

By: Wentworth

S.B. No. 1632

A BILL TO BE ENTITLED

AN ACT

relating to the authority of a joint county and municipal hospital to borrow money.

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

SECTION 1. Subchapter B, Chapter 265, Health and Safety Code, is amended by adding Sections 265.0177, 265.0178, and 265.0179 to read as follows:

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

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

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

(d) The commissioners court of the county and the governing

1 body of the municipality that appointed the board of managers must
2 approve the terms of a loan agreement by written resolution.

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

6 Sec. 265.0178. PLEDGE OF SECURITY. (a) A loan under
7 Section 265.0177 may be:

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

11 (2) secured by a deed of trust or other security
12 interest in any property of the hospital that is not pledged to pay
13 a bonded indebtedness of the hospital.

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

19 Sec. 265.0179. PERMISSIBLE USES OF LOAN PROCEEDS. The
20 proceeds from a loan under Section 265.0177 may be used to pay costs
21 related to the acquisition, construction, rehabilitation, and
22 equipping of a hospital facility, including costs related to the
23 acquisition of real property and any other improvement considered
24 necessary and appropriate by the board of managers.

25 SECTION 2. This Act takes effect immediately if it receives
26 a vote of two-thirds of all the members elected to each house, as
27 provided by Section 39, Article III, Texas Constitution. If this

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1 Act does not receive the vote necessary for immediate effect, this

2 Act takes effect September 1, 2003.