

SENATE BILL REPORT

SB 5000

As Reported by Senate Committee On:
Government Operations & Security, February 3, 2015
Ways & Means, February 26, 2015

Note: Senate Resolution 8609 adopted January 27, 2015, renamed the Committee on Government Operations & State Security to Committee on Government Operations & Security

Title: An act relating to allowing rural counties providing emergency medical services to locations with a rural amphitheater to impose an additional admissions surcharge.

Brief Description: Allowing rural counties providing emergency medical services to locations with a rural amphitheater to impose an additional admissions surcharge.

Sponsors: Senators Parlette, Warnick, King, Honeyford and Chase.

Brief History:

Committee Activity: Government Operations & Security (Note: Senate Resolution 8609 adopted January 27, 2015, renamed the Committee on Government Operations & State Security to Committee on Government Operations & Security): 1/19/15, 2/03/15 [DP-WM, DNP].

Ways & Means: 2/16/15, 2/26/15 [DPS, DNP, w/oRec].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

Majority Report: Do pass and be referred to Committee on Ways & Means.
Signed by Senators Roach, Chair; Benton, Vice Chair; Pearson, Vice Chair; Habib.

Minority Report: Do not pass.
Signed by Senators Liias, Ranking Minority Member; Dansel and McCoy.

Staff: Karen Epps (786-7424)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5000 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hill, Chair; Hargrove, Ranking Member; Ranker, Ranking Minority Member, Operating; Bailey, Becker, Brown, Conway, Fraser, Hewitt, O'Ban, Padden, Parlette, Rolfes, Schoesler and Warnick.

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 Senators Keiser, Assistant Ranking Member on the Capital Budget; Hasegawa.

Minority Report: That it be referred without recommendation.

Signed by Senators Braun, Vice Chair; Dammeier, Vice Chair; Honeyford, Vice Chair, Capital Budget Chair; Billig, Hatfield and Kohl-Welles.

Staff: Juliana Roe (786-7438)

Background: County Admissions Tax. Counties, with certain exceptions, are authorized to levy a tax for county purposes on persons who pay an admission charge to any place or event. The tax, which must be enacted by an adopted ordinance of the county legislative authority, may not exceed 5 percent of the admission price, and may be applied to the amounts paid for specific items or actions, including:

- season tickets or subscriptions;
- cover charges or charges made for the use of seats and tables and similar accommodations;
- food and refreshments in any place where free entertainment, recreation, or amusement is provided;
- renting or using recreational equipment or facilities for the purpose of recreation or amusement; and
- parking charges when the amount charged is determined by the number of passengers in the automobile.

The tax is collected by the person or entity making the admission charge, and collected taxes must be remitted to the county treasurer.

Public Hospital Districts and Fire Protection Districts. Public hospital districts (hospital districts) are authorized to own and operate hospitals and other health care facilities, and to provide hospital and other health care services to district residents and other persons. Hospital districts, which are governed by elected commissioners, are authorized to levy property taxes on taxable property within the district.

Fire protection districts (fire districts) are created to provide fire and emergency services to protect life and property in locations outside of cities and towns. Fire districts, which are governed by a board of three or five elected commissioners, may impose property taxes, benefit charges, or both. Imposed benefit charges are on personal property and improvements to real property within the fire district.

Attorney General. The Office of the Attorney General is the chief legal office for the state of Washington.

Among other obligations established in statute, the Attorney General must:

- appear for and represent the state before the Supreme Court or the Court of Appeals in all cases in which the state is interested;
- institute and prosecute all actions and proceedings for or for the use of the state, which may be necessary in the execution of the duties of any state officer; and

- defend all actions and proceedings against any state officer or employee acting in their official capacity, in any of the courts of this state or the United States.

The Attorney General is not authorized to represent counties or other units of local government. County prosecuting attorneys are obligated by statute to appear for and represent the county in criminal and civil proceedings in which the county is a party.

Summary of Bill (Recommended Substitute): The legislative authority of a rural county with fewer than 115,000 people containing an amphitheater accommodating more than 10,000 people is allowed to levy an emergency medical services surcharge of up to \$1 per person admitted to the amphitheater. The county may reimburse up to 5 percent of the collected surcharge to cover the cost of collecting the fee. The county legislative authority must determine how to distribute the proceeds from the surcharge to (1) a hospital district administering medical services to the rural amphitheater, and (2) to a fire protection district servicing the amphitheater. The Attorney General is directed to appear for and represent any county levying the surcharge in legal actions that arise from its imposition, at no cost to the county. The authority to levy a surcharge expires July 1, 2025.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Substitute): The designated percentage distributions of the proceeds from the surcharge are removed. The county legislative authority must determine how to distribute the proceeds from the surcharge to (1) a hospital district that provides services to the rural amphitheater, and (2) a fire protection district that provides services to the rural amphitheater. The authority to levy a surcharge expires July 1, 2025.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (Government Operations & Security): PRO: Rural hospitals have a difficult time with finances and the bill helps rural hospitals that are significantly impacted by events at the Gorge Amphitheater cover additional burdens placed on the rural hospital serving the Gorge. This bill is a narrow bill and is voluntary. The county commission in Grant County may choose to require the surcharge, but it not directed to do so. The Quincy Valley Medical Center disputes that there has been any audit finding fiscal mismanagement of the hospital district. Concerts at the Gorge Amphitheater place a strain on the hospital's services and facilities. The medical center is obligated to treat everyone, including all Gorge concert-goers. The Quincy Valley Medical Center treats ten patients per day on average, but has to gear up to serve events at the Gorge. Between 2007 and 2013, the Department of Health has been encouraging the Gorge to become compliant with various health and safety regulations, which they are still working to resolve. On concert weekends, the size of the emergency room facilities at Quincy Valley Medical Center must be temporarily tripled. Thirty-four percent of patients that tested positive for drugs and alcohol after Gorge concerts were under the age legal

