

## **BILL ANALYSIS**

Senate Research Center

H.B. 918  
By: Eiland (Gallegos)  
Finance  
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Engrossed

### **DIGEST AND PURPOSE**

In 1985, the 69th Texas Legislature enacted the Indigent Health Care and Treatment Act to provide for a county to fund medically indigent 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 medically indigent 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.

H.B. 918 creates an indigent health care pilot program to be 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**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Subchapter A, Chapter 324, Tax Code, by adding Section 324.002, as follows:

Sec. 324.002. APPLICATION OF CERTAIN PROVISIONS TO CERTAIN COUNTIES. Provides that Sections 324.021, 324.022, 324.061, and 324.081 do not apply to a county that implements an indigent health care pilot program and adopts a sales and use tax under Subchapter E.

SECTION 2. Amends Chapter 324, Tax Code, by adding Subchapter E, as follows:

#### **SUBCHAPTER E. INDIGENT HEALTH CARE PILOT PROGRAM**

Sec. 324.101. APPLICATION. Provides that this subchapter applies only to certain counties.

Sec. 324.102. PILOT PROGRAM FOR INDIGENT HEALTH CARE. (a) Authorizes the commissioners court of a county to implement a pilot program in the county to provide for certain services.

(b) Requires the services the county provides to include certain medical services.

(c) Authorizes the county, as part of the pilot program, to provide for case management services, utilization review, patient outreach services, patient education, and patient transportation.

(d) Requires the county to prescribe appropriate goals and performance measures for the program.

(e) Authorizes the county to implement the pilot program only if certain criteria exist.

Sec. 324.103. SALES AND USE TAX. (a) Authorizes a county to adopt or abolish a sales and use tax authorized by this subchapter to provide funding for an indigent health care pilot program if imposition of the tax is approved at an election called and held for that purpose as provided by Section 324.104.

(b) Authorizes the tax authorized by this subchapter to be imposed in increments of one-eighth of one percent, with a minimum tax rate of one-eighth of one percent and a maximum tax rate of one percent.

(c) Provides that Sections 323.101(b), (d), and (e) do not apply to the tax imposed under this subchapter.

Sec. 324.104. ELECTION PROCEDURE. (a) Authorizes the commissioners court of the county to call an election to adopt or abolish the tax under this subchapter. Requires the commissioners court to call an election to adopt or abolish the tax if it receives a petition signed by a number of petitioners equal to at least five percent of the number of registered voters in the county.

(b) Provides that at the election to adopt the tax, the ballot must be prepared to permit voting for or against the proposition: "The adoption of a local sales and use tax in (name of county) at the rate of \_\_\_\_\_ (insert rate) to provide revenue for an indigent health care pilot program."

(c) Provides that at the election to abolish the tax, the ballot must be prepared to permit voting for or against the proposition: "The abolishment of the local indigent health care pilot program sales and use tax in (name of county)."

Sec. 324.105. REAUTHORIZATION OF PILOT PROGRAM AND TAX. (a) Provides that unless the imposition of the sales and use tax authorized by this subchapter is reauthorized as provided by this section, the tax and the pilot program expire on the sixth anniversary of the date the tax originally took effect.

(b) Provides that an election to reauthorize the tax is called and held in the same manner as an election to adopt the tax under Section 324.104, except the ballot proposition must be prepared to permit voting for or against the proposition: "The reauthorization of the local sales and use tax in (name of county) at the rate of \_\_\_\_\_ (insert rate) to continue providing revenue for indigent health care."

(c) Provides that if an election to reauthorize the tax is not held before the tax expires as provided by Subsection (a), or if a majority of the votes cast in an election to reauthorize the tax do not favor reauthorization, the county may not call an election on the question of authorizing a new tax under this subchapter before the first anniversary of the date on which the tax expired.

(d) Provides that not later than the 10th day after the date the county determines that the tax will expire as provided by Subsection (a), the county must notify the comptroller of the scheduled expiration. Authorizes the comptroller to delay the scheduled expiration date if the comptroller notifies the county that more time is required. Requires the comptroller to provide a new expiration date that is not later than the last day of the first calendar quarter occurring after the notification to the comptroller.

Sec. 324.106. EFFECT OF STATE TAX RATE INCREASE. Provides that notwithstanding any other provision of this subchapter, if the rate of the state sales and use tax imposed under Chapter 151 is increased over the rate of the tax on January 1, 2003, the rate of a tax imposed under this subchapter is automatically decreased on the

date the state rate increase takes effect to the highest rate that will not result in a tax rate of more than 7-1/4 percent when the state sales and use tax and a tax imposed under this subchapter are combined.

Sec. 324.107. SUSPENSION OF TAX UNDER CERTAIN CIRCUMSTANCES. (a) Provides that notwithstanding any other provision of this subchapter, a county must suspend collection of the tax imposed under this subchapter during any state fiscal year for which the state legislature appropriates at least \$6 million to fund the indigent health care pilot program in that county.

(b) Requires the county to notify the comptroller if the tax will be suspended under this section. Provides that the suspension takes effect on the first day of the fiscal year for which the legislature appropriates money and ends on the last day of that fiscal year.

Sec. 324.108. STATE AUDITOR REVIEW. Authorizes the state auditor to review a pilot program created under this subchapter and report the auditor's findings to the legislature. Requires the review to be based on risk assessment and is subject to the legislative audit committee's approval of including the work described by this section in the audit plan under Section 321.013(c), Government Code.

Sec. 324.109. USE OF TAX REVENUE. Authorizes revenue from the tax imposed under this subchapter to be used only to provide funding for an indigent health care pilot program created by the county as provided by this subchapter.

Sec. 324.110. EXPIRATION. Provides that this subchapter expires September 1, 2009.

SECTION 3. Amends Chapter 26, Tax Code, by adding Section 26.0435, as follows:

Sec. 26.0435. EFFECTIVE TAX RATE IN COUNTY IMPOSING INDIGENT HEALTH CARE PILOT PROGRAM SALES AND USE TAX. (a) Provides that except as provided by Subsection (b), in the tax year in which a county has set an election on the question of whether to impose a local sales and use tax under Subchapter E, Chapter 324, the officer or employee designated to make the calculations provided by Section 26.04 may not make those calculations until the outcome of the election is determined. Provides that if the election is determined in favor of the imposition of the tax, the representative must subtract from the county's rollback and effective tax rates the amount that, if applied to the county's current total value, would impose an amount equal to 50 percent of the amount the county spent on health care services under Sections 61.028 and 61.0285, Health and Safety Code, during the previous tax year, as reported to the Texas Department of Health under Section 61.041, Health and Safety Code.

(b) Provides that if the election to impose the local sales and use tax under Subchapter E, Chapter 324, is scheduled to be held after October 1, the county must apply the provisions of Subsection (a) during the next tax year.

(c) Provides that in a tax year to which this section applies, a reference in this chapter to the county's effective or rollback tax rate refers to that rate as adjusted under this section.

SECTION 4. Effective date: upon passage or September 1, 2003.