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HOUSE BILL 3174

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State of Washington                      56th Legislature                      2000 2<sup>nd</sup> Special Session

By Representative Sullivan

Read first time 04/26/00. Referred to Committee on Health Care.

1            AN ACT Relating to public health care districts; amending RCW  
2 70.47.060, 73.08.080, 70.44.003, 70.44.007, 70.44.010, 70.44.015,  
3 70.44.016, 70.44.020, 70.44.028, 70.44.030, 70.44.035, 70.44.040,  
4 70.44.041, 70.44.042, 70.44.053, 70.44.056, 70.44.059, 70.44.060,  
5 70.44.070, 70.44.080, 70.44.090, 70.44.140, 70.44.171, 70.44.185,  
6 70.44.190, 70.44.200, 70.44.210, 70.44.220, 70.44.230, 70.44.235,  
7 70.44.240, 70.44.260, 70.44.300, 70.44.310, 70.44.315, 70.44.320,  
8 70.44.350, 70.44.380, 70.44.400, 70.44.450, 70.44.460, 84.52.010,  
9 84.52.052, 84.52.069, and 39.36.020; adding a new section to chapter  
10 70.44 RCW; adding a new section to chapter 48.62 RCW; and creating a  
11 new section.

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

13            NEW SECTION.    **Sec. 1.** The purpose of this act is to establish a  
14 mechanism for the provision of basic health care insurance to residents  
15 of the state by renaming public hospital districts as public health  
16 care districts and authorizing these districts to provide basic health  
17 care insurance to residents of the districts. Public health care  
18 districts are authorized to use their property tax receipts to  
19 subsidize all or a portion of the premiums for this basic health care

1 insurance, which may be provided directly by public health care  
2 districts joining together to form a self-insurance program, purchasing  
3 group health care insurance on the open market, or by paying the  
4 premiums, rates, or other amounts imposed for coverage under the  
5 Washington basic health plan.

6 **PART I**

7 **AUTHORITY TO SUBSIDIZE BASIC HEALTH CARE INSURANCE**

8 NEW SECTION. **Sec. 2.** A new section is added to chapter 70.44 RCW  
9 to read as follows:

10 A public health care district may expend its property tax receipts  
11 to subsidize all or a portion of the premiums for basic health care  
12 insurance for the residents of the districts. This basic health care  
13 insurance may be obtained by one or more districts forming a self-  
14 insurance program under chapter 48.62 RCW, one or more districts  
15 obtaining group health care coverage that is purchased on the open  
16 market, or by paying the premiums, rates, or other amounts imposed for  
17 coverage under the Washington basic health care plan. Joint action by  
18 districts shall be taken under chapter 39.34 RCW.

19 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.62 RCW  
20 to read as follows:

21 A public health care district may individually self-insure, or may  
22 join or form a self-insurance program together with other public health  
23 care districts, and may jointly purchase basic health care insurance  
24 with other public health care districts for basic health care insurance  
25 coverage for residents of the public health care district under this  
26 chapter. This self-insuring or joint self-insuring of basic health  
27 care insurance is subject to regulation under this chapter.

28 **Sec. 4.** RCW 70.47.060 and 2000 c 79 s 34 are each amended to read  
29 as follows:

30 The administrator has the following powers and duties:

31 (1) To design and from time to time revise a schedule of covered  
32 basic health care services, including physician services, inpatient and  
33 outpatient hospital services, prescription drugs and medications, and  
34 other services that may be necessary for basic health care. In  
35 addition, the administrator may, to the extent that funds are

1 available, offer as basic health plan services chemical dependency  
2 services, mental health services and organ transplant services;  
3 however, no one service or any combination of these three services  
4 shall increase the actuarial value of the basic health plan benefits by  
5 more than five percent excluding inflation, as determined by the office  
6 of financial management. All subsidized and nonsubsidized enrollees in  
7 any participating managed health care system under the Washington basic  
8 health plan shall be entitled to receive covered basic health care  
9 services in return for premium payments to the plan. The schedule of  
10 services shall emphasize proven preventive and primary health care and  
11 shall include all services necessary for prenatal, postnatal, and well-  
12 child care. However, with respect to coverage for subsidized enrollees  
13 who are eligible to receive prenatal and postnatal services through the  
14 medical assistance program under chapter 74.09 RCW, the administrator  
15 shall not contract for such services except to the extent that such  
16 services are necessary over not more than a one-month period in order  
17 to maintain continuity of care after diagnosis of pregnancy by the  
18 managed care provider. The schedule of services shall also include a  
19 separate schedule of basic health care services for children, eighteen  
20 years of age and younger, for those subsidized or nonsubsidized  
21 enrollees who choose to secure basic coverage through the plan only for  
22 their dependent children. In designing and revising the schedule of  
23 services, the administrator shall consider the guidelines for assessing  
24 health services under the mandated benefits act of 1984, RCW 48.47.030,  
25 and such other factors as the administrator deems appropriate.

26 (2)(a) To design and implement a structure of periodic premiums due  
27 the administrator from subsidized enrollees that is based upon gross  
28 family income, giving appropriate consideration to family size and the  
29 ages of all family members. The enrollment of children shall not  
30 require the enrollment of their parent or parents who are eligible for  
31 the plan. The structure of periodic premiums shall be applied to  
32 subsidized enrollees entering the plan as individuals pursuant to  
33 subsection (9) of this section and to the share of the cost of the plan  
34 due from subsidized enrollees entering the plan as employees pursuant  
35 to subsection (10) of this section.

36 (b) To determine the periodic premiums due the administrator from  
37 nonsubsidized enrollees. Premiums due from nonsubsidized enrollees  
38 shall be in an amount equal to the cost charged by the managed health  
39 care system provider to the state for the plan plus the administrative

1 cost of providing the plan to those enrollees and the premium tax under  
2 RCW 48.14.0201.

3 (c) An employer, public health care district, or other financial  
4 sponsor may, with the prior approval of the administrator, pay the  
5 premium, rate, or any other amount on behalf of a subsidized or  
6 nonsubsidized enrollee, by arrangement with the enrollee and through a  
7 mechanism acceptable to the administrator.

8 (3) To design and implement a structure of enrollee cost-sharing  
9 due a managed health care system from subsidized and nonsubsidized  
10 enrollees. The structure shall discourage inappropriate enrollee  
11 utilization of health care services, and may utilize copayments,  
12 deductibles, and other cost-sharing mechanisms, but shall not be so  
13 costly to enrollees as to constitute a barrier to appropriate  
14 utilization of necessary health care services.

15 (4) To limit enrollment of persons who qualify for subsidies so as  
16 to prevent an overexpenditure of appropriations for such purposes.  
17 Whenever the administrator finds that there is danger of such an  
18 overexpenditure, the administrator shall close enrollment until the  
19 administrator finds the danger no longer exists.

20 (5) To limit the payment of subsidies to subsidized enrollees, as  
21 defined in RCW 70.47.020. The level of subsidy provided to persons who  
22 qualify may be based on the lowest cost plans, as defined by the  
23 administrator.

24 (6) To adopt a schedule for the orderly development of the delivery  
25 of services and availability of the plan to residents of the state,  
26 subject to the limitations contained in RCW 70.47.080 or any act  
27 appropriating funds for the plan.

28 (7) To solicit and accept applications from managed health care  
29 systems, as defined in this chapter, for inclusion as eligible basic  
30 health care providers under the plan for either subsidized enrollees,  
31 or nonsubsidized enrollees, or both. The administrator shall endeavor  
32 to assure that covered basic health care services are available to any  
33 enrollee of the plan from among a selection of two or more  
34 participating managed health care systems. In adopting any rules or  
35 procedures applicable to managed health care systems and in its  
36 dealings with such systems, the administrator shall consider and make  
37 suitable allowance for the need for health care services and the  
38 differences in local availability of health care resources, along with  
39 other resources, within and among the several areas of the state.

1 Contracts with participating managed health care systems shall ensure  
2 that basic health plan enrollees who become eligible for medical  
3 assistance may, at their option, continue to receive services from  
4 their existing providers within the managed health care system if such  
5 providers have entered into provider agreements with the department of  
6 social and health services.

7 (8) To receive periodic premiums from or on behalf of subsidized  
8 and nonsubsidized enrollees, deposit them in the basic health plan  
9 operating account, keep records of enrollee status, and authorize  
10 periodic payments to managed health care systems on the basis of the  
11 number of enrollees participating in the respective managed health care  
12 systems.

13 (9) To accept applications from individuals residing in areas  
14 served by the plan, on behalf of themselves and their spouses and  
15 dependent children, for enrollment in the Washington basic health plan  
16 as subsidized or nonsubsidized enrollees, to establish appropriate  
17 minimum-enrollment periods for enrollees as may be necessary, and to  
18 determine, upon application and on a reasonable schedule defined by the  
19 authority, or at the request of any enrollee, eligibility due to  
20 current gross family income for sliding scale premiums. Funds received  
21 by a family as part of participation in the adoption support program  
22 authorized under RCW 26.33.320 and 74.13.100 through 74.13.145 shall  
23 not be counted toward a family's current gross family income for the  
24 purposes of this chapter. When an enrollee fails to report income or  
25 income changes accurately, the administrator shall have the authority  
26 either to bill the enrollee for the amounts overpaid by the state or to  
27 impose civil penalties of up to two hundred percent of the amount of  
28 subsidy overpaid due to the enrollee incorrectly reporting income. The  
29 administrator shall adopt rules to define the appropriate application  
30 of these sanctions and the processes to implement the sanctions  
31 provided in this subsection, within available resources. No subsidy  
32 may be paid with respect to any enrollee whose current gross family  
33 income exceeds twice the federal poverty level or, subject to RCW  
34 70.47.110, who is a recipient of medical assistance or medical care  
35 services under chapter 74.09 RCW. If a number of enrollees drop their  
36 enrollment for no apparent good cause, the administrator may establish  
37 appropriate rules or requirements that are applicable to such  
38 individuals before they will be allowed to reenroll in the plan.

1 (10) To accept applications from business owners on behalf of  
2 themselves and their employees, spouses, and dependent children, as  
3 subsidized or nonsubsidized enrollees, who reside in an area served by  
4 the plan. To accept applications from public health care districts on  
5 behalf of their residents, as subsidized or nonsubsidized enrollees,  
6 who reside in an area served by the plan. The administrator may  
7 require all or the substantial majority of the eligible employees of  
8 such businesses, or eligible residents of such public health care  
9 districts, to enroll in the plan and establish those procedures  
10 necessary to facilitate the orderly enrollment of groups in the plan  
11 and into a managed health care system. The administrator may require  
12 that a business owner or public health care district pay at least an  
13 amount equal to what the employee pays after the state pays its portion  
14 of the subsidized premium cost of the plan on behalf of each employee  
15 or resident enrolled in the plan. Enrollment is limited to those not  
16 eligible for medicare who wish to enroll in the plan and choose to  
17 obtain the basic health care coverage and services from a managed care  
18 system participating in the plan. The administrator shall adjust the  
19 amount determined to be due on behalf of or from all such enrollees  
20 whenever the amount negotiated by the administrator with the  
21 participating managed health care system or systems is modified or the  
22 administrative cost of providing the plan to such enrollees changes.

