

# ARIZONA STATE SENATE

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## 46TH LEGISLATURE FIRST REGULAR SESSION

### MINUTES OF COMMITTEE ON FINANCE

**DATE:** June 11, 2003                      **TIME:** 3:30 p.m.                      **ROOM:** SHR 1

**CHAIRMAN:** Senator Martin                      **VICE CHAIRMAN:** Senator Harper

**ANALYST:** Denisse Gee                      **COMMITTEE SECRETARY:** Nancy L. DeMichele

**ASSISTANT ANALYST:** Lace Collins

**INTERN:** Sharad Desai

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#### ATTENDANCE

#### BILLS

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<u>Committee Members</u>	<u>Pr</u>	<u>Ab</u>	<u>Ex</u>	<u>Bill Number</u>	<u>Disposition</u>
Senator Brown				SB 1359	DPA
Senator Burns				HB 2529	HELD
Senator Chevront					
Senator Garcia					
Senator Jarrett					
Senator Leff					
Senator Weiers					
Senator Harper, Vice Chairman					
Senator Martin, Chairman					

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#### GOVERNOR'S APPOINTMENTS

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<u>Name</u>	<u>Position</u>	<u>Recommendation</u>
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Chairman Martin called the meeting to order at 3:45 p.m., and roll call was taken.

## **CONSIDERATION OF BILLS**

Senator Martin announced that SB 1359 would be heard first. He referred to HB 2529 and said a meeting was held with the university presidents at 1:30 p.m. today, which ended shortly prior to this Committee meeting. He explained that there may be some amendments that could work; however, the problem is that there is not enough time to have them ready for this meeting. Therefore, more time will be needed to work on the amendments. He said another Finance Committee meeting has been scheduled for June 12 at 2:30 p.m. to hear anything not heard today, including unemployment insurance bills that were assigned after today's agenda was distributed. Senator Martin announced that testimony will be heard today on SB 1359, and a vote will be taken. Then testimony will be heard on HB 2529 from anyone who cannot be here tomorrow. He commented that for anyone who is planning to be present tomorrow, they can speak to the amendments being prepared tonight for distribution.

### **SB 1359 – special health care districts – DO PASS AMENDED**

**Julie Keane, Health Committee Research Analyst**, explained SB 1359 modifies the special health care district statutes to allow Maricopa County (County) to create a voter-approved district to operate the Maricopa Integrated Health System (MIHS). Some of the major provisions of the bill are highlighted as follows:

- Requires the district to provide medical education programs in health care for the underserved.
- Requires maternity and trauma services to be provided through a general hospital and burn center of the same level provided by the County as of January 1, 2003.
- Requires that administrative rules for competitive procurement in an employee merit system be adopted.
- Prohibits the construction of a new general hospital outside of a three-mile radius of the existing County hospital for ten years.

Ms. Keane indicated that the bill also makes necessary conforming changes for the special health care district relating to definitions, funds, claims and liens. She said the bill enables district hospitals to receive disproportionate share hospital (DSH) payments. She explained that this bill had a hearing in the House of Representatives where an amendment was adopted clarifying the definition of the medically underserved as it applies to the district's mission. She noted the amendment makes the mission more specific by including services now required by statute, as well as facilities and equipment necessary to provide those services.

Ms. Keane explained two of the three amendments being offered on SB 1359.

- A 3-line Garcia amendment dated 6/11/03 at 9:52 a.m. Ms. Keane explained this amendment extends the period for which the district would provide a burn center, emergency and trauma services, and maternity services in accordance with business practices from ten years to twenty years.
- A 6-line Martin amendment dated 6/11/03 at 2:21 p.m. Ms. Keane explained this amendment requires, rather than allows, the district to hire the County Attorney to provide legal services and representation.

**Denisse Gee, Finance Committee Research Analyst**, stated she would highlight the financing portion of the bill. She said the County Board of Supervisors would be able to submit a single issue to its voters regarding the question of creating both the special health care district and giving that district the authority to bond and levy a secondary property tax. Ms. Gee said if the voters approve this measure, a special health care district will be able to annually levy up to \$40 million in secondary property taxes for both operational and capital needs. She outlined the projected annual property tax impacts. In addition, she said the renewal period for the tax levy to be approved by the voters has been extended from the existing five-year period to twenty years under this bill. Ms. Gee commented that the special health care district will be considered a tax levying public improvement district pursuant to the Arizona Constitution and statutes, which means it will be able to function as a quasi-private sector entity with the ability to form joint venture partnerships.

