

BILL ANALYSIS

Senate Research Center

H.B. 2574
By: Solis, Jim (Gallegos)
Health & Human Services
5/8/2001
Engrossed

DIGEST AND PURPOSE

Community health centers, often funded by public and private grants, provide health care services to uninsured and underinsured residents. These centers may find it difficult to acquire commercial loans, because their revenue source is not stable and consistent. A precarious financial situation contributes to the centers' neglect of building repairs and other nonmedical services, including meeting building code and Americans with Disabilities Act requirements. H.B. 2574 establishes the community health center revolving loan fund to be administered by a development corporation on behalf of the Health and Human Services Commission to increase community health centers' access to loan money.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Health and Human Services Commission in SECTION 1 (Section 136.009, Human Resources Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Title 9, Human Resources Code, by adding Chapter 136, as follows:

CHAPTER 136. TEXAS COMMUNITY HEALTH CENTER REVOLVING LOAN FUND

Sec. 136.001. **PURPOSE.** Sets forth the legislative findings regarding community health centers.

Sec. 136.002. **DEFINITIONS.** Defines "community health center," "commission," "development corporation," "fund," and "program."

Sec. 136.003. **TRUST FUND.** Provides that the community health center revolving trust fund (fund) is a trust fund outside the state treasury held by a financial institution and administered by the Health and Human Services Commission (commission) as trustee on behalf of community health centers in this state. Sets forth the composition of the fund. Authorizes the commission to accept on behalf of the fund gifts and grants for the use and benefit of the program.

Sec. 136.004. **DEVELOPMENT CORPORATION.** Requires the commission to contract with and award money to a development corporation to carry out the purposes of this chapter.

Sec. 136.005. **INVESTMENT COMMITTEE.** Requires the commission, before contracting with a development corporation, to require the development corporation to establish an investment committee to approve loan requests of community health centers. Sets forth certain requirements for the members of the committee.

Sec. 136.006. **LOANS TO COMMUNITY HEALTH CENTERS.** Authorizes the development corporation to make a loan to a community health center only with the approval of the investment committee. Requires the development corporation to use at least 60 percent of the money received under the program for loans to community health centers in existence for at

least one year before the loan date. Authorizes a loan made by the development corporation to be subordinated debt. Authorizes the development corporation to make a loan under the program through a partnership or joint investment with one or more financial institutions or federal or state programs. Requires payments on community health center loans to be made to the development corporation. Requires the development corporation to use the loan payment money received from community health centers to make new loans as provided by this chapter.

Sec. 136.007. SELF-FUNDING. Requires the commission to develop the fund program as a revolving loan fund that will become self-funding over the life of the program.

Sec. 136.008. INCOME FROM LOAN. Provides that all income received on a loan made with money received under the program is the property of the development corporation. Provides that income received on a loan includes the payment of interest by a borrower and the administrative fees assessed by the development corporation.

Sec. 136.009. RULES. Requires the commission to adopt rules to administer this chapter, including certain rules. Authorizes the development to take certain actions under rules adopted by the commission. Authorizes the commission to adopt other rules as necessary to accomplish the purposes of this chapter.

SECTION 2. Effective date: September 1, 2001.