

BILL ANALYSIS

C.S.H.B. 1362
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties assert that the state's existing health care programs for the needy struggle to meet demand, consistently experience funding shortfalls, and frustrate medical providers. The parties cite an example in which a Texas resident who was experiencing severe pain waited nearly 24 hours in a county hospital before returning home, only to die later that night, and another example in which a needy patient drove 200 miles for a check-up procedure to avoid the six-month wait at the patient's county clinic. The parties identify the arduous reimbursement process and unattractive reimbursement rates for medical providers as two major reasons why the needy receive inferior health care services, noting that these issues are compounded by constant cost overruns and budget shortfalls. C.S.H.B. 1362 seeks to address these problems by providing an optional tool for county commissioners to improve health care and reduce costs by engaging the private sector and easing the burden on government-run programs.

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

C.S.H.B. 1362 amends the Tax Code to entitle a licensed physician, in addition to any other residence homestead property tax exemptions, to an exemption from taxation by a county of a percentage, not to exceed 50 percent, of the appraised value of the physician's residence homestead if the exemption is adopted by the commissioners court of the county in the manner provided by law for official action by the commissioners court. The bill requires a physician, in order to be eligible to receive the exemption, to provide health care services to qualifying county residents and not seek payment for those services from any source and defines "qualifying county resident" as a resident of a county that adopts the exemption who is indigent or a Medicaid recipient.

C.S.H.B. 1362 requires the commissioners court to specify in the order adopting the exemption the number of qualifying county residents to whom a physician must provide health care services during a tax year to be eligible to receive the exemption and authorizes the commissioners court to express the number as a percentage of the physician's total practice. The bill requires the commissioners court to submit to the chief appraiser a copy of the order adopting the exemption and any subsequent order adopted by the commissioners court that relates to the exemption.

C.S.H.B. 1362 authorizes the chief appraiser to require a physician seeking the exemption to

present additional information establishing eligibility for the exemption. The bill authorizes the commissioners court to repeal the exemption in the manner provided by law for official action by the commissioners court.

C.S.H.B. 1362 includes the exemption among the exemptions the assessor or collector for a taxing unit may disregard and assess and collect a tax pledged for payment of debt without deducting the amount of the exemption if before adoption of the exemption the unit pledged the taxes for the payment of a debt and granting the exemption would impair the obligation of the contract creating the debt.

EFFECTIVE DATE

January 1, 2016, if the constitutional amendment authorizing a local option exemption from property taxation by a county of a portion of the value of the residence homestead of a physician who provides health care services for which the physician agrees not to seek payment from any source, including the Medicaid program or otherwise from this state or federal government, to county residents who are indigent or who are Medicaid recipients is approved by the voters.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1362 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 11.13, Tax Code, is amended by amending Subsection (i) and adding Subsection (v) to read as follows:

(i) The assessor and collector for a taxing unit may disregard the exemptions authorized by Subsection (b), (c), (d), ~~[(e)]~~ (n), or (v) ~~[of this section]~~ and assess and collect a tax pledged for payment of debt without deducting the amount of the exemption if:

- (1) prior to adoption of the exemption, the unit pledged the taxes for the payment of a debt; and
- (2) granting the exemption would impair the obligation of the contract creating the debt.

(v) In addition to any other exemptions provided by this section, a licensed physician is entitled to an exemption from taxation by a county of a percentage, not to exceed 50 percent, of the appraised value of the physician's residence homestead if the exemption is adopted by the commissioners court of the county in the manner provided

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 11.13, Tax Code, is amended by amending Subsection (i) and adding Subsection (v) to read as follows:

(i) The assessor and collector for a taxing unit may disregard the exemptions authorized by Subsection (b), (c), (d), ~~[(e)]~~ (n), or (v) ~~[of this section]~~ and assess and collect a tax pledged for payment of debt without deducting the amount of the exemption if:

- (1) prior to adoption of the exemption, the unit pledged the taxes for the payment of a debt; and
- (2) granting the exemption would impair the obligation of the contract creating the debt.

(v) For purposes of this subsection, "qualifying county resident" means a resident of a county that adopts the exemption provided by this subsection who is indigent or a Medicaid recipient. In addition to any other exemptions provided by this section, a licensed physician is entitled to an exemption from taxation by a county of a percentage, not to exceed 50 percent, of the appraised value of the physician's residence homestead if the exemption is adopted by the commissioners court of the county in the manner provided

by law for official action by the commissioners court. To be eligible to receive an exemption under this subsection, a physician must provide health care services to indigent residents or Medicaid patients of the county and not seek payment for those services from any source, including the Medicaid program or otherwise from this state or the federal government. The commissioners court shall specify in the order adopting the exemption the number of indigent county residents to whom a physician must provide health care services during a tax year to be eligible to receive an exemption under this subsection. The commissioners court may express the number as a percentage of the physician's total practice. The commissioners court shall submit to the chief appraiser a copy of the order adopting the exemption and any subsequent order adopted by the commissioners court that relates to the exemption. The chief appraiser may require a physician seeking an exemption under this subsection to present additional information establishing eligibility for the exemption. The commissioners court may repeal the exemption in the manner provided by law for official action by the commissioners court.

SECTION 2. This Act applies only to ad valorem taxes imposed for a tax year that begins on or after the effective date of this Act.

SECTION 3. This Act takes effect January 1, 2016, but only if the constitutional amendment proposed by the 84th Legislature, Regular Session, 2015, authorizing a local option exemption from ad valorem taxation by a county of a portion of the value of the residence homestead of a physician who provides health care services for which the physician agrees not to seek payment from any source, including the Medicaid program or otherwise from this state or the federal government, to indigent residents of the county, is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.

by law for official action by the commissioners court. To be eligible to receive an exemption under this subsection, a physician must provide health care services to qualifying county residents and not seek payment for those services from any source, including the Medicaid program or otherwise from this state or the federal government. The commissioners court shall specify in the order adopting the exemption the number of qualifying county residents to whom a physician must provide health care services during a tax year to be eligible to receive an exemption under this subsection. The commissioners court may express the number as a percentage of the physician's total practice. The commissioners court shall submit to the chief appraiser a copy of the order adopting the exemption and any subsequent order adopted by the commissioners court that relates to the exemption. The chief appraiser may require a physician seeking an exemption under this subsection to present additional information establishing eligibility for the exemption. The commissioners court may repeal the exemption in the manner provided by law for official action by the commissioners court.

SECTION 2. Same as introduced version.

SECTION 3. This Act takes effect January 1, 2016, but only if the constitutional amendment proposed by the 84th Legislature, Regular Session, 2015, authorizing a local option exemption from ad valorem taxation by a county of a portion of the value of the residence homestead of a physician who provides health care services for which the physician agrees not to seek payment from any source, including the Medicaid program or otherwise from this state or the federal government, to county residents who are indigent or who are Medicaid recipients is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.