Ms. Gee explained the 24-line Weiers amendment being offered dated 5/21/03 at 1:49 p.m. She said the amendment will conform SB 1359 to its companion HB 2530.

Senator Chevront wanted to know why it would be necessary to create the authority to levy a property tax, if the ability had previously been established to raise revenues for certain programs.

In response to Senator Chevront, Ms. Keane explained the conditional repeal in Proposition 204.

**Representative Phil Hanson, bill sponsor**, said he has worked closely with Maricopa County and major stakeholders from the health care community for the past two years on this issue. He indicated that the County appointed a Blue Ribbon Task Force last year and made its recommendations on the establishment of a hospital district to separate the County from the district. He said there is broad support from various health care groups as well as the Arizona Hospital and Health Care Association. He commented he supports the language of the conforming amendment being offered to conform to the language in the House bill, but is opposed to the other two amendments. He noted that the House version of the bill passed by a three-quarters vote in the House.

Senator Jarrett asked for an explanation on the dual funds issue. Representative Hanson responded that the issue was explained to him and others in some detail, and indicated there are representatives from the County present today to clarify that issue.

Senator Harper asked Representative Hanson whether the House bill would be the prevailing measure for final read. Representative Hanson replied that is his understanding. Senator Harper wanted to know whether Representative Hanson would be willing to pull the bill, if the provision requiring a vote of the people is stripped from the bill when it goes to the floor. Representative Hanson said he would not support the bill if that provision is eliminated because the bill must go to the vote of the people.

**Fulton Brock, Chairman, Maricopa County Board of Supervisors**, testified in support of SB 1359. He said he is present today to explain the situation and the County's desire to have a special health care district. He indicated that there is a double crisis consisting of the physical plant of the hospital as well as the revenue stream required to operate the facility. He said the Maricopa County Board of Supervisors presently has the authority to oversee direction of the hospital and the integrated health care system. He commented that the recommendations of the Blue Ribbon Task Force were not made available until the end of April or early May at a time when bills normally have already been submitted to the Legislature. Therefore, a special bill was requested. He outlined the findings and

recommendations of the Task Force. Mr. Brock said that the Arizona Hospital Association has agreed to work with the County on this issue. He highlighted some of the crucial areas of the facility.

- The huge number of trauma and emergency room patients seen at the hospital, which is the busiest in the State.
- Burn center that serves not only Arizona, but the surrounding states.
- Medical education component.
- Prisoners. Private hospitals are not equipped to treat the correctional health care portion of health care in the County.

Mr. Brock emphasized that the hospital is the busiest in the State with the second largest residency program and a waiting list of residents. He said statistics indicate that 70% of residents remain in the same metropolitan area where they receive training, and it is anticipated that approximately 36 of the 200+ residents would be absorbed into the training process at other hospitals if the facility closes. He emphasized the cost element and said if the hospital is closed, approximately 175 doctors will be lost annually.

Mr. Brock indicated that in making comparisons with other hospitals throughout the country, it was discovered that Maricopa County lacks three components:

- A partnership with medical schools in the community.
- A private partnership with other hospitals.
- A tax district, which allows an ongoing revenue stream.

Mr. Brock commented that the undocumented patients seen are only 10% of the overall total patients treated. He noted that some undocumented patients pay for services in cash.

Mr. Brock said the question to pose is “where do we envision the community ten or twenty years from today.” He emphasized it is critical that this community continues to provide the finest medical care and delivery services of any major city in the country. He said he would appreciate having the opportunity to respond to any amendments being offered.

Senator Weiers commented that one of the problems brought up continually is that there is not enough money to provide the services currently being granted by the County hospital, and one of the reasons is due to loss of DSH program funds for specific uses. He said it would appear to make more sense if the County was given the money for which it was intended, instead of having a vote to increase taxes. He noted that another issue is the uncompensated care for undocumented individuals. Mr. Brock responded that there has been an erosion of compensation for Medicaid payments or DSH payments, and it negatively impacts the hospital. Senator Weiers noted that if the County hospital did not exist, there would be no DSH funds. Therefore, if the hospital were to close there would not be another entity for the State to apply for DSH funds.

