

## **BILL ANALYSIS**

Senate Research Center  
77R153 MCK-D

S.B. 115  
By: Madla  
Health and Human Services  
2/5/2001  
As Filed

### **DIGEST AND PURPOSE**

Currently, Texas ranks low, compared to other states with large rural health populations, in the amount of funding and grants for rural health programs. The only entity designated as eligible by the state to apply for such grants and funding is the Center for Rural Health Initiatives, but funding from national, regional, and in-state foundations is often unavailable, since governmental agencies are generally denied eligibility for foundation grants. S.B. 115 establishes a 501(c)(3) nonprofit corporation to assist smaller communities apply for grants and to assist the Center for Rural Health Initiatives to apply for larger grants.

### **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 Title 2E, Health and Safety Code, by adding Chapter 110, as follows:

#### CHAPTER 110. RURAL HEALTH FOUNDATION

Sec. 110.001. CREATION OF FOUNDATION. (a) Requires the Center for Rural Health Initiatives (center) to establish the Rural Health Foundation (foundation) as a nonprofit corporation that complies with the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., V.T.C.S.), except as otherwise provided by this chapter, and provides that it qualifies as an organization exempt from federal income tax under Section 501(c)(3), Internal Revenue Code of 1986, as amended.

(b) Requires the center to ensure that the foundation operates independently of any state agency or political subdivision of the state.

Sec. 110.002. POWERS AND DUTIES. Requires the foundation to raise money from foundations, governmental entities, and other sources to finance health programs in the rural areas of the state. Requires the foundation to have the powers that are necessary and convenient to carry out its duties.

Sec. 110.003. BOARD OF DIRECTORS. Provides that the foundation is governed by a board of five directors (board) appointed by the executive committee of the center from individuals recommended by the executive director of the center. Sets forth provisions and requirements regarding terms of board membership, discrimination prohibitions and the board's responsibility to ensure that the foundation remains eligible for an exemption from federal income tax under Section 501(a), Internal Revenue Code of 1986, as amended, by being listed as an exempt organization under Section 501(c)(3) of that code, as amended.

Sec. 110.004. RESTRICTIONS ON BOARD APPOINTMENT, MEMBERSHIP, AND EMPLOYMENT. (a) Defines "Texas trade association."

(b) Prohibits a person from being a member of the board and from being a foundation employee employed in a “bona fide executive, administrative, or professional capacity,” as that phrase is used for purposes of establishing an exemption to the overtime provisions of the federal Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.), as amended, if:

- the person is an officer, employee, or paid consultant of a Texas trade association in the field of health care; or
- the person’s spouse is an officer, manager, or paid consultant of a Texas trade association in the field of health care.

(c) Prohibits a person from being a member of the board or acting as the general counsel to the board or the foundation if the person is required to register as a lobbyist under Chapter 305 (Registration of Lobbyists), Government Code, because of the person’s activities for compensation on behalf of a profession related to the operation of the foundation.

Sec. 110.005. REMOVAL OF BOARD MEMBER. Sets forth provisions for the removal of a board member.

Sec. 110.006. VACANCY. Requires a vacancy on the board to be filled for the remainder of the unexpired term in the same manner as the original appointment.

Sec. 110.007. OFFICERS. Requires the board to elect from among its members a presiding officer, an assistant presiding officer, and other officers the board considers necessary. Provides that the presiding and assistant presiding officers serve for a period of one year. Authorizes the presiding and assistant presiding officers to be reelected.

Sec. 110.008. MEETINGS. Authorizes the board to meet as often as necessary. Requires the board to meet at least twice a year.

Sec. 110.009. TAX EXEMPTION. Provides that all income, property, and other assets of the foundation are exempt from taxation by the state and political subdivisions of the state.

Sec. 110.010. MEMORANDUM OF UNDERSTANDING. Requires the foundation and the center to enter into a memorandum of understanding that:

- requires the board and staff of the foundation to report to the executive director and executive committee of the center;
- allows the center to provide staff functions to the foundation;
- allows the center to expend funds on the foundation; and
- outlines the financial contributions to be made to the foundation from funds obtained from grants and other sources.

Sec. 110.011. RECORDS. Requires the foundation to maintain financial records and reports independently from those of the center. Requires the foundation to comply with all filing requirements of the secretary of state and the Internal Revenue Service.

SECTION 2. (a) Requires the center to create the foundation not later than June 1, 2002.

(b) Requires the executive committee of the center, in making the initial appointments to the board

of the foundation, to designate two members for terms expiring February 1, 2003, two members for terms expiring February 1, 2005, and one member for a term expiring February 1, 2007.

SECTION 3. Effective Date: September 1, 2001.