

CERTIFICATION OF ENROLLMENT

**SENATE BILL 5354**

Chapter 481, Laws of 2009

61st Legislature  
2009 Regular Session

PUBLIC HOSPITAL CAPITAL FACILITY AREAS

EFFECTIVE DATE: 07/26/09

Passed by the Senate April 25, 2009  
YEAS 41 NAYS 7

BRAD OWEN

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**President of the Senate**

Passed by the House April 23, 2009  
YEAS 94 NAYS 0

FRANK CHOPP

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**Speaker of the House of Representatives**

Approved May 14, 2009, 11:48 a.m.

CHRISTINE GREGOIRE

\_\_\_\_\_  
**Governor of the State of Washington**

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5354** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

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**Secretary**

FILED

May 18, 2009

**Secretary of State  
State of Washington**

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SENATE BILL 5354

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AS AMENDED BY THE HOUSE

Passed Legislature - 2009 Regular Session

State of Washington                      61st Legislature                      2009 Regular Session

By Senators Haugen and Ranker

Read first time 01/20/09. Referred to Committee on Government Operations & Elections.

1            AN ACT Relating to public hospital capital facility areas; adding  
2 a new chapter to Title 70 RCW; and creating a new section.

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

4            NEW SECTION.    **Sec. 1.**    PURPOSE.    The legislature finds that it is  
5 in the interests of the people of the state of Washington to be able to  
6 establish public hospital capital facility areas as quasi-municipal  
7 corporations and independent taxing units existing within the  
8 boundaries of counties composed entirely of islands that receive  
9 medical services from an existing public hospital district but are not  
10 annexed to an existing public hospital district for the purpose of  
11 financing the construction, additions, or betterments of capital  
12 hospital facilities or other capital health care facilities.

13            NEW SECTION.    **Sec. 2.**    DEFINITIONS.    (1) "Public hospital capital  
14 facility area" means a quasi-municipal corporation and independent  
15 taxing authority within the meaning of Article VII, section 1 of the  
16 state Constitution, and a taxing district within the meaning of Article  
17 VII, section 2 of the state Constitution, created by a county  
18 legislative authority of a county composed entirely of islands that

1 receives medical services from a hospital district, but is prevented by  
2 geography and the absence of contiguous boundaries from annexing to  
3 that district. A public hospital capital facility area may include all  
4 or a portion of a city or town.

5 (2) "Hospital capital facilities" include both real and personal  
6 property including land, buildings, site improvements, equipment,  
7 furnishings, collections, and all necessary costs related to  
8 acquisition, financing, design, construction, equipping, and  
9 remodeling.

10 (3) "Other capital health care facilities" means nursing home,  
11 extended care, long-term care, outpatient and rehabilitative  
12 facilities, ambulances, and such other facilities as are appropriate to  
13 the health needs of the population served.

14 NEW SECTION. **Sec. 3.** ESTABLISHING A PUBLIC HOSPITAL CAPITAL  
15 FACILITY AREA--BALLOT PROPOSITIONS. (1)(a) Upon receipt of a completed  
16 petition to both establish a public hospital capital facility area and  
17 submit a ballot proposition under section 7 of this act to finance  
18 public hospital capital facilities and other capital health care  
19 facilities, the legislative authority of the county in which a proposed  
20 public hospital capital facility area is to be established shall submit  
21 separate ballot propositions to voters to authorize establishing the  
22 proposed public hospital capital facility area and authorizing the  
23 public hospital capital facility area, if established, to finance  
24 public hospital capital facilities or other capital health care  
25 facilities by issuing general indebtedness and imposing excess levies  
26 to retire the indebtedness. A petition submitted under this section  
27 must be accompanied by a written request to establish a public hospital  
28 capital facility area that is signed by a majority of the commissioners  
29 of the public hospital district serving the proposed area.

30 (b) The ballot propositions must be submitted to voters of the  
31 proposed public hospital capital facility area at a general or special  
32 election. If the proposed election date is not a general election, the  
33 county legislative authority is encouraged to request an election when  
34 another unit of local government with territory located in the proposed  
35 public hospital capital facility area is already holding a special  
36 election under RCW 29A.04.330. Approval of the ballot proposition to

1 create a public hospital capital facility area requires a simple  
2 majority vote by the voters participating in the election.

3 (2) A completed petition submitted under this section must include:

4 (a) A description of the boundaries of the public hospital capital  
5 facility area; and

6 (b) A copy of a resolution of the legislative authority of each  
7 city, town, and hospital district with territory in the proposed public  
8 hospital capital facility area indicating both: (i) Approval of the  
9 creation of the proposed public hospital capital facility area; and  
10 (ii) agreement on how election costs will be paid for ballot  
11 propositions to voters that authorize the public hospital capital  
12 facility area to incur general indebtedness and impose excess levies to  
13 retire the general indebtedness.

