

# HOUSE BILL REPORT

## SB 5354

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**As Reported by House Committee On:**  
Local Government & Housing  
Finance

**Title:** An act relating to public hospital capital facility areas.

**Brief Description:** Regarding public hospital capital facility areas.

**Sponsors:** Senators Haugen and Ranker.

**Brief History:**

**Committee Activity:**

Local Government & Housing: 3/19/09, 3/26/09 [DPA];

Finance: 4/2/09, 4/3/09 [DPA(LGH)].

**Brief Summary of Bill  
(As Amended by House)**

- Establishes a mechanism for forming voter-approved public hospital capital facility areas (hospital facility areas) for financing public hospital capital facilities and other capital health care facilities.
- Defines "hospital capital facilities" and "other capital health care facilities."
- Specifies governance provisions and powers for hospital facility areas, including authorization to incur indebtedness, issue bonds, and levy property taxes.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT & HOUSING

**Majority Report:** Do pass as amended. Signed by 11 members: Representatives Simpson, Chair; Nelson, Vice Chair; Angel, Ranking Minority Member; Cox, Assistant Ranking Minority Member; Hinkle, Miloscia, Short, Springer, Upthegrove, White and Williams.

**Staff:** Ethan Moreno (786-7386)

**Background:**

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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.*

Public hospital districts (hospital districts) are authorized to operate hospitals and other health care facilities and to provide other hospital and health care services to hospital district residents and other persons. These health care services may include nursing homes, extended care, long-term care, outpatient and rehabilitation facilities, and ambulance services. Hospital districts are governed by elected commissioners who serve six-year terms.

Hospital districts may include territory in more than one county, and territory may be annexed to or withdrawn from districts if applicable requirements are met. Hospital districts may also contract indebtedness, borrow money, and raise revenues through taxes imposed on property within the district.

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### **Summary of Amended Bill:**

#### Public Hospital Capital Facility Areas - General Formation Provisions.

A public hospital capital facility area (hospital facility area) may be established as an independent taxing authority in all or part of a city or town by the legislative authority of a county composed entirely of islands.

Procedures for forming a facility area are established. Upon the receipt of a completed petition to both establish a hospital facility area and submit a ballot proposition to finance public hospital capital facilities and other capital health care facilities, the legislative authority of the county in which the proposed hospital facility area is to be established must submit separate ballot propositions to:

- authorize establishing the proposed hospital facility area; and
- finance public hospital capital facilities or other capital health care facilities by issuing general indebtedness and imposing excess levies to retire the indebtedness.

The ballot propositions must be submitted to voters of the proposed hospital facility area at a general or special election. Approval of a ballot proposition to create a hospital facility area requires a 60 percent affirmative vote by the voters participating in the election.

#### Petition Requirements.

Petition requirements for forming a hospital facility area are established. A completed petition to form a hospital facility area must include:

- a written request for formation that is signed by a majority of the commissioners of the hospital district serving the proposed area.
- a description of the boundaries of the hospital facility area; and
- a copy of a resolution of the legislative authority of each city, town, and hospital district with territory in the proposed hospital facility area indicating approval of creation of the proposed hospital facility area and agreement on how election costs will be paid.

Formation petitions may describe an area that is less than the entire county in which the petition is filed, but the boundaries of the proposal must follow, and may not divide, voting

precincts. If a petition containing signatures equal in number to at least 10 percent of the voters of the proposed hospital facility area who voted at the last general election is filed with the applicable county legislative authority, the legislative authority must satisfy public notice and hearing requirements. The legislative authority may modify the boundaries of the proposed hospital facility area, but it may not include territory outside the boundaries of the petition without receiving written request to do so from the owners of those lands.

#### Limits on Legal Challenges.

Unless commenced within 30 days after the filing of the certificate of the canvass of the applicable election, no lawsuit challenging the legal existence of the hospital facility area or the validity of associated proceedings may be maintained. If the creation of a hospital facility area is not challenged within this 30-day period, the hospital facility area conclusively must be deemed duly and regularly organized under Washington law.