23 (11) To determine the rate to be paid to each participating managed  
24 health care system in return for the provision of covered basic health  
25 care services to enrollees in the system. Although the schedule of  
26 covered basic health care services will be the same or actuarially  
27 equivalent for similar enrollees, the rates negotiated with  
28 participating managed health care systems may vary among the systems.  
29 In negotiating rates with participating systems, the administrator  
30 shall consider the characteristics of the populations served by the  
31 respective systems, economic circumstances of the local area, the need  
32 to conserve the resources of the basic health plan trust account, and  
33 other factors the administrator finds relevant.

34 (12) To monitor the provision of covered services to enrollees by  
35 participating managed health care systems in order to assure enrollee  
36 access to good quality basic health care, to require periodic data  
37 reports concerning the utilization of health care services rendered to  
38 enrollees in order to provide adequate information for evaluation, and  
39 to inspect the books and records of participating managed health care

1 systems to assure compliance with the purposes of this chapter. In  
2 requiring reports from participating managed health care systems,  
3 including data on services rendered enrollees, the administrator shall  
4 endeavor to minimize costs, both to the managed health care systems and  
5 to the plan. The administrator shall coordinate any such reporting  
6 requirements with other state agencies, such as the insurance  
7 commissioner and the department of health, to minimize duplication of  
8 effort.

9 (13) To evaluate the effects this chapter has on private employer-  
10 based health care coverage and to take appropriate measures consistent  
11 with state and federal statutes that will discourage the reduction of  
12 such coverage in the state.

13 (14) To develop a program of proven preventive health measures and  
14 to integrate it into the plan wherever possible and consistent with  
15 this chapter.

16 (15) To provide, consistent with available funding, assistance for  
17 rural residents, underserved populations, and persons of color.

18 (16) In consultation with appropriate state and local government  
19 agencies, to establish criteria defining eligibility for persons  
20 confined or residing in government-operated institutions.

21 (17) To administer the premium discounts provided under RCW  
22 48.41.200(3)(a) (i) and (ii) pursuant to a contract with the Washington  
23 state health insurance pool.

24 **Sec. 5.** RCW 73.08.080 and 1985 c 181 s 2 are each amended to read  
25 as follows:

26 The legislative authorities of the several counties in this state  
27 shall levy, in addition to the taxes now levied by law, a tax in a sum  
28 equal to the amount which would be raised by not less than one and one-  
29 eighth cents per thousand dollars of assessed value, and not greater  
30 than twenty-seven cents per thousand dollars of assessed value against  
31 the taxable property of their respective counties, to be levied and  
32 collected as now prescribed by law for the assessment and collection of  
33 taxes, for the purpose of creating the veteran's assistance fund for  
34 the relief of honorably discharged veterans as defined in RCW 41.04.005  
35 and the indigent wives, husbands, widows, widowers and minor children  
36 of such indigent or deceased veterans, to be disbursed for such relief  
37 by such county legislative authority: PROVIDED, That if the funds on  
38 deposit, less outstanding warrants, residing in the veteran's

1 assistance fund on the first Tuesday in September exceed the expected  
2 yield of one and one-eighth cents per thousand dollars of assessed  
3 value against the taxable property of the county, the county  
4 legislative authority may levy a lesser amount: PROVIDED FURTHER, That  
5 the costs incurred in the administration of said veteran's assistance  
6 fund shall be computed by the county treasurer not less than annually  
7 and such amount may then be transferred from the veteran's assistance  
8 fund as herein provided for to the county current expense fund. A  
9 county may transfer moneys in the veteran's assistance fund to a public  
10 health care district for purposes of providing all or a greater  
11 subsidized portion of the premium for basic health care insurance to  
12 eligible veterans.

13 The amount of a levy allocated to the purposes specified in this  
14 section may be reduced in the same proportion as the regular property  
15 tax levy of the county is reduced by chapter 84.55 RCW.

16 **PART II**  
17 **TECHNICAL CHANGES**

18 **Sec. 6.** RCW 70.44.003 and 1982 c 84 s 1 are each amended to read  
19 as follows:

20 The purpose of chapter 70.44 RCW is to authorize the establishment  
21 of public (~~hospital~~) health care districts to own and operate  
22 hospitals and other health care facilities (~~and~~), to provide hospital  
23 services and other health care services for the residents of such  
24 districts and other persons, and to provide basic health insurance to  
25 residents of such districts.

26 **Sec. 7.** RCW 70.44.007 and 1997 c 332 s 15 are each amended to read  
27 as follows:

28 As used in this chapter, the following words have the meanings  
29 indicated:

30 (1) "Other health care facilities" means nursing home, extended  
31 care, long-term care, outpatient and rehabilitative facilities,  
32 ambulances, and such other facilities as are appropriate to the health  
33 needs of the population served.

34 (2) "Other health care services" means nursing home, extended care,  
35 long-term care, outpatient, rehabilitative, health maintenance, and



1 ambulance services and such other services as are appropriate to the  
2 health needs of the population served.

3 (3) (~~"Public hospital district" or~~) "District" means a public  
4 health care (~~(service)~~) district.

5 **Sec. 8.** RCW 70.44.010 and 1947 c 225 s 1 are each amended to read  
6 as follows:

7 Municipal corporations, to be known as public (~~(hospital)~~) health  
8 care districts, are hereby authorized and may be established within the  
9 several counties of the state as hereinafter provided.

10 **Sec. 9.** RCW 70.44.015 and 1955 c 135 s 2 are each amended to read  
11 as follows:

12 Each and all of the respective areas of land heretofore attempted  
13 to be organized into (~~(public hospital)~~) districts under the provisions  
14 of this chapter are validated and declared to be duly existing  
15 (~~(hospital)~~) districts having the respective boundaries set forth in  
16 their organization proceedings as shown by the files in the office of  
17 the (~~(board of)~~) county (~~(commissioners)~~) legislative authority of the  
18 county in question, and by the files of such districts.

19 **Sec. 10.** RCW 70.44.016 and 1982 c 84 s 10 are each amended to read  
20 as follows:

21 Each and all of the respective areas of land attempted to be  
22 organized into (~~(public hospital)~~) districts prior to June 10, 1982,  
23 under the provisions of chapter 70.44 RCW where the canvass of the  
24 election on the proposition of creating a (~~(public hospital)~~) district  
25 shows the passage of the proposition are validated and declared to be  
26 duly existing (~~(public hospital)~~) districts having the respective  
27 boundaries set forth in their organization proceedings as shown by the  
28 files in the office of the legislative authority of the county in  
29 question, and by the files of such districts.

30 **Sec. 11.** RCW 70.44.020 and 1990 c 259 s 38 are each amended to  
31 read as follows:

32 At any general election or at any special election which may be  
33 called for that purpose the county legislative authority of a county  
34 may, or on petition of ten percent of the registered voters of the  
35 county based on the total vote cast in the last general county

1 election, shall, by resolution, submit to the voters of the county the  
2 proposition of creating a (~~(public hospital)~~) district coextensive with  
3 the limits of the county. The petition shall be filed with the county  
4 auditor, who shall within fifteen days examine the signatures thereon  
5 and certify to the sufficiency thereof(~~(, and for that purpose the~~  
6 ~~auditor shall have access to all registration books in the possession~~  
7 ~~of election officers in the county)~~). If the petition is found to be  
8 insufficient, it shall be returned to the persons filing it, who may  
9 amend or add names thereto for ten days, when it shall be returned to  
10 the auditor, who shall have an additional fifteen days to examine it  
11 and attach the certificate thereto. No person signing the petition may  
12 withdraw his or her name therefrom after filing. When the petition is  
13 certified as sufficient, the auditor shall forthwith transmit it,  
14 together with the certificate of sufficiency attached thereto, to the  
15 county legislative authority, who shall immediately transmit the  
16 proposition to the (~~(supervisor of elections or other election officer~~  
17 ~~of the)~~) county auditor, and he or she shall submit the proposition to  
18 the voters at the next general election or if such petition so  
19 requests, shall call a special election on such proposition in  
20 accordance with RCW 29.13.010 and 29.13.020. The notice of the  
21 election shall state the boundaries of the proposed district and the  
22 object of the election, and shall in other respects conform to the  
23 requirements of law governing the time and manner of holding elections.  
24 In submitting the question to the voters, the proposition shall be  
25 expressed on the ballot substantially in the following terms:

26       "For public (~~(hospital)~~) health care district No. . . . .  
27       Against public (~~(hospital)~~) health care district No. . . . ."

28       **Sec. 12.** RCW 70.44.028 and 1982 c 84 s 9 are each amended to read  
29 as follows:

30       Unless commenced within thirty days after the date of the filing of  
31 the certificate of the canvass of an election on the proposition of  
32 creating a new (~~(public hospital)~~) district pursuant to chapter 70.44  
33 RCW, no lawsuit whatever may be maintained challenging in any way the  
34 legal existence of such district or the validity of the proceedings had  
35 for the organization and creation thereof. If the creation of a  
36 district is not challenged within the period specified in this section,  
37 the district conclusively shall be deemed duly and regularly organized  
38 under the laws of this state.

1       **Sec. 13.** RCW 70.44.030 and 1945 c 264 s 4 are each amended to read  
2 as follows:

3       Any petition for the formation of a (~~public hospital~~) district  
4 may describe a less area than the entire county in which the petition  
5 is filed, the boundaries of which shall follow the then existing  
6 precinct boundaries and not divide any voting precinct; and in the  
7 event that such a petition is filed containing not less than ten  
8 percent of the voters of the proposed district who voted at the last  
9 general election, certified by the auditor in like manner as for a  
10 county-wide district, the (~~board of~~) county (~~commissioners~~)  
11 legislative authority shall fix a date for a hearing on such petition,  
12 and shall publish the petition, without the signatures thereto  
13 appended, for two weeks prior to the date of the hearing, together with  
14 a notice stating the time of the meeting when such petition will be  
15 heard. Such publications required by this chapter shall be in a  
16 newspaper published in the proposed or established (~~public hospital~~)  
17 district, or, if there be no such newspaper, then in a newspaper  
18 published in the county in which such district is situated, and of  
19 general circulation in such county. The hearing on such petition may  
20 be adjourned from time to time, not exceeding four weeks in all. If  
21 upon the final hearing the (~~board of~~) county (~~commissioners~~)  
22 legislative authority shall find that any lands have been unjustly or  
23 improperly included within the proposed (~~public hospital~~) district  
24 the (~~said board~~) legislative authority shall change and fix the  
25 boundary lines in such manner as it shall deem reasonable and just and  
26 conducive to the welfare and convenience, and make and enter an order  
27 establishing and defining the boundary lines of the proposed (~~public~~  
28 ~~hospital~~) district: PROVIDED, That no lands shall be included within  
29 the boundaries so fixed lying outside the boundaries described in the  
30 petition, except upon the written request of the owners of such lands.  
31 Thereafter the same procedure shall be followed as prescribed in this  
32 chapter for the formation of a (~~public hospital~~) district including  
33 an entire county, except that the petition and election shall be  
34 confined solely to the lesser (~~public hospital~~) district.