Senator Leff wanted to know how many patients treated at the County hospital are not residents of Maricopa County. Mr. Brock deferred to Mr. Hillard to respond.

**Mark Hillard, Chief Executive Officer, MIHS**, responded that they have not analyzed zip codes to study that information. He noted that although burn patients are transported to MIHS from outside Maricopa County; the major portion of patients treated are residents of Maricopa County. Senator Leff said that an issue arose as to whether the tax should be a Statewide issue versus Countywide so that the County residents would not have to foot the entire bill for care of individuals throughout the

State. Mr. Hillard replied that is a valid issue; however, after consideration the decision was made to limit it to Maricopa County. Senator Leff asked whether any thought was given to billing individuals who live outside Maricopa County. Mr. Hillard responded they decided to explore that issue through intergovernmental agreements (IGAs) with other counties. He distributed a handout highlighting MIHS (Attachment A)

Senator Chevront asked whether other counties had hospital districts where monies are raised through sales or property taxes for health care. Mr. Hillard replied there are examples of other counties in the State where that occurs, such as Yuma. He said that is why it would not make sense to utilize the County Hospital situation as a Statewide issue. He pointed out that the services offered in the Maricopa County Hospital are also more intensive in comparison with other districts.

Senator Leff stated that the Arizona Tax Research Association (ATRA) indicated that the County could actually levy the taxes without using a special taxing district. She asked Mr. Hillard to comment on Proposition 204 relating to this issue. Mr. Hillard responded that he may not be the best person to answer that question. Senator Chevront commented he was informed that it was included in the enabling legislation for Proposition 204. Mr. Hillard stated that is correct, because SB 1577 was the enabling legislation. Senator Leff referred to the \$40 million annually, and wanted to know how much would be used for capital improvements versus ongoing operations. Mr. Hillard replied that if the medical center was replaced, the capital requirement would necessitate issuing bonds and another vote of the people. He said the intention is not to use the initial tax, which is a maximum of \$40 million, which may not be the amount for capital purposes. Senator Leff stated it is her understanding that the equipment needs updating in order to provide the desired proper care and asked whether the \$40 million would be used for those improvements. Mr. Hillard replied that although that is basically correct, his earlier response was based on using the funds for larger construction projects.

Senator Burns asked for clarification regarding Proposition 204 and how it relates to the closing of the facility if a taxing district is not created.

**Rory Hays, Lobbyist, Maricopa County**, explained that when SB 1577 passed two years ago, the counties no longer had any mandatory requirements to provide health care. Therefore, there was a concern and desire to require the counties to do maintenance of effort for a period of time. She said in those discussions, it was understood that a solution would have to be found in order to maintain the hospital over the long term. She said the language specifies that the County only has a requirement to maintain the hospital until July 1, 2003. Thereafter, if no legislation passes that provides for a taxing district to preserve a hospital system, then the County is allowed to close that facility.

Senator Burns commented that if there is no requirement to close the facility, the County Supervisors would still have the authority to put a tax in place to support the hospital without creating a new special district. He wanted to know if it would be possible to have the County Supervisors act on behalf of the hospital board to vote to increase the tax to support the hospital, which would avoid having to create a new taxing district. Ms. Hays responded that there are certain problems. She said it is questionable as to whether the financial ability is in place to save the hospital because of the financial impacts of the State. Secondly, she indicated the growth that is taking place in the criminal justice system is also an issue. In response to Senator Chevront regarding possible bonding capacity, Ms. Hays explained that it is not so much the bonding, but a combination of whether or not the County has the ability within its budget to maintain the hospital according to the operation and maintenance requirements. She noted that even prior to the financial problems that arose in recent years when the DSH funds were lost, discussions had taken place to utilize a district mechanism because it provides more flexibility for the hospital to accomplish certain programs. She said she

believes the Board of Supervisors felt that this facility was a community resource worth saving, and that the citizens would have to decide whether it is one of their priorities. Senator Burns commented it appears there is less flexibility within the structure of the County Supervisors than that of a special district structure. Ms. Hays responded that is correct, and she said Mr. Sims, who is present, drafted some of the legislation and is very familiar with the mechanisms that could be employed in a county or district capacity. Senator Burns referred to the 10% figure relating to treatment of undocumented individuals and wanted to know how that number was derived. Ms. Hays replied her understanding is that the figure represents the uncompensated care relating to the billing process; however, she deferred that question to Mr. Hillard.

