

BILL ANALYSIS

H.B. 1596
By: Guerra
County Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties note that healthcare providers provide millions of dollars in care annually to people who are unable to afford healthcare, which forces the providers to pass the bill onto county taxpayers or to insured persons through higher fees and premiums. To help address this issue, recent legislation provided for the development of a hospital district in Hidalgo County. During the legislative interim, many discussions were held with local leaders and stakeholders to work out some of the details of establishing the district. H.B. 1596 seeks to implement the results of those discussions.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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

H.B. 1596 amends the Special District Local Laws Code to rename the Hidalgo County Hospital District as the Hidalgo County Healthcare District. The bill adds language to the ballot proposition for the creation of the district regarding the initial property tax rate and the use of district funds. The bill makes changes to the appointing authorities of the district directors by decreasing from two to one the number of directors the governing body of the municipality with the largest population in Hidalgo County appoints, requiring the county judge to appoint one director, and specifying that the four directors appointed by the county commissioners court are each appointed by an individual commissioner. The bill decreases the term of a director from four years to three years and makes related changes to the terms of the initial directors and consecutive term limits. The bill, on expiration of the initial directors' terms, requires successor directors to be appointed for a three-year term by the person or governing body that appointed the initial director.

H.B. 1596 expands the list of persons ineligible for appointment to the district's board of directors to include an employee of a municipality located in the district or a person related within the third degree of consanguinity or affinity to such an employee or to a member of the governing body of a municipality located in the district. The bill changes the method for filling a vacancy in the office of director for the remainder of the unexpired term from appointment by the remaining directors to appointment by the person or governing body that appointed the vacating director.

H.B. 1596 specifies that the district's responsibility for operating hospital facilities and providing

medical and hospital care for the district's needy residents is the responsibility for operating such facilities and providing such care for the district's indigent residents as required under the district's enabling legislation, another applicable statute, and the state constitution. The bill requires the board to manage, control, and administer the district, removes the board's duty to manage, control, and administer the hospital system, and makes related changes. The bill requires the proposed district annual budget prepared by the district administrator to be jointly prepared by the board. The bill requires the approval of the commissioners court, in addition to board adoption, for the budget to take effect and for any amendment to an adopted budget.

H.B. 1596 lowers the district's maximum property tax rate from 75 cents on each \$100 valuation of property to 25 cents on each \$100 valuation of property but authorizes the board to order an election to increase the maximum rate. The bill provides for the ballot language and authorizes the board to impose taxes at the rate authorized by the ballot proposition if approved by voters. The bill establishes that the board's authority to order an election to increase the district's maximum property tax rate does not authorize the board to impose taxes at a rate that exceeds the maximum property tax rate authorized by constitutional provisions providing for hospital districts. The bill exempts such an election from a statutory provision providing for uniform election dates.

H.B. 1596 authorizes the qualified voters of the district by petition to require that an election be held to determine whether or not to reduce the tax rate adopted by the board to the rollback tax rate for any year the board adopts a tax rate that exceeds the rollback tax rate. The bill establishes that, to the extent a conflict exists between this authorization and a provision of the Tax Code, the Tax Code provision prevails.

H.B. 1596 requires the board to ensure that all district residents receive all property tax exemptions and limitations that the residents are entitled to receive under the state constitution and the Tax Code. The bill requires the board to adopt an exemption from property taxation by the district of a portion of the appraised value of a district resident's residence homestead as provided by a certain residence homestead exemption for an individual who is disabled or is 65 years of age or older. The bill sets the amount of the exemption at \$3,000 of the appraised value of a district resident's residence homestead unless the board specifies a larger amount and applies the statutory authorization to repeal or decrease or increase in amount such an exemption to the exemption adopted by the board. The bill prohibits the district from entering into an agreement to participate in a reinvestment zone designated by a municipality or a county under the Tax Increment Financing Act.

H.B. 1596 requires the commissioners court, on the creation of the district, or as soon as practicable after the district is created, to transfer to the district all operating funds, and any funds held in reserve for operating expenses, that have been budgeted by the county to pay the costs associated with administering a county program to provide to residents of the district indigent health care assistance under the Indigent Health Care and Treatment Act during the fiscal year in which the district is created.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.