

# SENATE BILL REPORT

## SB 6425

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As Reported by Senate Committee On:  
Governmental Operations, February 3, 2014

**Title:** An act relating to joint venture agreements involving public hospital districts.

**Brief Description:** Providing direction to public hospital districts regarding limits on delegation of authority pursuant to joint venture agreements.

**Sponsors:** Senators Hasegawa, Roach, Keiser, McCoy, Eide, Kline and Chase.

**Brief History:**

**Committee Activity:** Governmental Operations: 2/03/14 [DP].

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### SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

**Majority Report:** Do pass.

Signed by Senators Roach, Chair; Hasegawa, Ranking Member; Dandel and McCoy.

**Staff:** Sam Thompson (786-7413)

**Background:** Public hospital districts (districts) are local government entities that may be created to provide health care facilities and services. Voters must approve a local ballot proposition to create a district. Since 1945 when they were authorized in state law, more than 50 districts have been created in Washington. Many provide facilities and services in rural areas.

Districts are governed by three, five, or seven-member boards of elected commissioners. Districts have statutory authority commonly granted to local government entities, including authority to acquire property by eminent domain, issue bonds, levy a property tax, adopt a budget, and employ and manage personnel.

Districts have statutory authority to contract with other parties, both public and private, to provide facilities and services. Several districts have entered into joint venture agreements pursuant to that authority.

**Summary of Bill:** A public hospital district may not, pursuant to contract, delegate its statutory authority to:

- exercise the right of eminent domain;

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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.*

- contract indebtedness or borrow money;
- raise revenue by levying a property tax;
- adopt a budget;
- make or amend a management agreement;
- sue and be sued in any court of competent jurisdiction;
- employ or discharge a superintendent, attorney, or other management employee;
- annex or withdraw territory; or
- oversee acquisition of any interest in a hospital owned by the public hospital district.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** CON: This bill creates confusion by reiterating district authority, including authority that clearly cannot be delegated under current law. It creates uncertainty regarding a board's authority to delegate duties to employees. It unduly restricts agreements that may be in the public interest.

**Persons Testifying:** CON: James Fitzgerald, King County Public Hospital District No. 2, EvergreenHealth.