consumption age. Rural fire districts have a difficult time getting their regular and volunteer firefighters to respond at the Gorge as they have experienced incidents in the past such as assault. This bill will allow the rural fire district serving the amphitheater to devote more resources and staff to adequately cover events. The Grant County Commission has not devoted any of the approximately \$1.2 million annually collected from ticket sales to either the fire district or hospital district to reimburse costs from serving the amphitheater. The hospital ran an operations levy last year that failed, exacerbating the hospital's financial situation. The hospital has incurred over \$600,000 in debt from serving patients from the amphitheater. LiveNation and the amphitheater remit a large amount of sales taxes to the county annually, but the local hospital and fire districts depend primarily on property tax collections.

CON: The operator of the Gorge Amphitheater, LiveNation, contends that this is a new \$1 ticket tax on the customers of the amphitheater. Since this is a new tax, it would require a two-thirds vote under current Senate rules. The cost of running rural amphitheaters is high, and the additional surcharge imposes more of a burden. The State Auditor's Office has reported that Quincy Valley Medical Center's fiscal difficulties stem from their management of funds, not from the burden imposed by serving the amphitheater. Average attendance at the Gorge is 20,000 and the amphitheater hosts around 20 engagements per year. The number of incidents at each show varies widely by show; in 2013 approximately 334 people attending events at the Gorge received medical service. Between 2013 and 2014, Gorge staff has been able to cut the rate of people receiving local medical service in half. The Gorge Amphitheater is already committed to working with Quincy Valley Medical Center, the Grant County Commission, and other local authorities to solve the problem locally. In 2013, 70 percent of concert-goers who received medical care ultimately paid their bills, a higher rate than the general population admitted to the same hospital. The Grant County Commission has already indicated they will not vote to impose the surcharge.

OTHER: The fair in Okanogan County voluntarily makes a sizable donation each year to the local hospital and fire districts, and pays any unpaid medical bills at the local hospital that serves the fair.

Persons Testifying (Government Operations & Security): PRO: Senator Parlette, prime sponsor; Mehdi Merred, Alicia Shields, Quincy Valley Medical Center; Don Fortier, Grant County Fire District 3 Chief; Scott Cave, City of Quincy; Pat Boss, Port of Quincy.

CON: Danny Wilde, Chris Marr, LiveNation.

OTHER: Michael Mazzetti, Okanogan County Fair.

Staff Summary of Public Testimony on Original Bill (Ways & Means): PRO: This bill provides Grant County with a purely voluntary opportunity to increase revenue for the county. This could result in a great public relations opportunity for Live Nation if it were to support the bill.

On a normal day, Quincy Valley Medical Center (QVMC) sees about 25 patients. It has a three-bed emergency room. On a concert weekend, those three beds become nine with additional observation beds. QVMC must increase personnel or staffing on concert days by

almost five fold. Acuity also goes up on concert days. Patients with high alcohol contents might be combative taking up a greater number of staff attention. Patients may also need intubation or sedation which require one-on-one care. And, as is often the case, there are underage persons under the influence of alcohol and/or drugs which causes further issues. And, in the concert off season, staff must continue to educate themselves on new drugs and other items that might appear at the Gorge during the upcoming concert season. The burden on QVMC is a burden on local taxpayers. This bill would alleviate some of that burden.

In 2013 QVMC incurred a \$380,000 impact for bills not paid by concert goers. In 2014 that number decreased to \$180,000. The hospital district is already struggling financially. These bad debts are incurred by QVMC throughout the concert season. There should be no financial impact on Live Nation and this should be an easy pass through bill.

The emergency medical district services about 16,000 people in the county. The Gorge is permitted for about 34,000 people which doubles the population of the area during concerts. During concert season, we rely heavily on volunteer firefighters because of the increase of issues, injuries, and car accidents that occur during this time period. Many incidents occur at night and people are combative. It is difficult to find volunteers who will work concerts at the Gorge because people don't want to put up with these issues, especially when they have to get up and go to their real jobs in the morning. We have attempted to ameliorate these issues via negotiations to no avail. Our resources are just stretched too thin.

CON: The Gorge amphitheater generates about \$56 million in local economic activity and \$4.6 million in state and local taxes in Grant County. This is a tax being imposed on one business. The Gorge concertgoers already pay a tax on their tickets. According to QVMC's data, about 5 percent of the hospital's admissions are from the Gorge. The other 95 percent comes from other businesses in the surrounding community. In 2014 the Gorge reduced hospital admissions by 46 percent. The Gorge now has more onsite facilities to deal with minor health issues that arise. For many hospitals, including QVMC, bad debt has decreased, and will continue to decrease, due to coverage under the Affordable Care Act.

Persons Testifying (Ways & Means): PRO: Senator Parlette, prime sponsor; Mehdi Merred, QVMC; Alicia Shields, QVMC, Chief Nursing Officer; Don Fortier, Grant County Fire District 3; Patrick Boss, Port of Quincy.

CON: Chris Marr, Live Nation NW.