14 NEW SECTION. **Sec. 4.** PETITION FOR LESSER AREA--PROCEDURE. Any  
15 petition for the formation of a public hospital capital facility area  
16 may describe an area less than the entire county in which the petition  
17 is filed, the boundaries of which must follow the then existing  
18 precinct boundaries and not divide any voting precinct; and in the  
19 event that a petition is filed containing not less than ten percent of  
20 the voters of the proposed public hospital capital facility area who  
21 voted at the last general election, certified by the auditor in like  
22 manner as for a countywide district, the board of county commissioners  
23 shall fix a date for a hearing on the petition, and shall publish the  
24 petition, without the signatures thereto appended, for two weeks prior  
25 to the date of the hearing, together with a notice stating the time of  
26 the meeting when the petition will be heard. Publications required by  
27 this chapter must be in a newspaper published in the proposed public  
28 hospital capital facility area, or, if there be no such newspaper, then  
29 in a newspaper published in the county in which the public hospital  
30 capital facility area is situated, and of general circulation in that  
31 county. The hearing on the petition may be adjourned from time to  
32 time, not exceeding four weeks in all. If upon the final hearing the  
33 board of county commissioners finds that any lands have been unjustly  
34 or improperly included within the proposed public hospital capital  
35 facility area the board shall change and fix the boundary lines in such  
36 manner as it deems reasonable and just and conducive to the welfare and  
37 convenience, and make and enter an order establishing and defining the

1 boundary lines of the proposed public hospital capital facility area:  
2 PROVIDED, That no lands may be included within the boundaries so fixed  
3 lying outside the boundaries described in the petition, except upon the  
4 written request of the owners of those lands.

5 NEW SECTION. **Sec. 5.** GOVERNING BODY. The governing body of the  
6 public hospital capital facility area must consist of three members of  
7 the county legislative authority from each county in which the public  
8 hospital capital facility area is located. In counties that have more  
9 than three members of their legislative body, the three members who  
10 serve on the governing body of the public hospital capital facility  
11 area must be chosen by the full membership of the county legislative  
12 authority.

13 NEW SECTION. **Sec. 6.** AUTHORITY TO CONSTRUCT, ACQUIRE, PURCHASE,  
14 MAINTAIN, ADD TO, AND REMODEL FACILITIES--INTERLOCAL AGREEMENTS--LEGAL  
15 TITLE. A public hospital capital facility area may construct, acquire,  
16 purchase, maintain, add to, and remodel public hospital capital  
17 facilities, and the governing body of the public hospital capital  
18 facility area may, by interlocal agreement or otherwise, contract with  
19 a county, city, town, or public hospital district to design, administer  
20 the construction of, operate, or maintain a public hospital capital  
21 facility or other capital health care facility financed pursuant to  
22 this chapter. Legal title to public hospital capital facilities or  
23 other capital health care facilities acquired or constructed pursuant  
24 to this chapter may be transferred, acquired, or held by the public  
25 hospital capital facility area or by a county, city, town, or public  
26 hospital district in which the facility is located and receives  
27 service.

28 NEW SECTION. **Sec. 7.** FINANCING--BONDS AUTHORIZED. (1) A public  
29 hospital capital facility area may contract indebtedness or borrow  
30 money to finance public hospital capital facilities and other capital  
31 health care facilities and may issue general obligation bonds for such  
32 purpose not exceeding an amount, together with any existing  
33 indebtedness of the public hospital capital facility area, equal to one  
34 and one-quarter percent of the value of the taxable property in the  
35 public hospital capital facility area and impose excess property tax

1 levies to retire the general indebtedness as provided in RCW 39.36.050  
2 if a ballot proposition authorizing both the indebtedness and excess  
3 levies is approved by at least three-fifths of the voters of the public  
4 hospital capital facility area voting on the proposition, and the total  
5 number of voters voting on the proposition constitutes not less than  
6 forty percent of the total number of voters in the public hospital  
7 capital facility area voting at the last preceding general election.  
8 The term "value of the taxable property" has the meaning set forth in  
9 RCW 39.36.015. The proposition must be submitted to voters at a  
10 general or special election and may be submitted to voters at the same  
11 election as the election when the ballot proposition authorizing the  
12 establishing of the public hospital capital facility area is submitted.  
13 If the proposed election date is not a general election, the county  
14 legislative authority is encouraged to request an election when another  
15 unit of local government with territory located in the proposed public  
16 hospital capital facility area is already holding a special election  
17 under RCW 29A.04.330.

18 (2) A public hospital capital facility area may accept gifts or  
19 grants of money or property of any kind for the same purposes for which  
20 it is authorized to borrow money in subsection (1) of this section.

21 NEW SECTION. **Sec. 8.** DISSOLUTION OF PUBLIC HOSPITAL CAPITAL  
22 FACILITY AREA. (1) A public hospital capital facility area may be  
23 dissolved by a majority vote of the governing body when all obligations  
24 under any general obligation bonds issued by the public hospital  
25 capital facility area have been discharged and any other contractual  
26 obligations of the public hospital capital facility area have either  
27 been discharged or assumed by another governmental entity.