35       **Sec. 14.** RCW 70.44.035 and 1953 c 267 s 1 are each amended to read  
36 as follows:

37       Any petition for the formation of a (~~public hospital~~) district  
38 may describe an area lying in more than one county, the boundaries of

1 which shall follow the then existing precinct boundaries and not divide  
2 a voting precinct; and if a petition is filed with the county auditor  
3 of the respective counties in which a portion of the proposed district  
4 is located, containing not less than ten percent of the voters of that  
5 area of each county of the proposed district who voted at the last  
6 general election, certified by the said respective auditors in like  
7 manner as for a county-wide district, the ~~((board—of))~~ county  
8 ~~((commissioners))~~ legislative authority of each of the counties in  
9 which a portion of the proposed district is located shall fix a date  
10 for a hearing on the petition, and shall publish the petition, without  
11 the signatures thereto appended, for two weeks prior to the hearing,  
12 together with a notice stating the time of the meeting when the  
13 petition will be heard. The publication required by this chapter shall  
14 be in a newspaper published in the portion of each county lying within  
15 the proposed district, or if there be no such newspaper published in  
16 any such portion of a county, then in one published in the county  
17 wherein such portion of said district is situated, and of general  
18 circulation in the county. The hearing before the respective county  
19 ~~((commissioners))~~ legislative authority may be adjourned from time to  
20 time not exceeding four weeks in all. If upon the final hearing the  
21 respective ~~((boards—of))~~ county ~~((commissioners))~~ legislative  
22 authorities find that any land has been unjustly or improperly included  
23 within the proposed district they may change and fix the boundary lines  
24 of the portion of said district located within their respective  
25 counties in such manner as they deem reasonable and just and conducive  
26 to the welfare and convenience, and enter an order establishing and  
27 defining the boundary lines of the proposed district located within  
28 their respective counties: PROVIDED, That no lands shall be included  
29 within the boundaries so fixed lying outside the boundaries described  
30 in the petition, except upon the written request of the owners of the  
31 land to be so included. Thereafter the same procedure shall be  
32 followed as prescribed for the formation of a district including an  
33 entire county, except that the petition and election shall be confined  
34 solely to the portions of each county lying within the proposed  
35 district.

36       **Sec. 15.** RCW 70.44.040 and 1997 c 99 s 1 are each amended to read  
37 as follows:

1 (1) The provisions of Title 29 RCW relating to elections shall  
2 govern ((~~public hospital~~)) districts, except as provided in this  
3 chapter.

4 A ((~~public hospital~~)) district shall be created when the ballot  
5 proposition authorizing the creation of the district is approved by a  
6 simple majority vote of the voters of the proposed district voting on  
7 the proposition and the total vote cast upon the proposition exceeds  
8 forty percent of the total number of votes cast in the proposed  
9 district at the preceding state general election.

10 A ((~~public hospital~~)) district initially may be created with three,  
11 five, or seven commissioner districts. At the election at which the  
12 proposition is submitted to the voters as to whether a district shall  
13 be formed, three, five, or seven commissioners shall be elected from  
14 either three, five, or seven commissioner districts, or at-large  
15 positions, or both, as determined by resolution of the county  
16 ((~~commissioners~~)) authority or authorities of the county or counties in  
17 which the proposed ((~~public hospital~~)) district is located, all in  
18 accordance with RCW 70.44.054. The election of the initial  
19 commissioners shall be null and void if the district is not authorized  
20 to be created.

21 No primary shall be held. A special filing period shall be opened  
22 as provided in RCW 29.15.170 and 29.15.180. The person receiving the  
23 greatest number of votes for the commissioner of each commissioner  
24 district or at-large position shall be elected as the commissioner of  
25 that district. The terms of office of the initial ((~~public hospital~~))  
26 district commissioners shall be staggered, with the length of the terms  
27 assigned so that the person or persons who are elected receiving the  
28 greater number of votes being assigned a longer term or terms of office  
29 and each term of an initial commissioner running until a successor  
30 assumes office who is elected at one of the next three following  
31 district general elections the first of which occurs at least one  
32 hundred twenty days after the date of the election where voters  
33 approved the ballot proposition creating the district, as follows:

34 (a) If the ((~~public hospital~~)) district will have three  
35 commissioners, the successor to one initial commissioner shall be  
36 elected at such first following district general election, the  
37 successor to one initial commissioner shall be elected at the second  
38 following district general election, and the successor to one initial

1 commissioner shall be elected at the third following district general  
2 election;

3 (b) If the ((~~public—hospital~~)) district will have five  
4 commissioners, the successor to one initial commissioner shall be  
5 elected at such first following district general election, the  
6 successors to two initial commissioners shall be elected at the second  
7 following district general election, and the successors to two initial  
8 commissioners shall be elected at the third following district general  
9 election;

10 (c) If the ((~~public—hospital~~)) district will have seven  
11 commissioners, the successors to two initial commissioners shall be  
12 elected at such first following district general election, the  
13 successors to ((~~three—[two]~~)) two initial commissioners shall be  
14 elected at the second following district general election, and the  
15 successors to three initial commissioners shall be elected at the third  
16 following district general election.

17 The initial commissioners shall take office immediately when they  
18 are elected and qualified. The term of office of each successor shall  
19 be six years. Each commissioner shall serve until a successor is  
20 elected and qualified and assumes office in accordance with RCW  
21 29.04.170.

22 (2) Only a registered voter who resides in a commissioner district  
23 may be a candidate for, or hold office as, a commissioner of the  
24 commissioner district. Voters of the entire ((~~public—hospital~~))  
25 district may vote at a primary or general election to elect a person as  
26 a commissioner of the commissioner district.

27 If the proposed public ((~~hospital~~)) health care district initially  
28 will have three commissioner districts and the public ((~~hospital~~))  
29 health care district is county-wide, and if the county has three county  
30 legislative authority districts, the county legislative authority  
31 districts shall be used as public ((~~hospital~~)) health care district  
32 commissioner districts. In all other instances the county auditor of  
33 the county in which all or the largest portion of the proposed public  
34 ((~~hospital~~)) health care district is located shall draw the initial  
35 ((~~public—hospital—district~~)) commissioner districts and designate at-  
36 large positions, if appropriate, as provided in RCW 70.44.054. Each of  
37 the commissioner positions shall be numbered consecutively and  
38 associated with the commissioner district or at-large position of the  
39 same number.

1 The commissioners of a public (~~hospital~~) health care district  
2 that is not coterminous with the boundaries of a county that has three  
3 county legislative authority districts shall at the times required in  
4 chapter 29.70 RCW and may from time to time redraw commissioner  
5 district boundaries in a manner consistent with chapter 29.70 RCW.

6 **Sec. 16.** RCW 70.44.041 and 1997 c 99 s 7 are each amended to read  
7 as follows:

8 No appointment to fill a vacant position on or election to the  
9 board of commissioners of any (~~public hospital~~) district made after  
10 June 9, 1994, and before April 21, 1997, is deemed to be invalid solely  
11 due to the (~~public hospital~~) district's failure to redraw its  
12 commissioner district boundaries if necessary to comply with chapter  
13 223, Laws of 1994.

14 **Sec. 17.** RCW 70.44.042 and 1997 c 99 s 2 are each amended to read  
15 as follows:

16 Notwithstanding any provision in RCW 70.44.040 to the contrary, any  
17 board of public (~~hospital~~) health care district commissioners may, by  
18 resolution, abolish commissioner districts and permit candidates for  
19 any position on the board to reside anywhere in the public (~~hospital~~)  
20 health care district.

21 At any general or special election which may be called for that  
22 purpose, the board of public (~~hospital~~) health care district  
23 commissioners may, or on petition of ten percent of the voters based on  
24 the total vote cast in the last district general election in the  
25 (~~public hospital~~) district shall, by resolution, submit to the voters  
26 of the district the proposition to reestablish commissioner districts.

27 **Sec. 18.** RCW 70.44.053 and 1997 c 99 s 3 are each amended to read  
28 as follows:

29 At any general or special election which may be called for that  
30 purpose the board of public (~~hospital~~) health care district  
31 commissioners may, or on petition of ten percent of the voters based on  
32 the total vote cast in the last district general election in the  
33 (~~public hospital~~) district shall, by resolution, submit to the voters  
34 of the district the proposition increasing the number of commissioners  
35 to either five or seven members. The petition or resolution shall

1 specify whether it is proposed to increase the number of commissioners  
2 to either five or seven members.

3 **Sec. 19.** RCW 70.44.056 and 1997 c 99 s 5 are each amended to read  
4 as follows:

5 In all existing public (~~hospital~~) health care districts in which  
6 an increase in the number of district commissioners is proposed, the  
7 additional commissioner positions shall be deemed to be vacant and the  
8 board of commissioners of the (~~public hospital~~) district shall  
9 appoint qualified persons to fill those vacancies in accordance with  
10 RCW 42.12.070.

11 Each person who is appointed shall serve until a qualified person  
12 is elected at the next general election of the district occurring one  
13 hundred twenty days or more after the date of the election at which the  
14 voters of the district approved the ballot proposition authorizing the  
15 increase in the number of commissioners. If needed, special filing  
16 periods shall be authorized as provided in RCW 29.15.170 and 29.15.180  
17 for qualified persons to file for the vacant office. A primary shall  
18 be held to nominate candidates if sufficient time exists to hold a  
19 primary and more than two candidates file for the vacant office.  
20 Otherwise, no primary shall be held and the candidate receiving the  
21 greatest number of votes for each position shall be elected. Except  
22 for the initial terms of office, persons elected to each of these  
23 additional commissioner positions shall be elected to a six-year term.  
24 The newly elected commissioners shall assume office as provided in RCW  
25 29.04.170.

26 The initial terms of the new commissioners shall be staggered as  
27 follows: (1) When the number of commissioners is increased from three  
28 to five, the person elected receiving the greatest number of votes  
29 shall be elected to a six-year term of office, and the other person  
30 shall be elected to a four-year term; (2) when the number of  
31 commissioners is increased from three or five to seven, the terms of  
32 the new commissioners shall be staggered over the next three district  
33 general elections so that two commissioners will be elected at the  
34 first district general election following the election where the  
35 additional commissioners are elected, two commissioners will be at the  
36 second district general election after the election of the additional  
37 commissioners, and three commissioners will be elected at the third  
38 district general election following the election of the additional



1 commissioners, with the persons elected receiving the greatest number  
2 of votes elected to serve the longest terms.

3 **Sec. 20.** RCW 70.44.059 and 1993 c 234 s 1 are each amended to read  
4 as follows:

5 ((~~Public hospital~~)) Districts may employ chaplains for their  
6 hospitals, health care facilities, and hospice programs.

7 **Sec. 21.** RCW 70.44.060 and 1997 c 3 s 206 are each amended to read  
8 as follows:

9 All ((~~public hospital~~)) districts organized under the provisions of  
10 this chapter shall have power:

11 (1) To make a survey of existing hospital and other health care  
12 facilities within and without such district.

13 (2) To construct, condemn and purchase, purchase, acquire, lease,  
14 add to, maintain, operate, develop and regulate, sell and convey all  
15 lands, property, property rights, equipment, hospital and other health  
16 care facilities and systems for the maintenance of hospitals,  
17 buildings, structures, and any and all other facilities, and to  
18 exercise the right of eminent domain to effectuate the foregoing  
19 purposes or for the acquisition and damaging of the same or property of  
20 any kind appurtenant thereto, and such right of eminent domain shall be  
21 exercised and instituted pursuant to a resolution of the commission and  
22 conducted in the same manner and by the same procedure as in or may be  
23 provided by law for the exercise of the power of eminent domain by  
24 incorporated cities and towns of the state of Washington in the  
25 acquisition of property rights: PROVIDED, That no ((~~public hospital~~))  
26 district shall have the right of eminent domain and the power of  
27 condemnation against any health care facility.

