

BILL ANALYSIS

S.B. 1972
By: Fraser
County Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The Texas Constitution currently authorizes hospital districts (district) to impose an ad valorem tax rate up to 75 cents on \$100 valuation of all taxable property in the district. When a district is to be created, the residents of the proposed district vote on whether to create the district and, in the same election, set the limit for the maximum property tax rate. The initial tax rate can be set lower than the constitutional maximum.

Prior to 2003, districts had no authority to increase a tax rate that was initially set below the constitutional limit. In 2003, the legislature added a new subchapter to the Health and Safety Code to authorize a district to hold an election to increase the tax rate up to the constitutional limit in order to provide districts additional flexibility to meet the growing health care demands of the area served. This subchapter is set to expire on September 1, 2008. Some districts do not currently have a need to collect more revenue, but want the option to remain in case future needs arise.

As proposed, S.B. 1972 eliminates the current sunset date of September 1, 2008, to authorize hospital districts to call an election to raise the maximum tax rate at any time. This bill also clarifies the language to be used in the ballot to vote on a measure to increase the maximum tax rate.

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 Section 285.231(f), Health and Safety Code, to require the ballot for the election by voters regarding the maximum tax rate of a hospital district to include that the increase by the hospital district of the rate of annual taxes is the maximum rate in the specific language of the statement that is required to be printed to permit voting for or against the proposition.

SECTION 2. Repealer: Section 285.232 (provides that this subchapter (Provision of Services) expires September 1, 2008), Health and Safety Code.

SECTION 3. This Act takes effect September 1, 2007.

EFFECTIVE DATE

September 1, 2007.