

## **BILL ANALYSIS**

H.B. 918  
By: Eiland  
Local Government Ways and Means  
Committee Report (Amended)

### **BACKGROUND AND PURPOSE**

In 1985, the 69th Texas Legislature enacted the Indigent Health Care and Treatment Act to provide for a county to fund medical indigence health care through the general revenue fund of the county, which is comprised of property and sales and use taxes. If the county spends at least eight percent of the general revenue fund on medical indigence health care, the county is then eligible for state assistance. However, only counties with a population of 50,000 or less are authorized to adopt or abolish the sales and use tax for county health services by election and the rate of these taxes can not exceed one-half percent. Because of the limit on the imposition of sales and use taxes for county health services that the county uses to fund the County Indigent Health Care program (program), other health care services in the county may need to become responsible for services that the program provides to the indigent population in the county.

HB918 creates the indigent health care pilot program which is adopted by a county, on voter approval, and authorizes certain counties to fund the pilot program by a sales and use tax for county health services at a rate of one percent.

### **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**

Section 1. - Amends Chapter 324 of the Tax Code by adding Sec. 324.002

Sec. 324.002 - States that Sections 324.021, 324.22, 324.61 and 324.81 do not apply to counties that implement an indigent health care pilot program and adopts a sale and use tax under Subchapter E.

Section 2. - Amends Chapter 324 of the Tax Code by adding Subchapter E.

Subchapter E. Indigent Health Care Pilot Program

Sec. 324.101 - This section applies to counties with populations over 200,000 and in which no hospital is located but a public medical school or health science center is located.

Sec. 324.102

(a) The commissioners court may implement this program to provide secondary and tertiary level services for residents who are below 100% of the Federal Poverty Level. Primary services for residents who fall below 200% of the Federal Poverty Level.

(b) The county must provide: primary services as defined in Chapter 61 Health Safety Code and secondary and tertiary services as defined by Chapter 32 Human Services Code.

(c) The county may also provide case management, utilization review along with patient education, outreach and transportation services.

(d) The county shall set appropriate goals and performance standards.

(e) The county may implement the program if the voters approve the sales and use tax under 324.103 or use funding under Section 324.103.

Sec. 324.103

- (a) A county may adopt or abolish a sales and use tax for a indigent health care pilot program if it is approved by voters in an election for that purpose.
- (b) The tax may be adjusted in increments of one eighth of a percent to a maximum of one percent at a time.

Sec. 324.104

- (a) A county commissioner can call a vote for the establishment or abolishment of a tax for these purposes if he receives a petition signed by 5% of all registered voters.
- (b) & (c) The ballot in any such election should clearly show the vote for or against the indigent care pilot program's creation or abolishment.

Sec. 324.105

- (a) The program and tax expires exactly six months from its inception.
- (b) Upon its expiration an additional vote can be held to reauthorize the tax and the program.
- (c) If the tax expires or is voted against it has to wait one year from its expiration date to be voted on again within that same county.
- (d) Upon the expiration of the tax the county shall notify the comptroller of the scheduled expiration date. The comptroller may set a new date if additional time is needed but it shall be no later than the last day of the quarter in which the notice was served by the comptroller.

Sec. 324.106

- (a) If the sales and use tax is increased over the state tax rate on January 1st, 2003 the rate is reduced to be no more than 7 1/4 percent when the two are combined.

Sec. 324.107

- (a) If the legislature appropriates \$6 million to the indigent health care pilot program the sales and use tax will be suspended.
- (b) The county shall notify the comptroller of the suspension of the tax. The suspension lasts from the first day to the last day of the fiscal year for which the legislature appropriated the funds.

Sec. 324.108

- (a) The state auditor shall review any pilot program created and return the results to the legislature.

Sec. 324.109

- (a) Any revenue collected from these sales and use taxes can only be used for funding the indigent health care pilot program.

Sec. 324.110

- (a) This subchapter expires on September 1, 2009.

Section 3. - Amends the Tax Code by adding Section 23.0435.

Sec.23.0435

- (a) In any year the county sets an election for this purpose the employee designated to make the calculations may not do so until the outcome of the elections has been determined. If the election comes out in favor of the taxes, the employee shall subtract from the county's rollback and effective tax rate the amount that, if applied to the county's current total value, would impose an amount equal to 50% of the amount the county spent on health care services (Sections 61.028 and 61.0285, Health and Safety Code) during the previous tax year.
- (b) If the election is scheduled for after October 1, the county shall apply subsection (a) during the next tax year.
- (c) A tax year in which this tax applies, a reference in this section to a county's effective or rollback rate refers to the rate adjusted under this chapter.

**EFFECTIVE DATE**

This act takes affect immediately upon receiving a 2/3 vote or September 1, 2003 if it does not receive the necessary vote.

**EXPLANATION OF AMENDMENTS**

Committee amendment 1 would make Subchapter E applicable to counties with a population of 190,000 instead of 200,000.