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SENATE BILL 5700

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State of Washington

59th Legislature

2005 Regular Session

By Senators Haugen, Parlette, Fairley, Hargrove, Delvin and Mulliken

Read first time 02/02/2005. Referred to Committee on Government Operations & Elections.

1 AN ACT Relating to public health; amending RCW 70.44.060,  
2 84.52.043, and 84.52.068; reenacting and amending RCW 84.52.010; adding  
3 a new section to chapter 84.52 RCW; adding a new section to chapter  
4 70.44 RCW; adding a new section to chapter 84.55 RCW; creating a new  
5 section; and making appropriations.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.52 RCW  
8 to read as follows:

9 (1) In addition to the levy provided for in RCW 84.52.065, in each  
10 year the state shall levy for collection in the following year a state  
11 tax of twenty cents per thousand dollars of assessed value upon the  
12 assessed valuation of all taxable property within the state adjusted to  
13 the state equalized value in accordance with the indicated ratio fixed  
14 by the state department of revenue.

15 (2) The taxes levied by the state under this section shall be  
16 deposited into the public health subsidy account hereby created in the  
17 state treasury. Money in the public health subsidy account may be  
18 spent first for distribution to public hospital districts under section

1 2 of this act and second to the department of health solely for the  
2 purpose of maintaining and improving local public health services and  
3 for subsidizing emergency room care.

4 NEW SECTION. **Sec. 2.** A new section is added to chapter 70.44 RCW  
5 to read as follows:

6 (1) Beginning in calendar year 2006 and every year thereafter, the  
7 state treasurer shall distribute, based on calculations by the  
8 department of revenue, from the public health subsidy account to public  
9 hospital districts levying a regular ad valorem property tax in  
10 calendar year 2005 the amount of taxes collected by the public hospital  
11 district in calendar year 2005 as follows:

12 (a) On June 1st, the state treasurer shall distribute fifty-five  
13 percent of the amount of taxes collected by the public hospital  
14 district in calendar year 2005.

15 (b) On December 1st, the state treasurer shall distribute forty-  
16 five percent of the amount of taxes collected by the public hospital  
17 district in calendar year 2005.

18 (2) For calendar years beginning in 2007, the distributions under  
19 subsection (1) of this section shall equal the distributions from the  
20 previous year increased by the increase in the state property tax levy  
21 under section 1 of this act from the previous year.

22 NEW SECTION. **Sec. 3.** A new section is added to chapter 84.55 RCW  
23 to read as follows:

24 The first levy by the state under section 2 of this act is not  
25 subject to RCW 84.55.010.

26 **Sec. 4.** RCW 70.44.060 and 2003 c 125 s 1 are each amended to read  
27 as follows:

28 All public hospital districts organized under the provisions of  
29 this chapter shall have power:

30 (1) To make a survey of existing hospital and other health care  
31 facilities within and without such district.

32 (2) To construct, condemn and purchase, purchase, acquire, lease,  
33 add to, maintain, operate, develop and regulate, sell and convey all  
34 lands, property, property rights, equipment, hospital and other health  
35 care facilities and systems for the maintenance of hospitals,

1 buildings, structures, and any and all other facilities, and to  
2 exercise the right of eminent domain to effectuate the foregoing  
3 purposes or for the acquisition and damaging of the same or property of  
4 any kind appurtenant thereto, and such right of eminent domain shall be  
5 exercised and instituted pursuant to a resolution of the commission and  
6 conducted in the same manner and by the same procedure as in or may be  
7 provided by law for the exercise of the power of eminent domain by  
8 incorporated cities and towns of the state of Washington in the  
9 acquisition of property rights: PROVIDED, That no public hospital  
10 district shall have the right of eminent domain and the power of  
11 condemnation against any health care facility.

12 (3) To lease existing hospital and other health care facilities and  
13 equipment and/or other property used in connection therewith, including  
14 ambulances, and to pay such rental therefor as the commissioners shall  
15 deem proper; to provide hospital and other health care services for  
16 residents of said district by facilities located outside the boundaries  
17 of said district, by contract or in any other manner said commissioners  
18 may deem expedient or necessary under the existing conditions; and said  
19 hospital district shall have the power to contract with other  
20 communities, corporations, or individuals for the services provided by  
21 said hospital district; and they may further receive in said hospitals  
22 and other health care facilities and furnish proper and adequate  
23 services to all persons not residents of said district at such  
24 reasonable and fair compensation as may be considered proper:  
25 PROVIDED, That it must at all times make adequate provision for the  
26 needs of the district and residents of said district shall have prior  
27 rights to the available hospital and other health care facilities of  
28 said district, at rates set by the district commissioners.

29 (4) For the purpose aforesaid, it shall be lawful for any district  
30 so organized to take, condemn and purchase, lease, or acquire, any and  
31 all property, and property rights, including state and county lands,  
32 for any of the purposes aforesaid, and any and all other facilities  
33 necessary or convenient, and in connection with the construction,  
34 maintenance, and operation of any such hospitals and other health care  
35 facilities, subject, however, to the applicable limitations provided in  
36 subsection (2) of this section.