Mr. Hillard explained that the County has an ability-to-pay sliding fee scale program that is primarily elective. He noted that minus the emergency component, anyone who arranges a sliding fee scale payment arrangement has to provide accurate information that is verified by the County. He said since Proposition 204 the focus has been on quantifying and identifying the number of undocumented individuals. Mr. Hillard commented that Senator Burns may be referring to the Emergency Medical Treatment and Labor Act (EMTALA), which states that an individual should be treated and stabilized before financial questions could be asked regarding that individual.

Mr. Brock addressed the amendments. He said he understands that the Weiers amendment is to conform with the House version. He commented that if that is the case, then the Board of Supervisors is comfortable with that amendment. He stated that the Martin amendment is unfavorable. He noted that the word "shall" is unacceptable, and the Citizens Board and the Board of Supervisors are recommending retaining the current language stating that the "special health care district and the Board members 'may' use the County Attorney's Office." He explained that retaining the current language permits the flexibility of the Board to not enter into a conflict, if a conflict with the County were to arise. Mr. Brock commented that if the special health care district is put in place, it would become a quasi-private or quasi-government district and would allow the County more flexibility in purchasing pharmaceuticals and hiring doctors, administrators and nurses. He said the Board of Supervisors and the County are very restrictive in how the hospital would be operated in a competitive fashion, and those constraints would be somewhat loosened by the County having its own district.

Mr. Brock referred to the assets. He said there are eleven clinics throughout Maricopa County. He noted it is hopeful that as a Board is elected that oversees the affairs of the assets of the special health care district, any conflict that may arise regarding the assets would not require the County Attorney to become involved.

Mr. Brock referred to the Garcia amendment and said the Board would like to keep the ten-year framework, rather than the twenty-year framework. He requested permission to respond to the amendments, if further questions arise.

**Norberto Adame, MD, Director of Emergency Department at Maricopa Medical Center**, testified in support of SB 1359, and stated he represents the physicians who work at the County hospital. He said today there is the opportunity to change the future of health care in Arizona, not only in how medicine is practiced but also in the delivery. He emphasized the need of the hospital to continue along with the educational component as discussed by Mr. Brock. He pointed out that the State cannot afford to lose any more physicians, and the situation will only worsen if the hospital is closed.

**Paul Mueller, representing himself**, testified in support of SB 1359. He commented on a personal situation that he experienced at the Burn Center and indicated he is a burn survivor. He said he owes

his life to the physicians and the expert care he received at the Burn Center of the County hospital. He said it is crucial that the facility remain open.

**Richard White, East Valley Interfaith**, testified in support of SB 1359 and stated that everyone would be affected if the hospital closed. He commented that in the past three weeks he has spoken to over 4,000 people, and many meetings have taken place addressing this issue. He said closing the facility would have a major impact on the communities, and the people would like the right to vote on this measure.

**Thomas Donovan, Valley Interfaith Project**, testified in support of SB 1359. He said he agrees with the comments of Mr. White, and he asked for support of this measure.

**Jerry Landau, Special Assistant, Maricopa County Attorney's Office (MCAO)**, testified in support of SB 1359. He said he is appearing on behalf of **Richard Romley, Maricopa County Attorney**. He stated that Mr. Romley urges that the Martin amendment be adopted because it provides the best way to protect the taxpayers and citizens of Maricopa County. He pointed out that MCAO also represents various school districts, the Superintendent of Schools, the Library District, the Stadium District, the Flood Control District, and the County Hospital currently. He emphasized that the representation by MCAO provides a "checks and balances" situation to protect taxpayers. He reminded the members that Maricopa County is asking, in essence, for the establishment of a "public agency" and not simply a "pure private corporation." He noted that representation by the County Attorney's Office is also cost effective when dealing with a great deal of money as being discussed in this instance. Mr. Landau said that initially the Board of Supervisors would be the Board of the district in the first year. However, when a turnover occurs, the new Board would need to be educated and trained in laws and procedure requirements. He noted that currently MCAO devotes over two attorneys to representation of MIHS. He said it may be that the new district might utilize MCAO's risk management pool for insurance.

