

# HOUSE BILL REPORT

## SHB 1596

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### As Passed Legislature

**Title:** An act relating to requirements that cities and towns with ambulance utilities allocate funds toward the total cost necessary to regulate, operate, and maintain the ambulance utility.

**Brief Description:** Concerning requirements that cities and towns with ambulance utilities allocate funds toward the total cost necessary to regulate, operate, and maintain the ambulance utility.

**Sponsors:** House Committee on Local Government (originally sponsored by Representatives Tharinger, Nealey, Haler, Takko, Walsh and Fitzgibbon).

#### **Brief History:**

##### **Committee Activity:**

Local Government: 2/4/11, 2/15/11 [DPS].

##### **Floor Activity:**

Passed House: 2/26/11, 63-33.

Passed Senate: 4/7/11, 45-3.

Passed Legislature.

#### **Brief Summary of Substitute Bill**

- Authorizes a city, after January 1, 2012, to reduce its allocation of general fund revenues to its ambulance service utility below levels currently required by statute.
- Requires a city's legislative authority to hold a public hearing, preceded by at least 30 days' public notice, to allow for public comment and to make specified disclosures before reducing the general fund allocation, to its ambulance service utility.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Takko, Chair; Tharinger, Vice Chair; Fitzgibbon, Rodne, Springer and Upthegrove.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Minority Report:** Do not pass. Signed by 3 members: Representatives Angel, Ranking Minority Member; Asay, Assistant Ranking Minority Member; Smith.

**Staff:** Heather Emery (786-7136).

**Background:**

The legislative authority of a city or town (city) may establish an ambulance service utility under limited circumstances. If a private licensed ambulance service exists in the city, the legislative authority may establish an ambulance utility only after first determining that the existing private ambulance service does not adequately serve the city or a substantial portion of the city. The city must then allow the existing private ambulance service at least 60 days to meet generally accepted medical standards and reasonable levels of service. If the existing private ambulance service fails to meet this standard within the required timeframe, the city may either issue a call for bids or establish an ambulance service utility.

A city that establishes an ambulance service utility is authorized to set and collect rates and charges in an amount sufficient to regulate, operate, and maintain the utility. Before establishing rates and charges, the legislative authority must complete a cost of service study and identify the portion of the total costs that are attributable to availability of ambulance service and those that are attributable to the demand for ambulance service. Availability costs relate to the costs of basic infrastructure needed to respond to calls for service. Demand costs relate to the burden placed on the ambulance service by individual calls for ambulance service.

The fee charged by the utility must reflect a combination of the availability cost and the demand cost, and they must reflect exemptions for persons who are Medicaid-eligible and who reside in a nursing facility, boarding home, adult family home, or receive in-home services.

Additionally, a city operating the ambulance service utility is obligated to support the utility with a substantial contribution of emergency medical services (EMS) levy funds and general fund revenues. The EMS levy funds must be applied to an ambulance service utility in an amount proportionate to the percentage of ambulance service costs to the total combined operating costs for EMS and ambulance services. General fund revenues must be applied as follows:

- A city that operated an ambulance service prior to May 5, 2004, must maintain at least 70 percent of its prior local general fund support for ambulance service.
- A city that operated an ambulance service before May 6, 2004, and that co-mingled general fund dollars and ambulance fund dollars may reasonably estimate the portion of general fund dollars applied toward the operation of the service. It must continue to apply at least 70 percent of that estimated amount toward the support of the ambulance utility.
- A city that established an ambulance utility after May 6, 2004, must allocate, from its general fund or emergency service levy funds or a combination of both, an amount equal to at least 70 percent of the total costs necessary to regulate, operate, and

maintain the ambulance service as of May 5, 2004, or the date the utility is established.

Revenue generated by the utility must be deposited in a separate fund or funds to be used only for regulating, operating, and maintaining the utility. Total revenue generated by the utility must not exceed the total costs necessary for regulating, operating, and maintaining the utility service.

**Summary of Substitute Bill:**

After January 1, 2012, the legislative authority of a city or town that operates an ambulance service utility may reduce its allocation of general fund revenues to the utility below the level required by existing law.

However, before reducing its general fund allocation, the city's legislative body must hold a public hearing, preceded by at least 30 days' notice provided with ratepayers' utility bills. At the public hearing, the legislative body must allow for public comment and present the utility's most recent cost of service study, a summary of the utility's current revenue sources, a proposed budget reflecting the reduced allocation of general fund revenues, any proposed change to utility rates, and any anticipated impact on the ambulance service utility's level of service.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This legislation, which would only affect 11 cities statewide, would allow cities that operate ambulance service utilities an option. It is designed to give cities more flexibility to manage their budgets and to decide whether property tax or excise tax revenues, or increased utility rates, are better fund sources to support the utility. Cities need the flexibility to apply general fund revenues to other areas of municipal need.

(Opposed) None.

**Persons Testifying:** Representative Tharinger, prime sponsor; Representative Nealey; Briahna Taylor and Gary Crutchfield, City of Pasco; and Ashley Probart, Association of Washington Cities.

**Persons Signed In To Testify But Not Testifying:** None.