

BILL ANALYSIS

S.B. 812
By: Deuell
Human Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The mental health and mental retardation services 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.

Senate Bill 812 expressly provides a 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

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

The bill adds language authorizing a community center providing mental health services, mental retardation services, or both, to finance all or part of a payment owed or to be owed on a credit agreement by contracting in accordance with Subchapter A, Chapter 271, Local Government Code, or by the issuance, execution, refinancing, or refunding of bonds, notes, obligations, or contracts. The bill also makes conforming changes, and deletes the provision authorizing a community center to secure the payments of bonds, notes, obligations, or contracts with a security interest in, or pledge of, its receivables, contract rights, or accounts.

The bill defines "revenues" for purposes of the above provision.

The bill creates an exception to the provision that the community center shall issue bonds, notes, or obligations in accordance with certain laws. The exception relates to the issuance of anticipation notes in the same manner as eligible school districts, subject to certain restrictions based on anticipated revenue.

The bill also adds descriptions of the types of financing instruments that must be approved by the attorney general before issuance.

EFFECTIVE DATE

September 1, 2005