Mr. Landau addressed the conflict issue mentioned by Mr. Brock, and said the flexibility occurs currently in many instances such as with the Maricopa County greater health district. Flexibility also occurs in motor vehicle collision matters caused by a County employee, in the criminal arena, or other various situations of representation. If a conflict occurs, MCAO along with risk management has established a list of attorneys to handle those types of cases. He noted this is not a new situation, and the formation of the district will not change regarding the handling of conflict cases or the flexibility to handle those cases. Mr. Landau stated this is a political subdivision and a governmental agency, and it is the role of the Maricopa County Attorney as the elected County Attorney to represent the districts.

Senator Garcia questioned why the County Attorney would be involved since the district would be a separate district. Mr. Landau responded that, in essence, the district is still a Maricopa County political subdivision or health care district.

Senator Weiers referred to the Martin amendment. He asked Mr. Brock that if the conflict issue argument was eliminated, what would be the reason for not supporting the Martin amendment. Mr. Brock responded with a hypothetical situation and said there are instances where a conflict of interest arises with MCAO and interdepartmental relations. Mr. Brock corrected his earlier comment to Senator Garcia that the County Board of Supervisors would be the interim Board of Directors, and the Board itself would be elected by the public after the first few months.

Senator Weiers said he is concerned because on the one hand people are being asked to vote to increase their taxes, while on the other hand the district is being operated as a County entity. Mr. Brock explained the new health care district board would have the authority to choose themselves, and the Board of Supervisors would not tell that district how to operate the facility. Senator Weiers commented he believes it is not good to have liberties given to how money will be spent, particularly when it pertains to litigation. He said districts and hospitals are sued often for a number of reasons. Mr. Brock said he understands Senator Weiers' concerns, and is hopeful that the new board would have full autonomy to choose the best and most equipped individuals and to be able to answer to the public as elected officials.

Senator Burns commented that he served two years on the Central Arizona Project (CAP) board, which had its own legal service. He said CAP is similar to the hospital as far as being sued frequently and it worked well for the CAP board to have its own legal representation. He pointed out that there was a tremendous amount of legal interaction between the CAP board and the Executive Director of CAP. He said if anyone feels the system does not work for a board to have its own legal representation, he would suggest that the example at CAP proves that it does work.

Senator Jarrett wanted to know if the new board is voluntary or would there be compensation costs involved. Mr. Brock responded it is his understanding that the compensation would be on a per diem out of pocket expense basis or necessary travel as approved by the Board. Senator Jarrett asked whether the County collects any funds related to IGAs for individuals from outside the County who may conduct medical work in Maricopa County. Mr. Brock replied that the compensation reimbursement is complex, and he said he would like to defer that question to Mr. Hillard.

Mr. Hillard stated that "swallowing" those costs from outside Maricopa County is probably the appropriate response. He said the County has had much experience with IGAs in municipalities within Maricopa County for correctional medicine, and as a district the County would have to pursue other counties. Senator Jarrett said she is concerned because individuals outside Maricopa County like the idea that the taxpayers in Maricopa County would foot the entire bill and that DSH funds would not be taken out of the general fund. She asked whether any thought had been given to enforce collections from outside of Maricopa County. Mr. Hillard responded that the County will enforce the collection, and in fact, the County has pursued collections from out of State residents in the past. Senator Jarrett asked whether the State could do anything to help fortify those collections. Mr. Hillard replied he is not sure of the process and impact on the bill at this time, but anything that would assist the County in collections would be helpful. He said he would defer that issue to Ms. Hays. Senator Jarrett asked whether data is available that indicates the annual collections lost that occur in these situations. Mr. Hillard responded he does not have that information, but would provide that data to Senator Jarrett before the bill moves to a vote on the floor. Senator Jarrett said that in previous discussions, mention was made that perhaps the hospital should be a Statewide facility so that expenses could be shared by all the citizens, but the idea was not included in this legislation.

