

By: Gallegos

S.B. No. 1028

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. The heading to Chapter 136, Human Resources Code, is amended to read as follows:

CHAPTER 136. TEXAS COMMUNITY HEALTH CENTER

REVOLVING LOAN PROGRAM [~~FUND~~]

SECTION 2. Section 136.002(3), Human Resources Code, is amended to read as follows:

(3) "Development corporation" means a nonprofit corporation that:

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

(B) accepts gifts and grants;

(C) seeks funding from various government and private sources; [~~and~~]

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

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

SECTION 3. Section 136.004, Human Resources Code, is amended to read as follows:

Sec. 136.004. DEVELOPMENT CORPORATION. The commission shall [~~contract with and~~] award a grant [~~money~~] to a development

1 corporation to carry out the purposes of this chapter.

2 SECTION 4. Section 136.005(a), Human Resources Code, is
3 amended to read as follows:

4 (a) Before awarding a grant to ~~[contracting with]~~ a
5 development corporation, the commission shall require the
6 development corporation to establish an investment committee to
7 approve loan requests of community health centers.

8 SECTION 5. Section 136.006, Human Resources Code, is
9 amended by amending Subsections (d) and (e) and adding Subsection
10 (f) to read as follows:

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

15 (e) Payments on community health center loans shall be made
16 to the development corporation. The development corporation shall
17 use the loan payment money received from community health centers
18 to make new loans and cover the expenses of making and servicing
19 loans under ~~[as provided by]~~ this chapter.

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

22 SECTION 6. Sections 136.009(a) and (b), Human Resources
23 Code, are amended to read as follows:

24 (a) The commission shall adopt rules necessary to
25 administer this chapter and to ensure a grant made under this
26 chapter is used for the purposes intended by the legislature~~[~~
27 ~~including rules that require:~~

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

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

7 ~~[(3) the development corporation to provide to the~~
8 ~~commission semiannual reports giving details of the status of each~~
9 ~~loan made under the program;~~

10 ~~[(4) the development corporation to require annual~~
11 ~~audits of community health centers receiving loans under the~~
12 ~~program; and~~

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

16 (b) Under rules adopted by the commission, the development
17 corporation may:

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

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

24 SECTION 7. Sections 136.002(4), 136.003, and 136.007, Human
25 Resources Code, are repealed.

26 SECTION 8. The Health and Human Services Commission shall
27 adopt rules to administer Chapter 136, Human Resources Code, as

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1 amended by this Act, not later than December 1, 2003.

2 SECTION 9. This Act takes effect September 1, 2003.