

BILL ANALYSIS

Senate Research Center

H.B. 182

By: Turner, Bob (Madla)

Intergovernmental Relations

5/10/2001

Engrossed

DIGEST AND PURPOSE

In 1983, the legislature authorized the establishment of a Sutton County Hospital District with a tax cap of 10 cents per \$100 of land valuation, as approved by the local electorate. The board of the hospital district took over the management of Lillian M. Hudspeth Memorial Hospital and Nursing Home in 1987. The hospital has been operated as a nonprofit institution by the trustees of the original Hudspeth Hospital Corporation since 1951. The corporation had exhausted its resources and could no longer fund the operation of the hospital. During the same period, Sutton County was experiencing an oil and gas boom and the 10 cents cap was sufficient to run the hospital and nursing home. Over the years, Sutton County taxable values have eroded due to the depletion of its natural gas reserves. The legislature has since increased the hospital district's tax cap to 35 cents per \$100 of land valuation. With the tax base continuing to diminish and with the increasing cost of medical care, the current tax cap may be reached within the next two or three years. Increasing the tax cap to the maximum rate allowed by law may allow the hospital district to raise the rate, through a local referendum, whenever it becomes necessary to do so to keep the hospital open. H.B. 182 increases the amount of the Sutton County Hospital District's maximum tax rate from 35 to 75 cents on each \$100 of valuation on all taxable property in the district.

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 Sections 7.05(a) and (c), Chapter 1047, Acts of the 68th Legislature, Regular Session, 1983, to authorize the board of the Sutton County Hospital District (district) to order an election on the question of increasing the district's maximum tax rate to 75 (rather than 35) cents on each \$100 of valuation on all taxable property in the district. Makes a conforming change.

SECTION 2. Effective date: upon passage.