

BILL ANALYSIS

Senate Research Center

S.B. 812
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Health & Human Services
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Enrolled

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

The mental health and mental retardation services (MHMR) that local community MHMR centers provide historically have been funded by a mix of "payment in arrears" fees for services and "payment in advance" quarterly state general revenue payments. Client care disruptions caused by delays or interruptions in either type of funding have been averted through securing "line of credit" notes. However, since there is no clear authority for community MHMR centers to secure such notes, confusion in processing the notes may result. The risk is heightened by anticipated changes in state funding to "fee for service" models.

S.B. 812 specifically states the process by which community MHMR centers may issue cash flow anticipation notes to pay current and other expenses in anticipation of future revenues.

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 Section 534.022, Health and Safety Code, by amending Subsections (a) and (b) and adding Subsections (a-1) and (f), as follows:

(a) Authorizes a community center (providing mental health services, mental retardation services, or both), in order to perform certain functions, including to finance all or part of a payment owed or to be owed on a credit agreement, to issue, execute, refinance, or refund bonds, notes, obligations, or contracts, rather than bonds, notes, or contracts. Makes a conforming change. Deletes the provision that a community center may secure the payments of bonds, notes, obligations, or contracts with a security interest in or pledge of its receivables, contract rights, or accounts.

(a-1) Defines "revenues."

(b) Creates an exception, as provided by Subsection (f), to the provision that the community center shall issue bonds, notes, or obligations in accordance with certain laws. Requires the attorney general to approve before issuance, in addition to bonds, notes issued in the form of public securities and obligations. Makes conforming and nonsubstantive changes.

(f) Permits the board of trustees of a community center to authorize the issuance of an anticipation note in a certain manner with certain rights and restrictions.

SECTION 2. Effective date: September 1, 2005.