#### General Powers, Taxing Authority, and Governance.

Numerous general powers for hospital facility areas are specified. For example, a hospital facility area may:

- construct, acquire, purchase, maintain, add to, and remodel public hospital capital facilities;
- contract with a county, city, town, or hospital district to design, administer the construction of, operate, or maintain a public hospital capital facility or other capital health care facility financed through hospital facility area provisions; and
- may contract or join with any hospital district, publicly owned hospital, nonprofit hospital, legal entity, or individual to acquire, own, operate, manage, or provide any hospital or other health care facilities, hospital services, or other health care services to be used by individuals, districts, hospitals, or others.

Hospital facility areas may also contract indebtedness or borrow money to finance public hospital capital facilities and other capital health care facilities, and may issue general obligation bonds for this purpose in an amount, together with existing indebtedness, that may not exceed 1.25 percent of the value of the taxable property in the hospital facility area. Hospital facility areas may impose excess property tax levies to retire the general indebtedness if voter approval and other requirements are satisfied.

The governing body of hospital facility areas must consist of three members of the county legislative authority from each county in which the hospital facility area is located. In counties with legislative bodies containing more than three members, the membership of the governing body must be chosen by the full membership of the county legislative authority.

#### Treasurer Provisions and Duties.

The treasurer of the county in which a hospital facility area is located must be the treasurer of the hospital facility area. However, the commission of the hospital district in which the hospital facility area is located may instead satisfy bonding requirements and designate a qualified person to serve as treasurer. General warrant, interest, fund, and bond provisions pertaining to treasurer responsibilities are specified.

## Definitions.

Definitions pertaining to facility are established, including:

- *hospital capital facilities* include both real and personal property including land, buildings, site improvements, equipment, furnishings, collections, and all necessary costs related to acquisition, financing, design, construction, equipping, and remodeling; and
- *other capital health care facilities* means nursing home, extended care, long-term care, outpatient and rehabilitative facilities, ambulances, and such other facilities as are appropriate to the health needs of the population served.

## **Amended Bill Compared to Original Bill:**

The amended bill makes the following changes to the original bill:

- removes a provision that requires qualifying island counties choosing to establish a hospital facility area to have a total land area of between 38 and 40 square miles;
- changes the voter approval threshold required to approve the formation of a hospital facility area from a simple majority to 60 percent;
- changes references in hospital facility area establishment provisions from "written request" to "petition;"
- changes an erroneous reference in provisions pertaining to limitations on legal challenges; and
- makes numerous technical changes.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** 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 is a bill that will allow people to help themselves. The hospital facility area formation provisions are modeled after those for library districts. Camano Island has a small medical clinic, but the clinic's services are provided by the Skagit Valley Hospital District, a district that Camano Island is not part of. This bill will allow the people of Camano Island to expand their rural clinic to provide health care services on the island. The bill is not a request for a new hospital or hospital district, but a request that will allow Camano Island residents to help themselves. The bill is supported by the commissioners of Island County, the Skagit Valley Hospital District, and is needed to respond to increasing patient volumes that the Camano Island clinic has experienced since its opening in 1999.

(Opposed) None.

**Persons Testifying:** Senator Haugen, prime sponsor; Roger Case, Island County Health Department; and Rhonda Curry and Diane Morton, Skagit Valley Hospital.

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

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## HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass as amended by Committee on Local Government & Housing. Signed by 6 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Conway, Ericks, Santos and Springer.

**Minority Report:** Without recommendation. Signed by 3 members: Representatives Orcutt, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Condotta.

**Staff:** Rick Peterson (786-7150)

### **Summary of Recommendation of Committee On Finance Compared to Recommendation of Committee On Local Government & Housing:**

No new recommendations were made.

**Appropriation:** None.

**Fiscal Note:** Available.

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

### **Staff Summary of Public Testimony:**

(In support) None.

(Opposed) None.

**Persons Testifying:** None.

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