28 (3) To lease existing hospital and other health care facilities and  
29 equipment and/or other property used in connection therewith, including  
30 ambulances, and to pay such rental therefor as the commissioners shall  
31 deem proper; to provide hospital and other health care services for  
32 residents of said district by facilities located outside the boundaries  
33 of said district, by contract or in any other manner said commissioners  
34 may deem expedient or necessary under the existing conditions; and said  
35 ((~~hospital~~)) district shall have the power to contract with other  
36 communities, corporations, or individuals for the services provided by  
37 said ((~~hospital~~)) district; and they may further receive in said

1 hospitals and other health care facilities and furnish proper and  
2 adequate services to all persons not residents of said district at such  
3 reasonable and fair compensation as may be considered proper:  
4 PROVIDED, That it must at all times make adequate provision for the  
5 needs of the district and residents of said district shall have prior  
6 rights to the available hospital and other health care facilities of  
7 said district, at rates set by the district commissioners.

8 (4) For the purpose aforesaid, it shall be lawful for any district  
9 so organized to take, condemn and purchase, lease, or acquire, any and  
10 all property, and property rights, including state and county lands,  
11 for any of the purposes aforesaid, and any and all other facilities  
12 necessary or convenient, and in connection with the construction,  
13 maintenance, and operation of any such hospitals and other health care  
14 facilities, subject, however, to the applicable limitations provided in  
15 subsection (2) of this section.

16 (5) To contract indebtedness or borrow money for corporate purposes  
17 on the credit of the corporation or the revenues of the hospitals  
18 thereof, and the revenues of any other facilities or services that the  
19 district is or hereafter may be authorized by law to provide, and to  
20 issue and sell: (a) Revenue bonds, revenue warrants, or other revenue  
21 obligations therefor payable solely out of a special fund or funds into  
22 which the district may pledge such amount of the revenues of the  
23 hospitals thereof, and the revenues of any other facilities or services  
24 that the district is or hereafter may be authorized by law to provide,  
25 to pay the same as the commissioners of the district may determine,  
26 such revenue bonds, warrants, or other obligations to be issued and  
27 sold in the same manner and subject to the same provisions as provided  
28 for the issuance of revenue bonds, warrants, or other obligations by  
29 cities or towns under the Municipal Revenue Bond Act, chapter 35.41  
30 RCW, as may hereafter be amended; (b) general obligation bonds therefor  
31 in the manner and form as provided in RCW 70.44.110 and 70.44.130, as  
32 may hereafter be amended; or (c) interest-bearing warrants to be drawn  
33 on a fund pending deposit in such fund of money sufficient to redeem  
34 such warrants and to be issued and paid in such manner and upon such  
35 terms and conditions as the board of commissioners may deem to be in  
36 the best interest of the district; and to assign or sell hospital  
37 accounts receivable, and accounts receivable for the use of other  
38 facilities or services that the district is or hereafter may be  
39 authorized by law to provide, for collection with or without recourse.

1 General obligation bonds shall be issued and sold in accordance with  
2 chapter 39.46 RCW. Revenue bonds, revenue warrants, or other revenue  
3 obligations may be issued and sold in accordance with chapter 39.46  
4 RCW.

5 (6) To raise revenue by the levy of an annual tax on all taxable  
6 property within such (~~public hospital~~) district not to exceed fifty  
7 cents per thousand dollars of assessed value, and an additional annual  
8 tax on all taxable property within such (~~public hospital~~) district  
9 not to exceed twenty-five cents per thousand dollars of assessed value,  
10 or such further amount as has been or shall be authorized by a vote of  
11 the people. Although (~~public hospital~~) districts are authorized to  
12 impose two separate regular property tax levies, the levies shall be  
13 considered to be a single levy for purposes of the limitation provided  
14 for in chapter 84.55 RCW. (~~Public hospital~~) Districts are authorized  
15 to levy such a general tax in excess of their regular property taxes  
16 when authorized so to do at a special election conducted in accordance  
17 with and subject to all of the requirements of the Constitution and the  
18 laws of the state of Washington now in force or hereafter enacted  
19 governing the limitation of tax levies. The said board of district  
20 commissioners is authorized and empowered to call a special election  
21 for the purpose of submitting to the qualified voters of the  
22 (~~hospital~~) district a proposition or propositions to levy taxes in  
23 excess of its regular property taxes. The superintendent shall prepare  
24 a proposed budget of the contemplated financial transactions for the  
25 ensuing year and file the same in the records of the commission on or  
26 before the first Monday in September. Notice of the filing of said  
27 proposed budget and the date and place of hearing on the same shall be  
28 published for at least two consecutive weeks in a newspaper printed and  
29 of general circulation in said county. On the first Monday in October  
30 the commission shall hold a public hearing on said proposed budget at  
31 which any taxpayer may appear and be heard against the whole or any  
32 part of the proposed budget. Upon the conclusion of said hearing, the  
33 commission shall, by resolution, adopt the budget as finally determined  
34 and fix the final amount of expenditures for the ensuing year. Taxes  
35 levied by the commission shall be certified to and collected by the  
36 proper county officer of the county in which such (~~public hospital~~)  
37 district is located in the same manner as is or may be provided by law  
38 for the certification and collection of port district taxes. The  
39 commission is authorized, prior to the receipt of taxes raised by levy,

1 to borrow money or issue warrants of the district in anticipation of  
2 the revenue to be derived by such district from the levy of taxes for  
3 the purpose of such district, and such warrants shall be redeemed from  
4 the first money available from such taxes when collected, and such  
5 warrants shall not exceed the anticipated revenues of one year, and  
6 shall bear interest at a rate or rates as authorized by the commission.

7 (7) To enter into any contract with the United States government or  
8 any state, municipality, or other (~~hospital~~) district, or any  
9 department of those governing bodies, for carrying out any of the  
10 powers authorized by this chapter.

11 (8) To sue and be sued in any court of competent jurisdiction:  
12 PROVIDED, That all suits against the (~~public hospital~~) district shall  
13 be brought in the county in which the (~~public hospital~~) district is  
14 located.

15 (9) To pay actual necessary travel expenses and living expenses  
16 incurred while in travel status for (a) qualified physicians who are  
17 candidates for medical staff positions, and (b) other qualified persons  
18 who are candidates for superintendent or other managerial and technical  
19 positions, when the district finds that hospitals or other health care  
20 facilities owned and operated by it are not adequately staffed and  
21 determines that personal interviews with said candidates to be held in  
22 the district are necessary or desirable for the adequate staffing of  
23 said facilities.

24 (10) To make contracts, employ superintendents, attorneys, and  
25 other technical or professional assistants and all other employees; to  
26 make contracts with private or public institutions for employee  
27 retirement programs; to print and publish information or literature;  
28 and to do all other things necessary to carry out the provisions of  
29 this chapter.

30 **Sec. 22.** RCW 70.44.070 and 1987 c 58 s 1 are each amended to read  
31 as follows:

32 (1) The public (~~hospital~~) health care district commission shall  
33 appoint a superintendent, who shall be appointed for an indefinite time  
34 and be removable at the will of the commission. Appointments and  
35 removals shall be by resolution, introduced at a regular meeting and  
36 adopted at a subsequent regular meeting by a majority vote. The  
37 superintendent shall receive such compensation as the commission shall  
38 fix by resolution.

1 (2) Where a (~~public hospital~~) district operates more than one  
2 hospital, the commission may in its discretion appoint up to one  
3 superintendent per hospital and assign among the superintendents the  
4 powers and duties set forth in RCW 70.44.080 and 70.44.090 as deemed  
5 appropriate by the commission.

6 **Sec. 23.** RCW 70.44.080 and 1987 c 58 s 2 are each amended to read  
7 as follows:

8 (1) The superintendent shall be the chief administrative officer of  
9 the (~~public~~) district (~~hospital~~) and shall have control of  
10 administrative functions of the district. The superintendent shall be  
11 responsible to the commission for the efficient administration of all  
12 affairs of the district. In case of the absence or temporary  
13 disability of the superintendent a competent person shall be appointed  
14 by the commission. The superintendent shall be entitled to attend all  
15 meetings of the commission and its committees and to take part in the  
16 discussion of any matters pertaining to the district, but shall have no  
17 vote.

18 (2) Where the commission has appointed more than one superintendent  
19 as provided in RCW 70.44.070, the commission shall assign among the  
20 superintendents the powers set forth in this section as deemed  
21 appropriate by the commission.

22 **Sec. 24.** RCW 70.44.090 and 1987 c 58 s 3 are each amended to read  
23 as follows:

24 (1) The (~~public hospital~~) district superintendent shall have the  
25 power, and duty:

26 (a) To carry out the orders of the commission, and to see that all  
27 the laws of the state pertaining to matters within the functions of the  
28 district are duly enforced.

29 (b) To keep the commission fully advised as to the financial  
30 condition and needs of the district. To prepare, each year, an  
31 estimate for the ensuing fiscal year of the probable expenses of the  
32 district, and to recommend to the commission what development work  
33 should be undertaken, and what extensions and additions, if any, should  
34 be made, during the ensuing fiscal year, with an estimate of the costs  
35 of such development work, extensions and additions. To certify to the  
36 commission all the bills, allowances and payrolls, including claims due

1 contractors of public works. To recommend to the commission a range of  
2 salaries to be paid to district employees.

3 (2) Where the commission has appointed more than one superintendent  
4 as provided in RCW 70.44.070, the commission shall assign among the  
5 superintendents the duties set forth in this section as deemed  
6 appropriate by the commission.

7 **Sec. 25.** RCW 70.44.140 and 2000 c 138 s 213 are each amended to  
8 read as follows:

9 (1) All materials purchased and work ordered, the estimated cost of  
10 which is in excess of five thousand dollars, shall be by contract.  
11 Before awarding any such contract, the commission shall publish a  
12 notice at least thirteen days before the last date upon which bids will  
13 be received, inviting sealed proposals for such work. The plans and  
14 specifications must at the time of the publication of such notice be on  
15 file at the office of the ((~~public hospital~~)) district, subject to  
16 public inspection: PROVIDED, HOWEVER, That the commission may at the  
17 same time, and as part of the same notice, invite tenders for the work  
18 or materials upon plans and specifications to be submitted by bidders.  
19 The notice shall state generally the work to be done, and shall call  
20 for proposals for doing the same, to be sealed and filed with the  
21 commission on or before the day and hour named therein. Each bid shall  
22 be accompanied by bid proposal security in the form of a certified  
23 check, cashier's check, postal money order, or surety bond made payable  
24 to the order of the commission, for a sum not less than five percent of  
25 the amount of the bid, and no bid shall be considered unless  
26 accompanied by such bid proposal security. At the time and place  
27 named, such bids shall be publicly opened and read, and the commission  
28 shall proceed to canvass the bids, and may let such contract to the  
29 lowest responsible bidder upon plans and specifications on file, or to  
30 the best bidder submitting his or her own plans and specifications:  
31 PROVIDED, HOWEVER, That no contract shall be let in excess of the  
32 estimated cost of the materials or work, or if, in the opinion of the  
33 commission, all bids are unsatisfactory, they may reject all of them  
34 and readvertise, and in such case all bid proposal security shall be  
35 returned to the bidders. If the contract is let, then all bid proposal  
36 security shall be returned to the bidders, except that of the  
37 successful bidder, which is retained until a contract shall be entered  
38 into for the purchase of such materials for doing such work, and a bond

1 to perform such work furnished, with sureties satisfactory to the  
2 commission, in an amount to be fixed by the commission, not less than  
3 twenty-five percent of contract price in any case, between the bidder  
4 and commission, in accordance with the bid. If such bidder fails to  
5 enter into the contract in accordance with the bid and furnish such  
6 bond within ten days from the date at which the bidder is notified that  
7 he or she is the successful bidder, the bid proposal security and the  
8 amount thereof shall be forfeited to the ((~~public hospital~~)) district.  
9 A low bidder who claims error and fails to enter into a contract is  
10 prohibited from bidding on the same project if a second or subsequent  
11 call for bids is made for the project.

