

CERTIFICATION OF ENROLLMENT  
**ENGROSSED SUBSTITUTE HOUSE BILL 1635**

59th Legislature  
2005 Regular Session

Passed by the House April 21, 2005  
Yeas 95 Nays 2

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**Speaker of the House of Representatives**

Passed by the Senate April 21, 2005  
Yeas 37 Nays 10

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE HOUSE BILL 1635** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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**ENGROSSED SUBSTITUTE HOUSE BILL 1635**

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AS AMENDED BY THE SENATE

Passed Legislature - 2005 Regular Session

**State of Washington                      59th Legislature                      2005 Regular Session**

**By** House Committee on Local Government (originally sponsored by Representatives Kessler, Haler, Clibborn, Jarrett, O'Brien, Hankins, Ericks, Grant, Buck, Chase and Kenney)

READ FIRST TIME 03/04/05.

1            AN ACT Relating to ambulance and emergency medical service funding;  
2 amending RCW 35.21.766; and creating new sections.

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

4            NEW SECTION.    **Sec. 1.** The legislature finds that ambulance and  
5 emergency medical services are essential services and the availability  
6 of these services is vital to preserving and promoting the health,  
7 safety, and welfare of people in local communities throughout the  
8 state. All persons, businesses, and industries benefit from the  
9 availability of ambulance and emergency medical services, and survival  
10 rates can be increased when these services are available, adequately  
11 funded, and appropriately regulated. It is the legislature's intent to  
12 explicitly recognize local jurisdictions' ability and authority to  
13 collect utility service charges to fund ambulance and emergency medical  
14 service systems that are based, at least in some part, upon a charge  
15 for the availability of these services.

16            **Sec. 2.** RCW 35.21.766 and 2004 c 129 s 34 are each amended to read  
17 as follows:

18            (1) Whenever a regional fire protection service authority (~~or the~~

1 ~~legislative authority of any city or town))~~ determines that the fire  
2 protection jurisdictions that are members of the authority (~~(or the~~  
3 ~~city or town or a substantial portion of the city or town is))~~ are not  
4 adequately served by existing private ambulance service, the governing  
5 board of the authority may by resolution(~~(, or the legislative~~  
6 ~~authority of the city or town may by appropriate legislation,))~~ provide  
7 for the establishment of a system of ambulance service to be operated  
8 by the authority as a public utility (~~(of the city or town, or))~~  
9 operated by contract after a call for bids.

10 (2) The legislative authority of any city or town may establish an  
11 ambulance service to be operated as a public utility. However, the  
12 legislative authority of the city or town shall not provide for the  
13 establishment of an ambulance service utility that would compete with  
14 any existing private ambulance service, unless the legislative  
15 authority of the city or town determines that the city or town, or a  
16 substantial portion of the city or town, is not adequately served by an  
17 existing private ambulance service. In determining the adequacy of an  
18 existing private ambulance service, the legislative authority of the  
19 city or town shall take into consideration objective generally accepted  
20 medical standards and reasonable levels of service which shall be  
21 published by the city or town legislative authority. The decision of  
22 the city council or legislative body shall be a discretionary,  
23 legislative act. When it is preliminarily concluded that the private  
24 ambulance service is inadequate, before issuing a call for bids or  
25 before the city or town establishes an ambulance service utility, the  
26 legislative authority of the city or town shall allow a minimum of  
27 sixty days for the private ambulance service to meet the generally  
28 accepted medical standards and reasonable levels of service. In the  
29 event of a second preliminary conclusion of inadequacy within a twenty-  
30 four month period, the legislative authority of the city or town may  
31 immediately issue a call for bids or establish an ambulance service  
32 utility and is not required to afford the private ambulance service  
33 another sixty-day period to meet the generally accepted medical  
34 standards and reasonable levels of service. Nothing in this act is  
35 intended to supersede requirements and standards adopted by the  
36 department of health. A private ambulance service which is not  
37 licensed by the department of health or whose license is denied,  
38 suspended, or revoked shall not be entitled to a sixty-day period

1 within which to demonstrate adequacy and the legislative authority may  
2 immediately issue a call for bids or establish an ambulance service  
3 utility.

4 (3) The city or town legislative authority is authorized to set and  
5 collect rates and charges in an amount sufficient to regulate, operate,  
6 and maintain an ambulance utility. Prior to setting such rates and  
7 charges, the legislative authority must determine, through a cost-of-  
8 service study, the total cost necessary to regulate, operate, and  
9 maintain the ambulance utility. Total costs shall not include capital  
10 cost for the construction, major renovation, or major repair of the  
11 physical plant. Once the legislative authority determines the total  
12 costs, the legislative authority shall then identify that portion of  
13 the total costs that are attributable to the availability of the  
14 ambulance service and that portion of the total costs that are  
15 attributable to the demand placed on the ambulance utility.

