospital facility, including costs related to the  
1-53 acquisition of real property and any other improvement considered  
1-54 necessary and appropriate by the board of managers.

1-55 SECTION 2. This Act takes effect immediately if it receives  
1-56 a vote of two-thirds of all the members elected to each house, as  
1-57 provided by Section 39, Article III, Texas Constitution. If this  
1-58 Act does not receive the vote necessary for immediate effect, this  
1-59 Act takes effect September 1, 2003.

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