

BILL ANALYSIS

Senate Research Center
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S.B. 1246
By: Gallegos
Health & Human Services
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DIGEST AND PURPOSE

As proposed, S.B. 1246 creates a revolving loan fund (fund) for the purpose of financing the capital needs of community health centers because few sources now exist for such financing. The bill places the actual administration of the fund with a non-profit corporation, overseen by the Health and Human Services Commission, since the fund must exist outside of a governmental agency in order to qualify for matching funds from the Community Development Financial Institutions Fund administered by the United States Department of the Treasury. The fund will be an investment channel for commercial banks seeking Community Reinvestment Act credits, and will be authorized to accept gifts and grants from private sources such as foundations.

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 legislative findings.

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

Sec. 136.003. **TRUST FUND.** (a) Provides that the community health center revolving loan fund is a trust fund outside the state treasury held by a financial institution and administered by the commission as trustee on behalf of community health centers in this state.

(b) Sets forth the composition of the fund.

(c) 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.** (a) 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.

(b) Sets forth the composition of the investment committee.

Sec. 136.006. LOANS TO COMMUNITY HEALTH CENTERS. (a) Authorizes the development corporation to make a loan to a community health center only with the approval of the investment committee.

(b) 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.

(c) Authorizes a loan made by the development corporation to be subordinated debt.

(d) 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.

(e) 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. (a) Requires the commission to adopt rules to administer this chapter, including rules that require certain procedures.

(b) Authorizes the development corporation, under rules adopted by the commission, to perform certain duties.

(c) Authorizes the commission to adopt other rules as necessary to accomplish the purposes of this chapter.

SECTION 2. Effective date: September 1, 2001.

SECTION 3. Requires the Health and Human Services Commission to adopt rules to administer Chapter 136, Human Resources Code, as added by this Act, not later than December 1, 2001.