Senator Garcia said that Pima County already has a County hospital, so the information being provided would exclude that facility. He also asked Mr. Hillard to provide him with a copy of the information as requested by Senator Jarrett.

Senator Jarrett said the same situation also exists at the hospital in Yuma, which is Senator Cannell's area. However, it was felt that the process would work more efficiently if there was an umbrella hospital situation that worked together rather than in a fragmented fashion. She said Senator Cannell was interested in pursuing that idea as well.

Senator Burns referred to the suggestion of Senator Jarrett regarding Statewide funding, and asked how critical the timeline is on this issue. Mr. Hillard replied he distributed a handout (Attachment A), which includes a graph showing the MIHS cash position. He commented that the funds are in a critical state, and it is imperative that this issue is resolved during this legislative session.

Senator Leff stated she understood that the hospital was in a better position a couple of years ago, and wanted to know what changed to make that situation decline. Mr. Hillard responded that the health system may have been okay, but the "hospital" has been in a decline during the past several years and has lost millions of dollars annually. He said during the past three years there has been \$35 million of changes from the State and County that have impacted the earnings. He noted that the primary focus has been the loss of \$13 million DSH funds and the competitive nature and earnings of the Maricopa Long Term Care Plan (ALTCS). In response to Senator Leff, Mr. Hillard said the \$13 million DSH funds were lost as a result of Proposition 204 in SB 1577. He noted that the earnings and interest from ALTCS and the loss of DSH funds has impacted the funds position significantly.

Senator Leff commented that she doubts whether anyone questions the importance of the hospital to the community. She said by proposing the hospital district and going to a vote of the people for the hospital district, she is concerned that if the proposal fails it may jeopardize the hospital that people want to retain for the community. She read from the ATRA opposition statement as follows: "Existing statutes governing County finances already provide for Maricopa County solving their problems surrounding the County hospital without creating a special district. Specifically the county provides additional property taxing authority if it so desires by going to the voters for a levy limit override." Senator Leff asked Ms. Hays why a choice has been made for the hospital district, which may not pass, instead of having the County proceed with the override to ensure that the hospital remains. Ms. Hays replied there are a couple of answers to that approach. She stated that the district entity is necessary for the hospital to be successful. Secondly, it is her understanding that a budget override requires a public vote.

**Mr. Sims, outside counsel for Maricopa County**, explained that if the County levied a tax and assuming the override vote could be obtained, the County would be subject to expenditure limits. Even if the hospital is successful, the County would have expenditure limit problems because of the added criminal justice expenditures. He pointed out that success will be based on collections from paying patients, which are local revenues that count against expenditure limits. He pointed out that federal revenues do not count against expenditure limits. He said this measure does not count against expenditure limits because the new district is a tax levying public improvement district. He said if the hospital remains within the County and the County's expenditures are expected to increase due to criminal justice, there would be difficulty with the expenditure limits.

Mr. Sims said the override would need a vote as well; therefore, either way the issue would have to go to the voters. He said the County's proposal is to go to the voters with a vehicle that works. He noted there are twelve hospitals maintained by districts throughout the State, which all work very well. He explained that the reason those entities use the hospital district system is because they are tax levying public improvement districts. He said Maricopa County cannot take advantage of that system at this point because it is Constitutionally prohibited.

Senator Leff commented ATRA states that the County has considerable taxing authority available under its levy limit without the need for voter approval. Mr. Sims responded that the original question pertained to the override issue. He said assuming ATRA is correct, the other two issues he outlined have not been addressed by ATRA. Mr. Sims commented that he believes the "umbrella" situation could be accomplished using legislation passed within the past two years. He said the State has

significantly modified Title 11 to allow public agencies to work cooperatively and jointly in a way that honors local governance and does not require a county to tax itself when it is not using the service. He said if this legislation is authorized and approved by the voters, then this and the other districts could jointly work together under the auspices of Title 11 and accomplish the goals desired without imposing a tax or the governance of Maricopa County on the other counties in the State.

Senator Martin said the point is to create a separate district because of the expenditure limits.