37 (5) To contract indebtedness or borrow money for corporate purposes  
38 on the credit of the corporation or the revenues of the hospitals

1 thereof, and the revenues of any other facilities or services that the  
2 district is or hereafter may be authorized by law to provide, and to  
3 issue and sell: (a) Revenue bonds, revenue warrants, or other revenue  
4 obligations therefor payable solely out of a special fund or funds into  
5 which the district may pledge such amount of the revenues of the  
6 hospitals thereof, and the revenues of any other facilities or services  
7 that the district is or hereafter may be authorized by law to provide,  
8 to pay the same as the commissioners of the district may determine,  
9 such revenue bonds, warrants, or other obligations to be issued and  
10 sold in the same manner and subject to the same provisions as provided  
11 for the issuance of revenue bonds, warrants, or other obligations by  
12 cities or towns under the Municipal Revenue Bond Act, chapter 35.41  
13 RCW, as may hereafter be amended; (b) general obligation bonds therefor  
14 in the manner and form as provided in RCW 70.44.110 and 70.44.130, as  
15 may hereafter be amended; or (c) interest-bearing warrants to be drawn  
16 on a fund pending deposit in such fund of money sufficient to redeem  
17 such warrants and to be issued and paid in such manner and upon such  
18 terms and conditions as the board of commissioners may deem to be in  
19 the best interest of the district; and to assign or sell hospital  
20 accounts receivable, and accounts receivable for the use of other  
21 facilities or services that the district is or hereafter may be  
22 authorized by law to provide, for collection with or without recourse.  
23 General obligation bonds shall be issued and sold in accordance with  
24 chapter 39.46 RCW. Revenue bonds, revenue warrants, or other revenue  
25 obligations may be issued and sold in accordance with chapter 39.46  
26 RCW.

27 (6) To raise revenue by the levy of (~~an annual tax on all taxable~~  
28 ~~property within such public hospital district not to exceed fifty cents~~  
29 ~~per thousand dollars of assessed value, and an additional annual tax on~~  
30 ~~all taxable property within such public hospital district not to exceed~~  
31 ~~twenty five cents per thousand dollars of assessed value, or such~~  
32 ~~further amount as has been or shall be authorized by a vote of the~~  
33 ~~people. Although public hospital districts are authorized to impose~~  
34 ~~two separate regular property tax levies, the levies shall be~~  
35 ~~considered to be a single levy for purposes of the limitation provided~~  
36 ~~for in chapter 84.55 RCW. Public hospital districts are authorized to~~  
37 ~~levy such a general tax in excess of their regular property taxes when~~  
38 ~~authorized so to do at a special election conducted in accordance with~~

1 ~~and subject to all of the requirements of the Constitution and the laws~~  
2 ~~of the state of Washington now in force or hereafter enacted governing~~  
3 ~~the limitation of tax levies)) ad valorem property taxes, in excess of~~  
4 ~~the one percent limitation, upon the property within the district for~~  
5 ~~a one-year period to be used for operating or capital purposes whenever~~  
6 ~~authorized by the voters of the district pursuant to RCW 84.52.052 and~~  
7 ~~Article VII, section 2(a) of the state Constitution and for the~~  
8 ~~retirement of voter-approved general obligation bonds, issued for~~  
9 ~~capital purposes only, by levying bond retirement ad valorem property~~  
10 ~~tax levies, in excess of the one percent limitation, whenever~~  
11 ~~authorized by the voters of the district pursuant to Article VII,~~  
12 ~~section 2(b) of the state Constitution and RCW 84.52.056.~~ The said  
13 board of district commissioners is authorized and empowered to call a  
14 special election for the purpose of submitting to the qualified voters  
15 of the hospital district a proposition or propositions to levy taxes in  
16 excess of its regular property taxes. The superintendent shall prepare  
17 a proposed budget of the contemplated financial transactions for the  
18 ensuing year and file the same in the records of the commission on or  
19 before the first day of November. Notice of the filing of said  
20 proposed budget and the date and place of hearing on the same shall be  
21 published for at least two consecutive weeks, at least one time each  
22 week, in a newspaper printed and of general circulation in said county.  
23 On or before the fifteenth day of November the commission shall hold a  
24 public hearing on said proposed budget at which any taxpayer may appear  
25 and be heard against the whole or any part of the proposed budget.  
26 Upon the conclusion of said hearing, the commission shall, by  
27 resolution, adopt the budget as finally determined and fix the final  
28 amount of expenditures for the ensuing year. Taxes levied by the  
29 commission shall be certified to and collected by the proper county  
30 officer of the county in which such public hospital district is located  
31 in the same manner as is or may be provided by law for the  
32 certification and collection of port district taxes. The commission is  
33 authorized, prior to the receipt of taxes raised by levy, to borrow  
34 money or issue warrants of the district in anticipation of the revenue  
35 to be derived by such district from the levy of taxes for the purpose  
36 of such district, and such warrants shall be redeemed from the first  
37 money available from such taxes when collected, and such warrants shall

1 not exceed the anticipated revenues of one year, and shall bear  
2 interest at a rate or rates as authorized by the commission.

