

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**March 30, 2011**

**TO:** Honorable Garnet Coleman, Chair, House Committee on County Affairs

**FROM:** John S O'Brien, Director, Legislative Budget Board

**IN RE: HB1327** by Darby (Relating to the creation of a grant program to defray the cost of constructing a new health facility in a rural county.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1327, As Introduced: an impact of \$0 through the biennium ending August 31, 2013.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$0
2013	\$0
2014	(\$33,053)
2015	(\$33,053)
2016	(\$33,053)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>General Revenue Fund 1</i>	Probable Revenue Gain/ (Loss) from <i>New General Revenue Dedicated - Rural Safety Net Hospital Infrastructure</i>	Probable Savings/(Cost) from <i>New General Revenue Dedicated - Rural Safety Net Hospital Infrastructure</i>
2012	\$0	\$0	\$0
2013	\$0	\$0	\$0
2014	(\$33,053)	\$33,053	(\$33,053)
2015	(\$33,053)	\$33,053	(\$33,053)
2016	(\$33,053)	\$33,053	(\$33,053)

**Fiscal Analysis**

The bill would amend the Government Code relating to the creation of a grant program to defray the cost of constructing a new health facility in a rural county. The bill would expand the uses of appropriations from the earnings of the Permanent Fund Rural Health Facility Capital Improvement Account to include the new grant program. The bill would allow the Texas Department of Rural Affairs (TDRA) to create a Rural Safety Net Hospital Infrastructure program (Hospital Infrastructure program) which would award grants to public or nonprofit hospitals located in a rural county. The bill would require the grant recipient to only use the funds on construction of the new facilities. The bill would require the grant amount to not exceed the lesser of 50 percent of the contracted cost for construction of the new health facility or \$10 million. The bill would require the grantee to provide

matching funds equal to or greater than the amount of the grant. The bill would require TDRA to adopt rules to implement this new grant program. The bill would create a new general revenue – dedicated account that may be used by TDRA for the administrative costs associated with the new grant program. The bill would require TDRA to not award any grants for this program before September 1, 2013.

The bill would take effect on September 1, 2011.

## **Methodology**

Earnings from the Permanent Fund- Rural Health Facility Capital Improvement are deposited to the credit of General Revenue – Dedicated Permanent Fund- Rural Health Facility Capital Improvement Account No. 5047 (GR-D 5047). It is assumed that earnings deposited to GR-D 5047 will be \$2,203,550 each year of fiscal years 2012 through 2016.

It is assumed that no funds would be utilized for the new Hospital Infrastructure program until fiscal year 2014 since the bill does not allow TDRA to award a grant prior to September 1, 2013.

Under current law, all appropriations from GR-D 5047 are used for the Rural Health Facility Capital Improvement program (Capital Improvement program), which provides grants and loans to eligible rural public and non-profit hospitals to make capital improvements to existing facilities, construct new health facilities, and purchase capital equipment. Under current law, \$2,143,700 of GR-D 5047 is awarded to rural public and non-profit hospitals each year under the Capital Improvement program and the program administration costs \$59,850 in GR-D 5047.

This analysis assumes that the two programs would each use 50 percent, or \$1,101,775, of the available funds in GR-D 5047 in fiscal years 2014 through 2016. It is assumed that the Capital Improvement program would award \$1,071,850 in grants from GR-D 5047 and administrative costs would be \$29,925 in GR-D 5047 in each year of 2014 through 2016. Since the Hospital Infrastructure program must use all of the GR-D 5047 funds for grants, it is assumed that the Hospital Infrastructure program would award \$1,101,775 in grants each year of fiscal years 2014 through 2016. It is also assumed that the revenue from earnings would equate to the costs of the two programs.

Based on analysis provided by the Comptroller, the bill creates a new General Revenue – Dedicated Rural Safety Net Hospital Infrastructure Account (GR-D Hospital Infrastructure Account), which is authorized to receive appropriations, any gifts, grants or donations, and interest. The bill would require that the administrative costs associated with the Hospital Infrastructure program be funded from GR-D Hospital Infrastructure Account. It is assumed that the administrative costs for the Hospital Infrastructure program would be \$33,053 each year of fiscal years 2014 through 2016 and that funds would be transferred from General Revenue to the new GR-D Hospital Infrastructure Account for this purpose.

This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.094, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

## **Technology**

No significant technology impact is anticipated.

## **Local Government Impact**

The bill would amend Government Code to allow money appropriated to the Texas Department of Rural Affairs under Section 487.806 to be used to make a grant to construct a public or nonprofit

hospital located in a rural county. Fiscal impact to local governments would be limited to those located in rural counties with the intention of constructing an eligible facility and impact would vary depending on the cost of the proposed facility and the monetary size of the grant approved by the department.

**Source Agencies:** 304 Comptroller of Public Accounts, 357 Texas Department of Rural Affairs

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