12 (2) As an alternative to the requirements of subsection (1) of this  
13 section, a ((~~public hospital~~)) district may let contracts using the  
14 small works roster process under RCW 39.04.155.

15 (3) Any purchases with an estimated cost of up to fifteen thousand  
16 dollars may be made using the process provided in RCW 39.04.190.

17 (4) The commission may waive the competitive bidding requirements  
18 of this section pursuant to RCW 39.04.280 if an exemption contained  
19 within that section applies to the purchase or public work.

20 **Sec. 26.** RCW 70.44.171 and 1967 c 227 s 1 are each amended to read  
21 as follows:

22 The treasurer of the county in which a ((~~public hospital~~)) district  
23 is located shall be treasurer of the district, except that the  
24 commission by resolution may designate some other person having  
25 experience in financial or fiscal matters as treasurer of the district.  
26 If the treasurer is not the county treasurer, the commission shall  
27 require a bond, with a surety company authorized to do business in the  
28 state of Washington, in an amount and under the terms and conditions  
29 which the commission by resolution from time to time finds will protect  
30 the district against loss. The premium on any such bond shall be paid  
31 by the district.

32 All district funds shall be paid to the treasurer and shall be  
33 disbursed by him or her only on warrants issued by an auditor appointed  
34 by the commission, upon orders or vouchers approved by it. The  
35 treasurer shall establish a public ((~~hospital~~)) health care district  
36 fund, into which shall be paid all district funds, and he or she shall  
37 maintain such special funds as may be created by the commission, into

1 which he or she shall place all money as the commission may, by  
2 resolution, direct.

3 If the treasurer of the district is the treasurer of the county all  
4 district funds shall be deposited with the county depositaries under  
5 the same restrictions, contracts, and security as provided for county  
6 depositaries. If the treasurer of the district is some other person,  
7 all funds shall be deposited in (~~such bank or banks authorized to do~~  
8 ~~business in this state as the commission by resolution shall designate,~~  
9 ~~and with surety bond to the district or securities in lieu thereof of~~  
10 ~~the kind, no less in amount, as provided in RCW 36.48.020 for deposit~~  
11 ~~of county funds. Such surety bond or securities in lieu thereof shall~~  
12 ~~be filed or deposited with the treasurer of the district, and approved~~  
13 ~~by resolution of the commission~~) public depositories.

14 All interest collected on district funds shall belong to the  
15 district and be deposited to its credit in the proper district funds.

16 A district may provide and require a reasonable bond of any other  
17 person handling moneys or securities of the district. The district may  
18 pay the premium on such bond.

19 **Sec. 27.** RCW 70.44.185 and 1971 ex.s. c 218 s 4 are each amended  
20 to read as follows:

21 Notwithstanding any other provision of law, including RCW  
22 70.44.040, whenever the boundary line between contiguous (~~hospital~~)  
23 districts bisects an irrigation block unit placing part of the unit in  
24 one (~~hospital~~) district and the balance thereof in another such  
25 district, the county auditor, upon his or her approval of a request  
26 therefor after public hearing thereon, shall change the (~~hospital~~)  
27 district boundary lines so that the entire farm unit of the person so  
28 requesting shall be wholly in one of such (~~hospital~~) districts and  
29 give notice thereof to those (~~hospital~~) district and county officials  
30 as he or she shall deem appropriate therefor.

31 **Sec. 28.** RCW 70.44.190 and 1953 c 267 s 3 are each amended to read  
32 as follows:

33 Two or more contiguous (~~hospital~~) districts, whether the  
34 territory therein lies in one or more counties, may consolidate by  
35 following the procedure outlined in chapter 35.10 RCW with reference to  
36 consolidation of cities and towns.



1       **Sec. 29.** RCW 70.44.200 and 1993 c 489 s 1 are each amended to read  
2 as follows:

3       (1) A ((~~public hospital~~)) district may annex territory outside the  
4 existing boundaries of such district and contiguous thereto, whether  
5 the territory lies in one or more counties, in accordance with this  
6 section.

7       (2) A petition for annexation of territory contiguous to a ((~~public  
8 hospital~~)) district may be filed with the commission of the district to  
9 which annexation is proposed. The petition must be signed by the  
10 owners, as prescribed by RCW 35A.01.040(9) (a) through (e), of not less  
11 than sixty percent of the area of land within the territory proposed to  
12 be annexed. Such petition shall describe the boundaries of the  
13 territory proposed to be annexed and shall be accompanied by a map  
14 which outlines the boundaries of such territory.

15       (3) Whenever such a petition for annexation is filed with the  
16 commission of a ((~~public hospital~~)) district, the commission may  
17 entertain the same, fix a date for public hearing thereon, and cause  
18 notice of the hearing to be published once a week for at least two  
19 consecutive weeks in a newspaper of general circulation within the  
20 territory proposed to be annexed. The notice shall also be posted in  
21 three public places within the territory proposed to be annexed, shall  
22 contain a description of the boundaries of such territory, and shall  
23 specify the time and place of hearing and invite interested persons to  
24 appear and voice approval or disapproval of the annexation.

25       (4) Following the hearing, if the commission of the district  
26 determines to accomplish the annexation, it shall do so by resolution.  
27 The resolution may annex all or any portion of the proposed territory  
28 but may not include in the annexation any property not described in the  
29 petition. Upon passage of the annexation resolution, the territory  
30 annexed shall become part of the district and a certified copy of such  
31 resolution shall be filed with the legislative authority of the county  
32 or counties in which the annexed property is located.

33       (5) If the petition for annexation and the annexation resolution so  
34 provide, as the commission may require, and such petition has been  
35 signed by the owners of all the land within the boundaries of the  
36 territory being annexed, the annexed property shall assume and be  
37 assessed and taxed to pay for all or any portion of the outstanding  
38 indebtedness of the district to which it is annexed at the same rates  
39 as other property within such district. Unless so provided in the

1 petition and resolution, property within the boundaries of the  
2 territory annexed shall not be assessed or taxed to pay for all or any  
3 portion of the indebtedness of the district to which it is annexed that  
4 was contracted prior to or which existed at the date of annexation. In  
5 no event shall any such annexed property be released from any  
6 assessments or taxes previously levied against it or from its existing  
7 liability for the payment of outstanding bonds or warrants issued prior  
8 to such annexation.

9 (6) The annexation procedure provided for in this section shall be  
10 an alternative method of annexation applicable only if at the time the  
11 annexation petition is filed either there are no registered voters  
12 residing in the territory proposed to be annexed or the petition is  
13 also signed by all of the registered voters residing in the territory  
14 proposed to be annexed.

15 **Sec. 30.** RCW 70.44.210 and 1967 c 227 s 6 are each amended to read  
16 as follows:

17 As an alternate method of annexation to (~~public hospital~~)  
18 districts, any territory adjacent to a (~~public hospital~~) district may  
19 be annexed thereto by vote of the (~~qualified electors~~) registered  
20 voters residing in the territory to be annexed, in the manner provided  
21 in RCW 70.44.210 through 70.44.230. An election to annex such  
22 territory may be called pursuant to a resolution calling for such an  
23 election adopted by the district commissioners.

24 Any resolution calling for such an election shall describe the  
25 boundaries of the territory to be annexed, state that the annexation of  
26 such territory to the (~~public hospital~~) district will be conducive to  
27 the welfare and benefit of the persons or property within the district  
28 and within the territory proposed to be annexed, and fix the date, time  
29 and place for a public hearing thereon which date shall be not more  
30 than sixty nor less than forty days following the adoption of such  
31 resolution.

32 **Sec. 31.** RCW 70.44.220 and 1967 c 227 s 7 are each amended to read  
33 as follows:

34 Notice of such hearing shall be published once a week for at least  
35 two consecutive weeks in one or more newspapers of general circulation  
36 within the territory proposed to be annexed. The notice shall contain  
37 a description of the boundaries of the territory proposed to be annexed

1 and shall state the time and place of the hearing thereon and the fact  
2 that any changes in the boundaries of such territory will be considered  
3 at such time and place. At such hearing or any continuation thereof,  
4 any interested person may appear and be heard on all matters relating  
5 to the proposed annexation. The district commissioners may make such  
6 changes in the boundaries of the territory proposed to be annexed as it  
7 shall deem reasonable and proper, but may not delete any portion of the  
8 proposed area which will create an island of included or excluded  
9 lands. If the district commissioners shall determine that any  
10 additional territory should be included in the territory to be annexed,  
11 a second hearing shall be held and notice given in the same manner as  
12 for the original hearing. The district commissioners may adjourn the  
13 hearing on the proposed annexation from time to time not exceeding  
14 thirty days in all. At the next regular meeting following the  
15 conclusion of such hearing, the district commissioners shall, if it  
16 finds that the annexation of such territory will be conducive to the  
17 welfare and benefit of the persons and property therein and the welfare  
18 and benefit of the persons and property within the ((~~public hospital~~))  
19 district, adopt a resolution fixing the boundaries of the territory to  
20 be annexed and causing to be called a special election on such  
21 annexation to be held not more than one hundred twenty days nor less  
22 than sixty days following the adoption of such resolution.

23 **Sec. 32.** RCW 70.44.230 and 1967 c 227 s 8 are each amended to read  
24 as follows:

25 An election on the annexation of territory to a ((~~public hospital~~))  
26 district shall be conducted and canvassed in the same manner as  
27 provided for the conduct of an election on the formation of a ((~~public~~  
28 ~~hospital~~)) district except that notice of such election shall be  
29 published in one or more newspapers of general circulation in the  
30 territory proposed to be annexed and the ballot proposition shall be in  
31 substantially the following form:

32 ANNEXATION TO (herein insert name of ((~~public hospital~~)) the  
33 district)

34 "Shall the territory described in a resolution of the  
35 public ((~~hospital~~)) health care district commissioners of (here

1 insert name of ((~~public hospital~~)) the district) adopted on  
2 . . . ., . . . ., 19. . ., be annexed to such district?  
3 YES . . . . . 1  
4 NO . . . . . 1 "

5 If a majority of those voting on such proposition vote in favor  
6 thereof, the territory shall thereupon be annexed to the ((~~public~~  
7 ~~hospital~~)) district.

8 **Sec. 33.** RCW 70.44.235 and 1987 c 138 s 4 are each amended to read  
9 as follows:

10 (1) As provided in this section, a ((~~public hospital~~)) district may  
11 withdraw areas from its boundaries, or reannex areas into the ((~~public~~  
12 ~~hospital~~)) district that previously had been withdrawn from the  
13 ((~~public hospital~~)) district under this section.