16 (a) Availability costs are those costs attributable to the basic  
17 infrastructure needed to respond to a single call for service within  
18 the utility's response criteria. Availability costs may include costs  
19 for dispatch, labor, training of personnel, equipment, patient care  
20 supplies, and maintenance of equipment.

21 (b) Demand costs are those costs that are attributable to the  
22 burden placed on the ambulance service by individual calls for  
23 ambulance service. Demand costs shall include costs related to  
24 frequency of calls, distances from hospitals, and other factors  
25 identified in the cost-of-service study conducted to assess burdens  
26 imposed on the ambulance utility.

27 (4) A city or town legislative authority is authorized to set and  
28 collect rates and charges as follows:

29 (a) The rate attributable to costs for availability described under  
30 subsection (3)(a) of this section shall be uniformly applied across  
31 user classifications within the utility;

32 (b) The rate attributable to costs for demand described under  
33 subsection (3)(b) of this section shall be established and billed to  
34 each utility user classification based on each user classification's  
35 burden on the utility;

36 (c) The fee charged by the utility shall reflect a combination of  
37 the availability cost and the demand cost;

1       (d)(i) Except as provided in (d)(ii) of this subsection, the  
2 combined rates charged shall reflect an exemption for persons who are  
3 medicaid eligible and who reside in a nursing facility, boarding home,  
4 adult family home, or receive in-home services. The combined rates  
5 charged may reflect an exemption or reduction for designated classes  
6 consistent with Article VIII, section 7 of the state Constitution. The  
7 amounts of exemption or reduction shall be a general expense of the  
8 utility, and designated as an availability cost, to be spread uniformly  
9 across the utility user classifications.

10       (ii) For cities with a population less than two thousand five  
11 hundred that established an ambulance utility before May 6, 2004, the  
12 combined rates charged may reflect an exemption or reduction for  
13 persons who are medicaid eligible, and for designated classes  
14 consistent with Article VIII, section 7 of the state Constitution;

15       (e) The legislative authority must continue to allocate at least  
16 seventy percent of the total amount of general fund revenues expended,  
17 as of May 5, 2004, toward the total costs necessary to regulate,  
18 operate, and maintain the ambulance service utility. However, cities  
19 or towns that operated an ambulance service before May 6, 2004, and  
20 commingled general fund dollars and ambulance service dollars, may  
21 reasonably estimate that portion of general fund dollars that were, as  
22 of May 5, 2004, applied toward the operation of the ambulance service,  
23 and at least seventy percent of such estimated amount must then  
24 continue to be applied toward the total cost necessary to regulate,  
25 operate, and maintain the ambulance utility. Cities and towns which  
26 first established an ambulance service utility after May 6, 2004, must  
27 allocate, from the general fund or emergency medical service levy  
28 funds, or a combination of both, at least an amount equal to seventy  
29 percent of the total costs necessary to regulate, operate, and maintain  
30 the ambulance service utility as of May 5, 2004, or the date that the  
31 utility is established;

32       (f) The legislative authority must allocate available emergency  
33 medical service levy funds, in an amount proportionate to the  
34 percentage of the ambulance service costs to the total combined  
35 operating costs for emergency medical services and ambulance services,  
36 towards the total costs necessary to regulate, operate, and maintain  
37 the ambulance utility;

1       (g) The legislative authority must allocate all revenues received  
2 through direct billing to the individual user of the ambulance service  
3 to the demand-related costs under subsection (3)(b) of this section;

4       (h) The total revenue generated by the rates and charges shall not  
5 exceed the total costs necessary to regulate, operate, and maintain an  
6 ambulance utility; and

7       (i) Revenues generated by the rates and charges must be deposited  
8 in a separate fund or funds and be used only for the purpose of paying  
9 for the cost of regulating, maintaining, and operating the ambulance  
10 utility.

11       (5) Ambulance service rates charged pursuant to this section do not  
12 constitute taxes or charges under RCW 82.02.050 through 82.02.090, or  
13 RCW 35.21.768, or charges otherwise prohibited by law.

14       NEW SECTION. Sec. 3. The joint legislative audit and review  
15 committee shall study and review ambulance utilities established and  
16 operated by cities under this act. The committee shall examine, but  
17 not be limited to, the following factors: The number and operational  
18 status of utilities established under this act; whether the utility  
19 rate structures and user classifications used by cities were  
20 established in accordance with generally accepted utility rate-making  
21 practices; and rates charged by the utility to the user  
22 classifications. The committee shall provide a final report on this  
23 review by December 2007.

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