Senator Jarrett asked that someone address the age and problems of the existing hospital structure. Mr. Hillard responded that the building was conceived in the 1950s, designed in the 1960s, built in the 1970s and became obsolete in the 1980s. He said there are many reasons and many life safety issues that they contend with every day. He commented that according to architectural and construction firms, the main problem is the plumbing is too costly to replace. He said the intention is to keep the building running with the operation and maintenance funds being requested today and to come back after the master plan has been revised with the intention of remodeling and replacing the Maricopa Medical Center. Senator Jarrett asked whether the County would have to return to the Legislature or go to a vote of the people in order to build the facility. Mr. Hillard replied that it would require another vote of the people to issue the bonds.

Senator Leff asked for clarification on the Garcia amendment. Ms. Keane explained the bill states that the hospital needs to be maintained for the period of the tax authorization, which is twenty years. She said the burn center, emergency, trauma services, and maternity facility need to be maintained for a period of at least ten years. She said a provision also states that upon the expiration of that ten-year period, the hospital may continue providing those services. Senator Leff asked for an explanation of the reasons for establishing a ten-year period rather than twenty years.

Ms. Hays clarified that the hospital, emergency services and the mission of the hospital are included in the twenty-year process. She explained that the reason ten years was chosen for the other services is not because of a lack of commitment, but due to changes that occur over a period of time in the health care industry and the economy. She indicated there is also the possibility that some joint agreements could be established as to how the services would be delivered after ten years.

Senator Chevront said he has concerns regarding the ten-year period because the burn center and trauma facility are expensive endeavors, which could present a problem continuing those facilities after the time period has expired. Ms. Hays referred to the trauma center and indicated that many factors could change in the next ten years. Mr. Hillard explained that he does not envision the burn center or trauma facility closing after the ten-year period. He indicated the ten-year period was included for flexibility; however, he said the Legislature would have the ability to change the legislation to prevent the closing from occurring. Senator Chevront said it may also require another vote of the people.

Senator Martin announced the individuals who registered their position on the bill (Attachment B).

**Senator Harper moved SB 1359 be returned with a DO PASS recommendation.**

**Senator Harper moved the 24-line Weiers amendment dated 5/21/03 at 1:49 p.m. be ADOPTED (Attachment C). The motion CARRIED by a voice vote.**

**Senator Harper moved the 3-line Garcia amendment dated 6/11/03 at 9:52 a.m. be ADOPTED (Attachment D).**

Senator Garcia stated that although some explanation was given, he is still concerned that the bill continues to provide a twenty-year authorization for the taxing industry, but only provides for a ten-year commitment from the hospital district to provide the services being discussed. He said based on Representative Hanson's work on this measure and the Board of Supervisors' commitment to the County hospital and the hospital district, he will not offer his amendment at this time.

**Senator Martin announced that without objection, the Garcia amendment will not be offered.**

**Senator Harper moved the 6-line Martin amendment dated 6/11/03 at 2:21 p.m. be ADOPTED (Attachment E). The motion FAILED by a voice vote.**

**Senator Harper moved SB 1359 be returned with an AS AMENDED, DO PASS recommendation.**

Senator Martin explained his vote. He stated that although the hospital is a worthy endeavor, particularly the burn center, he would have supported a bill that included a different source of revenue. However, he does not support a new taxing district, and will vote "no."

**The motion CARRIED by a roll call vote of 8-1-0 (Attachment 1).**

Senator Martin announced that an amendment for HB 2529 is being worked on that may or may not be ready today, and he recessed the meeting at 5:27 p.m.

**HB 2529 – university research infrastructure financing - HELD**

Senator Martin reconvened the meeting to order at 6:19 p.m. He announced that the various individuals who were working on a possible amendment for HB 2529 were notified during recess that the bill would not be heard today. He indicated that nothing has been changed other than a Finance Committee meeting is scheduled for Thursday, June 12, at 2:30 p.m. to hear HB 2529. He said that everyone who registered today in support of HB 2529 would be entered into the record for the next meeting, but suggested that anyone planning to speak at the next meeting to register again. He stated that the proposed amendment should be available in a few minutes to review for tomorrow's meeting.

There being no further business, the meeting adjourned at 6:20 p.m.

Respectfully submitted,

Nancy L. DeMichele  
Committee Secretary

(Tapes and attachments on file in the Secretary of the Senate's Office/Resource Center, Room 115.)