14 (2) The withdrawal of an area shall be authorized upon: (a)  
15 Adoption of a resolution by the ((~~hospital~~)) district commissioners  
16 requesting the withdrawal and finding that, in the opinion of the  
17 commissioners, inclusion of this area within the ((~~public hospital~~))  
18 district will result in a reduction of the district's tax levy rate  
19 under the provisions of RCW 84.52.010; and (b) adoption of a resolution  
20 by the city or town council approving the withdrawal, if the area is  
21 located within the city or town, or adoption of a resolution by the  
22 county legislative authority of the county within which the area is  
23 located approving the withdrawal, if the area is located outside of a  
24 city or town. A withdrawal shall be effective at the end of the day on  
25 the thirty-first day of December in the year in which the resolutions  
26 are adopted, but for purposes of establishing boundaries for property  
27 tax purposes, the boundaries shall be established immediately upon the  
28 adoption of the second resolution.

29 The withdrawal of an area from the boundaries of a ((~~public~~  
30 ~~hospital~~)) district shall not exempt any property therein from taxation  
31 for the purpose of paying the costs of redeeming any indebtedness of  
32 the ((~~public hospital~~)) district existing at the time of the  
33 withdrawal.

34 (3) An area that has been withdrawn from the boundaries of a  
35 ((~~public hospital~~)) district under this section may be reannexed into  
36 the ((~~public hospital~~)) district upon: (a) Adoption of a resolution by  
37 the ((~~hospital~~)) district commissioners proposing the reannexation; and  
38 (b) adoption of a resolution by the city or town council approving the

1 reannexation, if the area is located within the city or town, or  
2 adoption of a resolution by the county legislative authority of the  
3 county within which the area is located approving the reannexation, if  
4 the area is located outside of a city or town. The reannexation shall  
5 be effective at the end of the day on the thirty-first day of December  
6 in the year in which the adoption of the second resolution occurs, but  
7 for purposes of establishing boundaries for property tax purposes, the  
8 boundaries shall be established immediately upon the adoption of the  
9 second resolution. Referendum action on the proposed reannexation may  
10 be taken by the voters of the area proposed to be reannexed if a  
11 petition calling for a referendum is filed with the city or town  
12 council, or county legislative authority, within a thirty-day period  
13 after the adoption of the second resolution, which petition has been  
14 signed by registered voters of the area proposed to be reannexed equal  
15 in number to ten percent of the total number of the registered voters  
16 residing in that area.

17 If a valid petition signed by the requisite number of registered  
18 voters has been so filed, the effect of the resolutions shall be held  
19 in abeyance and a ballot proposition to authorize the reannexation  
20 shall be submitted to the voters of the area at the next special  
21 election date specified in RCW 29.13.020 that occurs forty-five or more  
22 days after the petitions have been validated. Approval of the ballot  
23 proposition authorizing the reannexation by a simple majority vote  
24 shall authorize the reannexation.

25 **Sec. 34.** RCW 70.44.240 and 1997 c 332 s 16 are each amended to  
26 read as follows:

27 Any ((~~public hospital~~)) district may contract or join with any  
28 other ((~~public hospital~~)) district, any publicly owned hospital, any  
29 nonprofit hospital, any corporation, any other legal entity, or  
30 individual to acquire, own, operate, manage, or provide any hospital or  
31 other health care facilities or hospital services or other health care  
32 services to be used by individuals, districts, hospitals, or others,  
33 including the providing of health maintenance services. If a ((~~public~~  
34 ~~hospital~~)) district chooses to contract or join with another party or  
35 parties pursuant to the provisions of this chapter, it may do so  
36 through the establishment of a nonprofit corporation, partnership,  
37 limited liability company, or other legal entity of its choosing in  
38 which the ((~~public hospital~~)) district and the other party or parties

1 participate. The governing body of such legal entity shall include  
2 representatives of the ((~~public hospital~~)) district, including members  
3 of the ((~~public hospital~~)) district's board of commissioners. A  
4 ((~~public hospital~~)) district contracting or joining with another party  
5 pursuant to the provisions of this chapter may appropriate funds and  
6 may sell, lease, or otherwise provide property, personnel, and services  
7 to the legal entity established to carry out the contract or joint  
8 activity.

9       **Sec. 35.** RCW 70.44.260 and 1975-'76 2nd ex.s. c 78 s 1 are each  
10 amended to read as follows:

11       Any ((~~public hospital~~)) district may execute an executory  
12 conditional sales contract with any other municipal corporation, the  
13 state, or any of its political subdivisions, the government of the  
14 United States, or any private party for the purchase of any real or  
15 personal property, or property rights, in connection with the exercise  
16 of any powers or duties which such districts now or hereafter are  
17 authorized to exercise, if the entire amount of the purchase price  
18 specified in such contract does not result in a total indebtedness in  
19 excess of the limitation imposed by RCW 39.36.020, as now or hereafter  
20 amended, to be incurred without the assent of the voters of the  
21 district: PROVIDED, That if such a proposed contract would result in  
22 a total indebtedness in excess of three-fourths of one percent of the  
23 value of taxable property in such ((~~public hospital~~)) district, a  
24 proposition in regard to whether or not such a contract may be executed  
25 shall be submitted to the voters for approval or rejection in the same  
26 manner that bond issues for capital purposes are submitted to the  
27 voters. The term "value of taxable property" shall have the meaning  
28 set forth in RCW 39.36.015.

29       **Sec. 36.** RCW 70.44.300 and 1997 c 332 s 17 are each amended to  
30 read as follows:

31       (1) The board of commissioners of any ((~~public hospital~~)) district  
32 may sell and convey at public or private sale real property of the  
33 district if the board determines by resolution that the property is no  
34 longer required for ((~~public hospital~~)) district purposes or determines  
35 by resolution that the sale of the property will further the purposes  
36 of the ((~~public hospital~~)) district.

1 (2) Any sale of district real property authorized pursuant to this  
2 section shall be preceded, not more than one year prior to the date of  
3 sale, by market value appraisals by three licensed real estate brokers  
4 or professionally designated real estate appraisers as defined in RCW  
5 74.46.020 or three independent experts in valuing health care property,  
6 selected by the board of commissioners, and no sale shall take place if  
7 the sale price would be less than ninety percent of the average of such  
8 appraisals.

9 (3) When the board of commissioners of any ((~~public hospital~~))  
10 district proposes a sale of district real property pursuant to this  
11 section and the value of the property exceeds one hundred thousand  
12 dollars, the board shall publish a notice of its intention to sell the  
13 property. The notice shall be published at least once each week during  
14 two consecutive weeks in a legal newspaper of general circulation  
15 within the ((~~public hospital~~)) district. The notice shall describe the  
16 property to be sold and designate the place where and the day and hour  
17 when a hearing will be held. The board shall hold a public hearing  
18 upon the proposal to dispose of the ((~~public hospital~~)) district  
19 property at the place and the day and hour fixed in the notice and  
20 consider evidence offered for and against the propriety and  
21 advisability of the proposed sale.

22 (4) If in the judgment of the board of commissioners of any  
23 district the sale of any district real property not needed for ((~~public~~  
24 ~~hospital~~)) district purposes would be facilitated and greater value  
25 realized through use of the services of licensed real estate brokers,  
26 a contract for such services may be negotiated and concluded. The fee  
27 or commissions charged for any broker service shall not exceed seven  
28 percent of the resulting sale price for a single parcel. No licensed  
29 real estate broker or professionally designated real estate appraisers  
30 as defined in RCW 74.46.020 or independent expert in valuing health  
31 care property selected by the board to appraise the market value of a  
32 parcel of property to be sold may be a party to any contract with the  
33 ((~~public hospital~~)) district to sell such property for a period of  
34 three years after the appraisal.

35 **Sec. 37.** RCW 70.44.310 and 1982 c 84 s 3 are each amended to read  
36 as follows:

37 The board of commissioners of any ((~~public hospital~~)) district may  
38 lease or rent out real property of the district which the board has

1 determined by resolution presently is not required for ((public  
2 hospital)) district purposes in such manner and upon such terms and  
3 conditions as the board in its discretion finds to be in the best  
4 interest of the district.

5 **Sec. 38.** RCW 70.44.315 and 1997 c 332 s 18 are each amended to  
6 read as follows:

7 (1) When evaluating a potential acquisition, the commissioners  
8 shall determine their compliance with the following requirements:

9 (a) That the acquisition is authorized under chapter 70.44 RCW and  
10 other laws governing ((public-hospital)) districts;

11 (b) That the procedures used in the decision-making process allowed  
12 district officials to thoroughly fulfill their due diligence  
13 responsibilities as municipal officers, including those covered under  
14 chapter 42.23 RCW governing conflicts of interest and chapter 42.20 RCW  
15 prohibiting malfeasance of public officials;

16 (c) That the acquisition will not result in the revocation of  
17 hospital privileges;

18 (d) That sufficient safeguards are included to maintain appropriate  
19 capacity for health science research and health care provider  
20 education;

21 (e) That the acquisition is allowed under Article VIII, section 7  
22 of the state Constitution, which prohibits gifts of public funds or  
23 lending of credit and Article XI, section 14, prohibiting private use  
24 of public funds;

25 (f) That the ((public-hospital)) district will retain control over  
26 district functions as required under chapter 70.44 RCW and other laws  
27 governing ((hospital)) districts;

28 (g) That the activities related to the acquisition process complied  
29 with chapters 42.17 and 42.32 RCW, governing disclosure of public  
30 records, and chapter 42.30 RCW, governing public meetings;

31 (h) That the acquisition complies with the requirements of RCW  
32 70.44.300 relating to fair market value; and

33 (i) Other state laws affecting the proposed acquisition.

34 (2) The commissioners shall also determine whether the ((public  
35 hospital)) district should retain a right of first refusal to  
36 repurchase the assets by the ((public-hospital)) district if the  
37 hospital is subsequently sold to, acquired by, or merged with another  
38 entity.



1 (3)(a) Prior to approving the acquisition of a district hospital,  
2 the board of commissioners of the ((hospital)) district shall obtain a  
3 written opinion from a qualified independent expert or the Washington  
4 state department of health as to whether or not the acquisition meets  
5 the standards set forth in RCW 70.45.080.

6 (b) Upon request, the ((hospital)) district and the person seeking  
7 to acquire its hospital shall provide the department or independent  
8 expert with any needed information and documents. The department shall  
9 charge the ((hospital)) district for any costs the department incurs in  
10 preparing an opinion under this section. The ((hospital)) district may  
11 recover from the acquiring person any costs it incurs in obtaining the  
12 opinion from either the department or the independent expert. The  
13 opinion shall be delivered to the board of commissioners no later than  
14 ninety days after it is requested.

15 (c) Within ten working days after it receives the opinion, the  
16 board of commissioners shall publish notice of the opinion in at least  
17 one newspaper of general circulation within the ((hospital)) district,  
18 stating how a person may obtain a copy, and giving the time and  
19 location of the hearing required under (d) of this subsection. It  
20 shall make a copy of the report and the opinion available to anyone  
21 upon request.

22 (d) Within thirty days after it received the opinion, the board of  
23 commissioners shall hold a public hearing regarding the proposed  
24 acquisition. The board of commissioners may vote to approve the  
25 acquisition no sooner than thirty days following the public hearing.

