

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 3, 2005

TO: Honorable Ray Allen, Chair, House Committee on County Affairs

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

IN RE: HB2463 by Villarreal (Relating to the creation of new taxing districts in Hidalgo County, Montgomery County, Webb County, and Bexar County to levy taxes on hospitals located in Hidalgo County, Montgomery County, Webb County, and Bexar County for programs that provide healthcare services.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would add Chapter 1101 to the Special Districts Code to create healthcare funding districts in Bexar, Hidalgo, Montgomery, and Webb counties. A district, governed by a commission appointed by the county commissioners court, could levy a tax on a nonpublic general acute care hospital in these counties for programs that provide healthcare services. The tax could be imposed at \$100 per emergency room visit at these hospitals and would be collected by the tax assessor-collector of each county.

The tax would be based on the total number of emergency room visits reported by each institutional healthcare provider on its 2002 hospital fiscal year annual survey. A district would be required to update this tax basis with the number of emergency room visits reported in the annual survey for hospital fiscal year 2006 and every four years thereafter.

The bill would require a healthcare funding district to have an affirmative vote by a majority of the commissioners of the district and a supermajority affirmative vote of 95 percent of the taxpayers in the district in order to spend funds unrelated to covering administrative costs. The bill would limit a district's administrative costs to the lesser of 4 percent of the tax or \$20,000 per year.

The tax assessor-collector of each county would be required to collect the tax for the healthcare funding district. The tax assessor-collector could charge either the lesser of 1 percent of the amount collected or \$5,000 for the fiscal year.

A healthcare funding district would be required to have an annual audit and file it with the Comptroller's office.

The bill would require that a healthcare funding district cease to exist on September 1, 2007, if the legislature does not provide otherwise in an amendment to Chapter 1101.

The bill would take effect immediately if it receives the required two-thirds vote in each house; otherwise, it would take effect September 1, 2005.

Local Government Impact

The 2002 survey of hospitals by the Center for Health Statistics at the Texas Department of Health shows that the number of emergency room visits at institutional healthcare providers in Bexar County was 421,777; in Hidalgo County was 109,597; was 97,717 in Montgomery County; and was 64,795 in Webb County.

Assuming that \$100 per emergency room visit is the maximum allowed, the healthcare funding districts could generate the following revenue to provide healthcare services: \$42,127,700 for Bexar County, \$10,959,700 for Hidalgo County, \$9,771,700 for Montgomery County, and \$6,479,500 for Webb County, for an aggregate total of \$69,338,600.

The county tax assessor-collector is required to collect the tax and may impose a tax collection fee of an amount that does not exceed the lesser of 1 percent of the amount collected or \$5,000. Assuming that \$5,000 is the tax assessor-collectors' fee and \$20,000 is the district's maximum administrative costs in each of the four counties, the net revenue gain to the healthcare funding districts would be \$69,318,600 [$\$69,338,600 - (4 \times \$5,000)$] less the each district's administrative expenses of \$20,000, which would be \$69,238,600 [$\$69,318,600 - (4 \times \$20,000)$].

Source Agencies: 304 Comptroller of Public Accounts

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