28 (2) A public hospital capital facility area must be dissolved by  
29 the governing body if the first two ballot propositions under section  
30 7 of this act that are submitted to voters are not approved.

31 NEW SECTION. **Sec. 9.** LIMITATIONS ON LEGAL CHALLENGES. Unless  
32 commenced within thirty days after the date of the filing of the  
33 certificate of the canvass of an election on the proposition of  
34 creating a new public hospital capital facility area pursuant to this  
35 chapter, no lawsuit whatever may be maintained challenging in any way  
36 the legal existence of the public hospital capital facility area or the

1 validity of the proceedings had for the organization and creation  
2 thereof. If the creation of a public hospital capital facility area is  
3 not challenged within the period specified in this section, the public  
4 hospital capital facility area conclusively must be deemed duly and  
5 regularly organized under the laws of this state.

6 NEW SECTION. **Sec. 10.** TREASURER--DUTIES--FUNDS--DEPOSITARIES--  
7 SURETY BONDS, COST. (1) The treasurer of the county in which a public  
8 hospital capital facility area is located shall be treasurer of the  
9 public hospital capital facility area, except that the commission of  
10 the public hospital district in which the facility area is located by  
11 resolution may designate some other person having experience in  
12 financial or fiscal matters as treasurer of the public hospital capital  
13 facility area. If the treasurer is not the county treasurer, the  
14 commission shall require a bond, with a surety company authorized to do  
15 business in the state of Washington, in an amount and under the terms  
16 and conditions which the commission by resolution from time to time  
17 finds will protect the public hospital capital facility area against  
18 loss. The premium on any such bond must be paid by the public hospital  
19 capital facility area.

20 (2) All public hospital capital facility area funds must be paid to  
21 the treasurer and must be disbursed by him or her only on warrants  
22 issued by an auditor appointed by the commission, upon orders or  
23 vouchers approved by it. The treasurer shall establish a public  
24 hospital capital facility area fund, into which all public hospital  
25 capital facility area funds must be paid, and he or she shall maintain  
26 such special funds as may be created by the commission, into which he  
27 or she shall place all money as the commission may, by resolution,  
28 direct.

29 (3) If the treasurer of the district is the treasurer of the county  
30 all public hospital capital facility area funds must be deposited with  
31 the county depositaries under the same restrictions, contracts, and  
32 security as provided for county depositaries. If the treasurer of the  
33 public hospital capital facility area is some other person, all funds  
34 must be deposited in a bank or banks authorized to do business in this  
35 state as the commission by resolution designates, and with surety bond  
36 to the public hospital capital facility area or securities in lieu  
37 thereof of the kind, no less in amount, for deposit of county funds.

1 The surety bond or securities in lieu thereof must be filed or  
2 deposited with the treasurer of the public hospital capital facility  
3 area, and approved by resolution of the commission.

4 (4) All interest collected on public hospital capital facility area  
5 funds belong to the public hospital capital facility area and be  
6 deposited to its credit in the proper public hospital capital facility  
7 area funds.

8 (5) A public hospital capital facility area may provide and require  
9 a reasonable bond of any other person handling moneys or securities of  
10 the public hospital capital facility area. The public hospital capital  
11 facility area may pay the premium on the bond.

12 NEW SECTION. **Sec. 11.** CONTRACTING WITH OTHER ENTITIES TO PROVIDE  
13 SERVICES FACILITIES. Any public hospital capital facility area may  
14 contract or join with any public hospital district, publicly owned  
15 hospital, nonprofit hospital, legal entity, or individual to acquire,  
16 own, operate, manage, or provide any hospital or other health care  
17 facilities or hospital services or other health care services to be  
18 used by individuals, districts, hospitals, or others, including  
19 providing health maintenance services. If a public hospital capital  
20 facility area chooses to contract or join with another party or parties  
21 pursuant to the provisions of this chapter, it may do so through  
22 establishing a nonprofit corporation, partnership, limited liability  
23 company, or other legal entity of its choosing in which the public  
24 hospital capital facility area and the other party or parties  
25 participate. The governing body of the legal entity must include  
26 representatives of the public hospital capital facility area, which  
27 representatives may include members of the public hospital district's  
28 board of commissioners. A public hospital capital facility area  
29 contracting or joining with another party pursuant to the provisions of  
30 this chapter may appropriate funds and may sell, lease, or otherwise  
31 provide property, personnel, and services to the legal entity  
32 established to carry out the contract or joint activity.

33 NEW SECTION. **Sec. 12.** Sections 1 through 11 of this act  
34 constitute a new chapter in Title 70 RCW.



1        NEW SECTION.   **Sec. 13.**   Captions used in this act are not any part  
2 of the law.

3        NEW SECTION.   **Sec. 14.**   If any provision of this act or its  
4 application to any person or circumstance is held invalid, the  
5 remainder of the act or the application of the provision to other  
6 persons or circumstances is not affected.

      Passed by the Senate April 25, 2009.

      Passed by the House April 23, 2009.

      Approved by the Governor May 14, 2009.

      Filed in Office of Secretary of State May 18, 2009.