26 (4)(a) For purposes of this section, "acquisition" means an  
27 acquisition by a person of any interest in a hospital owned by a  
28 ((public hospital)) district, whether by purchase, merger, lease, or  
29 otherwise, that results in a change of ownership or control of twenty  
30 percent or more of the assets of a hospital currently licensed and  
31 operating under RCW 70.41.090. Acquisition does not include an  
32 acquisition where the other party or parties to the acquisition are  
33 nonprofit corporations having a substantially similar charitable health  
34 care purpose, organizations exempt from federal income tax under  
35 section 501(c)(3) of the internal revenue code, or governmental  
36 entities. Acquisition does not include an acquisition where the other  
37 party is an organization that is a limited liability corporation, a  
38 partnership, or any other legal entity and the members, partners, or  
39 otherwise designated controlling parties of the organization are all

1 nonprofit corporations having a charitable health care purpose,  
2 organizations exempt from federal income tax under section 501(c)(3) of  
3 the internal revenue code, or governmental entities. Acquisition does  
4 not include activities between two or more governmental organizations,  
5 including organizations acting pursuant to chapter 39.34 RCW,  
6 regardless of the type of organizational structure used by the  
7 governmental entities.

8 (b) For purposes of this subsection (4), "person" means an  
9 individual, a trust or estate, a partnership, a corporation including  
10 associations, a limited liability company, a joint stock company, or an  
11 insurance company.

12 **Sec. 39.** RCW 70.44.320 and 1982 c 84 s 4 are each amended to read  
13 as follows:

14 The board of commissioners of any (~~public hospital~~) district may  
15 sell or otherwise dispose of surplus personal property of the district  
16 which the board has determined by resolution is no longer required for  
17 (~~public hospital~~) district purposes in such manner and upon such  
18 terms and conditions as the board in its discretion finds to be in the  
19 best interest of the district.

20 **Sec. 40.** RCW 70.44.350 and 1982 c 84 s 5 are each amended to read  
21 as follows:

22 An existing (~~public hospital~~) district upon resolution of its  
23 board of commissioners may be divided into two new (~~public hospital~~)  
24 districts, in the manner provided in RCW 70.44.350 through 70.44.380,  
25 subject to the approval of the plan therefor by the superior court in  
26 the county where such district is located and by a majority of the  
27 voters voting on the proposition for such approval at a special  
28 election to be held in each of the proposed new districts. The board  
29 of commissioners of an existing district shall by resolution or  
30 resolutions find that such division is in the public interest; adopt  
31 and approve a plan of division; authorize the filing of a petition in  
32 the superior court in the county in which the district is located to  
33 obtain court approval of the plan of division; request the calling of  
34 a special election to be held, following such court approval, for the  
35 purpose of submitting to the voters in each of the proposed new  
36 districts the proposition of whether the plan of division should be  
37 approved and carried out; and direct all officers and employees of the

1 existing district to take whatever actions are reasonable and necessary  
2 in order to carry out the division, subject to the approval of the plan  
3 therefor by the court and the voters.

4 **Sec. 41.** RCW 70.44.380 and 1982 c 84 s 8 are each amended to read  
5 as follows:

6 Following the entry of the court order pursuant to RCW 70.44.370,  
7 the county officer authorized to call and conduct elections in the  
8 county in which the existing district is located shall call a special  
9 election as provided by the resolution of the board of commissioners of  
10 such district for the purpose of submitting to the voters in each of  
11 the proposed new districts the proposition of whether the plan of  
12 division should be approved and carried out. Notice of the election  
13 describing the boundaries of the proposed new districts and stating the  
14 objects of the election shall be given and the election conducted in  
15 accordance with the general election laws. The proposition expressed  
16 on the ballots at such election shall be substantially as follows:

17 "Shall the plan of division of public (~~hospital~~) health care  
18 district No. . . . ., approved by the Superior Court on  
19 . . . . . (insert date), be approved and carried out?

20 Yes l No l "

21 At such election three commissioners for each of the proposed new  
22 districts nominated by petition pursuant to RCW 54.12.010 shall be  
23 elected to hold office pursuant to RCW 70.44.040. If at such election  
24 a majority of the voters voting on the proposition in each of the  
25 proposed new districts shall vote in favor of the plan of division, the  
26 county canvassing board shall so declare in its canvass of the returns  
27 of such election and upon the filing of the certificate of such  
28 canvass: The division of the existing district shall be effective;  
29 such original district shall cease to exist; the creation of the two  
30 new public (~~hospital~~) health care districts shall be complete; all  
31 assets of the original district shall vest in and become the property  
32 of the new districts, respectively, pursuant to the plan of division;  
33 all the outstanding obligations of the original district shall be  
34 assumed by the new districts, respectively, pursuant to such plan; the  
35 commissioners of the original district shall cease to hold office; and  
36 the affairs of the new districts shall be governed by the newly elected  
37 commissioners of such respective new districts. Unless commenced

1 within thirty days after the date of the filing of the certificate of  
2 the canvass of such election, no lawsuit whatever may be maintained  
3 challenging in any way the legal existence of the resulting new  
4 districts, the validity of the proceedings had for the organization and  
5 creation thereof, or the lawfulness of the plan of division. Upon the  
6 petition of either or both new districts, the superior court in the  
7 county where they are located may take whatever actions are reasonable  
8 and necessary to complete or confirm the carrying out of such plan.

9       **Sec. 42.** RCW 70.44.400 and 1999 c 153 s 65 are each amended to  
10 read as follows:

11       Territory within a (~~public hospital~~) district may be withdrawn  
12 therefrom in the same manner provided by law for withdrawal of  
13 territory from water-sewer districts, as provided by chapter 57.28 RCW.  
14 For purposes of conforming with such procedure, the (~~public hospital~~)  
15 district shall be deemed to be the water-sewer district and the  
16 (~~public hospital~~) board of commissioners shall be deemed to be the  
17 water-sewer district board of commissioners.

18       **Sec. 43.** RCW 70.44.450 and 1992 c 161 s 3 are each amended to read  
19 as follows:

20       In addition to other powers granted to (~~public hospital~~)  
21 districts by chapter 39.34 RCW, rural (~~public hospital~~) districts may  
22 enter into cooperative agreements and contracts with other rural  
23 (~~public hospital~~) districts in order to provide for the health care  
24 needs of the people served by the (~~hospital~~) districts. These  
25 agreements and contracts are specifically authorized to include:

26       (1) Allocation of health care services among the different  
27 facilities owned and operated by the districts;

28       (2) Combined purchases and allocations of medical equipment and  
29 technologies;

30       (3) Joint agreements and contracts for health care service delivery  
31 and payment with public and private entities; and

32       (4) Other cooperative arrangements consistent with the intent of  
33 chapter 161, Laws of 1992. The provisions of chapter 39.34 RCW shall  
34 apply to the development and implementation of the cooperative  
35 contracts and agreements.

1       **Sec. 44.** RCW 70.44.460 and 1992 c 161 s 2 are each amended to read  
2 as follows:

3       Unless the context clearly requires otherwise, the definition in  
4 this section applies throughout RCW 70.44.450.

5       "Rural (~~(public hospital)~~) district" means a (~~(public hospital)~~)  
6 district authorized under chapter 70.44 RCW whose geographic boundaries  
7 do not include a city with a population greater than thirty thousand.

8       **Sec. 45.** RCW 84.52.010 and 1995 2nd sp.s. c 13 s 4 are each  
9 amended to read as follows:

10       Except as is permitted under RCW 84.55.050, all taxes shall be  
11 levied or voted in specific amounts.

12       The rate percent of all taxes for state and county purposes, and  
13 purposes of taxing districts coextensive with the county, shall be  
14 determined, calculated and fixed by the county assessors of the  
15 respective counties, within the limitations provided by law, upon the  
16 assessed valuation of the property of the county, as shown by the  
17 completed tax rolls of the county, and the rate percent of all taxes  
18 levied for purposes of taxing districts within any county shall be  
19 determined, calculated and fixed by the county assessors of the  
20 respective counties, within the limitations provided by law, upon the  
21 assessed valuation of the property of the taxing districts  
22 respectively.

23       When a county assessor finds that the aggregate rate of tax levy on  
24 any property, that is subject to the limitations set forth in RCW  
25 84.52.043 or 84.52.050, exceeds the limitations provided in either of  
26 these sections, the assessor shall recompute and establish a  
27 consolidated levy in the following manner:

28       (1) The full certified rates of tax levy for state, county, county  
29 road district, and city or town purposes shall be extended on the tax  
30 rolls in amounts not exceeding the limitations established by law;  
31 however any state levy shall take precedence over all other levies and  
32 shall not be reduced for any purpose other than that required by RCW  
33 84.55.010. If, as a result of the levies imposed under RCW 84.52.069,  
34 84.34.230, the portion of the levy by a metropolitan park district that  
35 was protected under RCW 84.52.120, and 84.52.105, the combined rate of  
36 regular property tax levies that are subject to the one percent  
37 limitation exceeds one percent of the true and fair value of any  
38 property, then these levies shall be reduced as follows: (a) The

1 portion of the levy by a metropolitan park district that is protected  
2 under RCW 84.52.120 shall be reduced until the combined rate no longer  
3 exceeds one percent of the true and fair value of any property or shall  
4 be eliminated; (b) if the combined rate of regular property tax levies  
5 that are subject to the one percent limitation still exceeds one  
6 percent of the true and fair value of any property, then the levies  
7 imposed under RCW 84.34.230, 84.52.105, and any portion of the levy  
8 imposed under RCW 84.52.069 that is in excess of thirty cents per  
9 thousand dollars of assessed value, shall be reduced on a pro rata  
10 basis until the combined rate no longer exceeds one percent of the true  
11 and fair value of any property or shall be eliminated; and (c) if the  
12 combined rate of regular property tax levies that are subject to the  
13 one percent limitation still exceeds one percent of the true and fair  
14 value of any property, then the thirty cents per thousand dollars of  
15 assessed value of tax levy imposed under RCW 84.52.069 shall be reduced  
16 until the combined rate no longer exceeds one percent of the true and  
17 fair value of any property or eliminated.

18 (2) The certified rates of tax levy subject to these limitations by  
19 all junior taxing districts imposing taxes on such property shall be  
20 reduced or eliminated as follows to bring the consolidated levy of  
21 taxes on such property within the provisions of these limitations:

22 (a) First, the certified property tax levy rates of those junior  
23 taxing districts authorized under RCW 36.68.525, 36.69.145, and  
24 67.38.130 shall be reduced on a pro rata basis or eliminated;

25 (b) Second, if the consolidated tax levy rate still exceeds these  
26 limitations, the certified property tax levy rates of flood control  
27 zone districts shall be reduced on a pro rata basis or eliminated;

28 (c) Third, if the consolidated tax levy rate still exceeds these  
29 limitations, the certified property tax levy rates of all other junior  
30 taxing districts, other than fire protection districts, library  
31 districts, the first fifty cent per thousand dollars of assessed  
32 valuation levies for metropolitan park districts, and the first fifty  
33 cent per thousand dollars of assessed valuation levies for public  
34 (~~hospital~~) health care districts, shall be reduced on a pro rata  
35 basis or eliminated;

36 (d) Fourth, if the consolidated tax levy rate still exceeds these  
37 limitations, the certified property tax levy rates authorized to fire  
38 protection districts under RCW 52.16.140 and 52.16.160 shall be reduced  
39 on a pro rata basis or eliminated; and

1 (e) Fifth, if the consolidated tax levy rate still exceeds these  
2 limitations, the certified property tax levy rates authorized for fire  
3 protection districts under RCW 52.16.130, library districts,  
4 metropolitan park districts under their first fifty cent per thousand  
5 dollars of assessed valuation levy, and public (~~hospital~~) health care  
6 districts under their first fifty cent per thousand dollars of assessed  
7 valuation levy, shall be reduced on a pro rata basis or eliminated.

8 In determining whether the aggregate rate of tax levy on any  
9 property, that is subject to the limitations set forth in RCW  
10 84.52.050, exceeds the limitations provided in that section, the  
11 assessor shall use the hypothetical state levy, as apportioned to the  
12 county under RCW 84.48.080, that was computed under RCW 84.48.080  
13 without regard to the reduction under RCW 84.55.012.

14 **Sec. 46.** RCW 84.52.052 and 1996 c 230 s 1615 are each amended to  
15 read as follows:

16 The limitations imposed by RCW 84.52.050 through 84.52.056, and RCW  
17 84.52.043 shall not prevent the levy of additional taxes by any taxing  
18 district except school districts in which a larger levy is necessary in  
19 order to prevent the impairment of the obligation of contracts. As  
20 used in this section, the term "taxing district" means any county,  
21 metropolitan park district, park and recreation service area, park and  
22 recreation district, water-sewer district, solid waste disposal  
23 district, public facilities district, flood control zone district,  
24 county rail district, service district, public (~~hospital~~) health care  
25 district, road district, rural county library district, island library  
26 district, rural partial-county library district, intercounty rural  
27 library district, fire protection district, cemetery district, city,  
28 town, transportation benefit district, emergency medical service  
29 district with a population density of less than one thousand per square  
30 mile, or cultural arts, stadium, and convention district.

31 Any such taxing district may levy taxes at a rate in excess of the  
32 rate specified in RCW 84.52.050 through 84.52.056 and 84.52.043, or  
33 84.55.010 through 84.55.050, when authorized so to do by the voters of  
34 such taxing district in the manner set forth in Article VII, section  
35 2(a) of the Constitution of this state at a special or general election  
36 to be held in the year in which the levy is made.

37 A special election may be called and the time therefor fixed by the  
38 county legislative authority, or council, board of commissioners, or

1 other governing body of any such taxing district, by giving notice  
2 thereof by publication in the manner provided by law for giving notices  
3 of general elections, at which special election the proposition  
4 authorizing such excess levy shall be submitted in such form as to  
5 enable the voters favoring the proposition to vote "yes" and those  
6 opposed thereto to vote "no."

7 **Sec. 47.** RCW 84.52.069 and 1999 c 224 s 1 are each amended to read  
8 as follows:

9 (1) As used in this section, "taxing district" means a county,  
10 emergency medical service district, city or town, public ((~~hospital~~))  
11 health care district, urban emergency medical service district, or fire  
12 protection district.

13 (2) A taxing district may impose additional regular property tax  
14 levies in an amount equal to fifty cents or less per thousand dollars  
15 of the assessed value of property in the taxing district. The tax  
16 shall be imposed (a) each year for six consecutive years, (b) each year  
17 for ten consecutive years, or (c) permanently. A tax levy under this  
18 section must be specifically authorized by a majority of at least  
19 three-fifths of the registered voters thereof approving a proposition  
20 authorizing the levies submitted at a general or special election, at  
21 which election the number of persons voting "yes" on the proposition  
22 shall constitute three-fifths of a number equal to forty percent of the  
23 total number of voters voting in such taxing district at the last  
24 preceding general election when the number of registered voters voting  
25 on the proposition does not exceed forty percent of the total number of  
26 voters voting in such taxing district in the last preceding general  
27 election; or by a majority of at least three-fifths of the registered  
28 voters thereof voting on the proposition when the number of registered  
29 voters voting on the proposition exceeds forty percent of the total  
30 number of voters voting in such taxing district in the last preceding  
31 general election. Ballot propositions shall conform with RCW  
32 29.30.111. A taxing district shall not submit to the voters at the  
33 same election multiple propositions to impose a levy under this  
34 section.

35 (3) A taxing district imposing a permanent levy under this section  
36 shall provide for separate accounting of expenditures of the revenues  
37 generated by the levy. The taxing district shall maintain a statement



1 of the accounting which shall be updated at least every two years and  
2 shall be available to the public upon request at no charge.

3 (4) A taxing district imposing a permanent levy under this section  
4 shall provide for a referendum procedure to apply to the ordinance or  
5 resolution imposing the tax. This referendum procedure shall specify  
6 that a referendum petition may be filed at any time with a filing  
7 officer, as identified in the ordinance or resolution. Within ten  
8 days, the filing officer shall confer with the petitioner concerning  
9 form and style of the petition, issue the petition an identification  
10 number, and secure an accurate, concise, and positive ballot title from  
11 the designated local official. The petitioner shall have thirty days  
12 in which to secure the signatures of not less than fifteen percent of  
13 the registered voters of the taxing district, as of the last general  
14 election, upon petition forms which contain the ballot title and the  
15 full text of the measure to be referred. The filing officer shall  
16 verify the sufficiency of the signatures on the petition and, if  
17 sufficient valid signatures are properly submitted, shall certify the  
18 referendum measure to the next election within the taxing district if  
19 one is to be held within one hundred eighty days from the date of  
20 filing of the referendum petition, or at a special election to be  
21 called for that purpose in accordance with RCW 29.13.020.

22 The referendum procedure provided in this subsection shall be  
23 exclusive in all instances for any taxing district imposing the tax  
24 under this section and shall supersede the procedures provided under  
25 all other statutory or charter provisions for initiative or referendum  
26 which might otherwise apply.

27 (5) Any tax imposed under this section shall be used only for the  
28 provision of emergency medical care or emergency medical services,  
29 including related personnel costs, training for such personnel, and  
30 related equipment, supplies, vehicles and structures needed for the  
31 provision of emergency medical care or emergency medical services.

32 (6) If a county levies a tax under this section, no taxing district  
33 within the county may levy a tax under this section. No other taxing  
34 district may levy a tax under this section if another taxing district  
35 has levied a tax under this section within its boundaries: PROVIDED,  
36 That if a county levies less than fifty cents per thousand dollars of  
37 the assessed value of property, then any other taxing district may levy  
38 a tax under this section equal to the difference between the rate of  
39 the levy by the county and fifty cents: PROVIDED FURTHER, That if a

1 taxing district within a county levies this tax, and the voters of the  
2 county subsequently approve a levying of this tax, then the amount of  
3 the taxing district levy within the county shall be reduced, when the  
4 combined levies exceed fifty cents. Whenever a tax is levied county-  
5 wide, the service shall, insofar as is feasible, be provided throughout  
6 the county: PROVIDED FURTHER, That no county-wide levy proposal may be  
7 placed on the ballot without the approval of the legislative authority  
8 of each city exceeding fifty thousand population within the county:  
9 AND PROVIDED FURTHER, That this section and RCW 36.32.480 shall not  
10 prohibit any city or town from levying an annual excess levy to fund  
11 emergency medical services: AND PROVIDED, FURTHER, That if a county  
12 proposes to impose tax levies under this section, no other ballot  
13 proposition authorizing tax levies under this section by another taxing  
14 district in the county may be placed before the voters at the same  
15 election at which the county ballot proposition is placed: AND  
16 PROVIDED FURTHER, That any taxing district emergency medical service  
17 levy that is limited in duration and that is authorized subsequent to  
18 a county emergency medical service levy that is limited in duration,  
19 shall expire concurrently with the county emergency medical service  
20 levy.

21 (7) The limitations in RCW 84.52.043 shall not apply to the tax  
22 levy authorized in this section.

23 (8) If a ballot proposition approved under subsection (2) of this  
24 section did not impose the maximum allowable levy amount authorized for  
25 the taxing district under this section, any future increase up to the  
26 maximum allowable levy amount must be specifically authorized by the  
27 voters in accordance with subsection (2) of this section at a general  
28 or special election.

29 (9) The limitation in RCW 84.55.010 shall not apply to the first  
30 levy imposed pursuant to this section following the approval of such  
31 levy by the voters pursuant to subsection (2) of this section.

32 **Sec. 48.** RCW 39.36.020 and 2000 c 156 s 1 are each amended to read  
33 as follows:

34 (1) Except as otherwise expressly provided by law or in subsections  
35 (2), (3) and (4) of this section, no taxing district shall for any  
36 purpose become indebted in any manner to an amount exceeding  
37 three-eighths of one percent of the value of the taxable property in  
38 such taxing district without the assent of three-fifths of the voters

1 therein voting at an election to be held for that purpose, nor in cases  
2 requiring such assent shall the total indebtedness incurred at any time  
3 exceed one and one-fourth percent on the value of the taxable property  
4 therein.

5 (2)(a)(i) Public (~~(hospital)~~) health care districts are limited to  
6 an indebtedness amount not exceeding three-fourths of one percent of  
7 the value of the taxable property in such public hospital and health  
8 insurance districts without the assent of three-fifths of the voters  
9 therein voting at an election held for that purpose.

10 (ii) Counties, cities, and towns are limited to an indebtedness  
11 amount not exceeding one and one-half percent of the value of the  
12 taxable property in such counties, cities, or towns without the assent  
13 of three-fifths of the voters therein voting at an election held for  
14 that purpose.

15 (b) In cases requiring such assent counties, cities, towns, and  
16 public (~~(hospital)~~) health care districts are limited to a total  
17 indebtedness of two and one-half percent of the value of the taxable  
18 property therein. However, any county that has assumed the rights,  
19 powers, functions, and obligations of a metropolitan municipal  
20 corporation under chapter 36.56 RCW may become indebted to a larger  
21 amount for its authorized metropolitan functions, as provided under  
22 chapter 35.58 RCW, but not exceeding an additional three-fourths of one  
23 percent of the value of the taxable property in the county without the  
24 assent of three-fifths of the voters therein voting at an election held  
25 for that purpose, and in cases requiring such assent not exceeding an  
26 additional two and one-half percent of the value of the taxable  
27 property in the county.

28 (3) School districts are limited to an indebtedness amount not  
29 exceeding three-eighths of one percent of the value of the taxable  
30 property in such district without the assent of three-fifths of the  
31 voters therein voting at an election held for that purpose. In cases  
32 requiring such assent school districts are limited to a total  
33 indebtedness of two and one-half percent of the value of the taxable  
34 property therein.

35 (4) No part of the indebtedness allowed in this chapter shall be  
36 incurred for any purpose other than strictly county, city, town, school  
37 district, township, port district, metropolitan park district, or other  
38 municipal purposes: PROVIDED, That a city or town, with such assent,  
39 may become indebted to a larger amount, but not exceeding two and one-

1 half percent additional, determined as herein provided, for supplying  
2 such city or town with water, artificial light, and sewers, when the  
3 works for supplying such water, light, and sewers shall be owned and  
4 controlled by the city or town; and a city or town, with such assent,  
5 may become indebted to a larger amount, but not exceeding two and one-  
6 half percent additional for acquiring or developing open space, park  
7 facilities, and capital facilities associated with economic  
8 development: PROVIDED FURTHER, That any school district may become  
9 indebted to a larger amount but not exceeding two and one-half percent  
10 additional for capital outlays.

11 (5) Such indebtedness may be authorized in any total amount in one  
12 or more propositions and the amount of such authorization may exceed  
13 the amount of indebtedness which could then lawfully be incurred. Such  
14 indebtedness may be incurred in one or more series of bonds from time  
15 to time out of such authorization but at no time shall the total  
16 general indebtedness of any taxing district exceed the above  
17 limitation.

18 The term "value of the taxable property" as used in this section  
19 shall have the meaning set forth in RCW 39.36.015.

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