3 (7) To enter into any contract with the United States government or  
4 any state, municipality, or other hospital district, or any department  
5 of those governing bodies, for carrying out any of the powers  
6 authorized by this chapter.

7 (8) To sue and be sued in any court of competent jurisdiction:  
8 PROVIDED, That all suits against the public hospital district shall be  
9 brought in the county in which the public hospital district is located.

10 (9) To pay actual necessary travel expenses and living expenses  
11 incurred while in travel status for (a) qualified physicians or other  
12 health care practitioners who are candidates for medical staff  
13 positions, and (b) other qualified persons who are candidates for  
14 superintendent or other managerial and technical positions, which  
15 expenses may include expenses incurred by family members accompanying  
16 the candidate, when the district finds that hospitals or other health  
17 care facilities owned and operated by it are not adequately staffed and  
18 determines that personal interviews with said candidates to be held in  
19 the district are necessary or desirable for the adequate staffing of  
20 said facilities.

21 (10) To employ superintendents, attorneys, and other technical or  
22 professional assistants and all other employees; to make all contracts  
23 useful or necessary to carry out the provisions of this chapter,  
24 including, but not limited to, (a) contracts with private or public  
25 institutions for employee retirement programs, and (b) contracts with  
26 current or prospective employees, physicians, or other health care  
27 practitioners providing for the payment or reimbursement by the public  
28 hospital district of health care training or education expenses,  
29 including but not limited to debt obligations, incurred by current or  
30 prospective employees, physicians, or other health care practitioners  
31 in return for their agreement to provide services beneficial to the  
32 public hospital district; to print and publish information or  
33 literature; and to do all other things necessary to carry out the  
34 provisions of this chapter.

35 **Sec. 5.** RCW 84.52.010 and 2004 c 129 s 21 and 2004 c 80 s 3 are  
36 each reenacted and amended to read as follows:

1 Except as is permitted under RCW 84.55.050, all taxes shall be  
2 levied or voted in specific amounts.

3 The rate percent of all taxes for state and county purposes, and  
4 purposes of taxing districts coextensive with the county, shall be  
5 determined, calculated and fixed by the county assessors of the  
6 respective counties, within the limitations provided by law, upon the  
7 assessed valuation of the property of the county, as shown by the  
8 completed tax rolls of the county, and the rate percent of all taxes  
9 levied for purposes of taxing districts within any county shall be  
10 determined, calculated and fixed by the county assessors of the  
11 respective counties, within the limitations provided by law, upon the  
12 assessed valuation of the property of the taxing districts  
13 respectively.

14 When a county assessor finds that the aggregate rate of tax levy on  
15 any property, that is subject to the limitations set forth in RCW  
16 84.52.043 or 84.52.050, exceeds the limitations provided in either of  
17 these sections, the assessor shall recompute and establish a  
18 consolidated levy in the following manner:

19 (1) The full certified rates of tax levy for state, county, county  
20 road district, and city or town purposes shall be extended on the tax  
21 rolls in amounts not exceeding the limitations established by law;  
22 however any state levy shall take precedence over all other levies and  
23 shall not be reduced for any purpose other than that required by RCW  
24 84.55.010. If, as a result of the levies imposed under RCW 84.52.135,  
25 36.54.130, 84.52.069, 84.34.230, the portion of the levy by a  
26 metropolitan park district that was protected under RCW 84.52.120, and  
27 84.52.105, the combined rate of regular property tax levies that are  
28 subject to the one percent limitation exceeds one percent of the true  
29 and fair value of any property, then these levies shall be reduced as  
30 follows:

31 (a) The levy imposed by a county under RCW 84.52.135 must be  
32 reduced until the combined rate no longer exceeds one percent of the  
33 true and fair value of any property or must be eliminated;

34 (b) If the combined rate of regular property tax levies that are  
35 subject to the one percent limitation still exceeds one percent of the  
36 true and fair value of any property, the levy imposed by a ferry  
37 district under RCW 36.54.130 must be reduced until the combined rate no

1 longer exceeds one percent of the true and fair value of any property  
2 or must be eliminated;

3 (c) If the combined rate of regular property tax levies that are  
4 subject to the one percent limitation still exceeds one percent of the  
5 true and fair value of any property, the portion of the levy by a  
6 metropolitan park district that is protected under RCW 84.52.120 shall  
7 be reduced until the combined rate no longer exceeds one percent of the  
8 true and fair value of any property or shall be eliminated;

9 (d) If the combined rate of regular property tax levies that are  
10 subject to the one percent limitation still exceeds one percent of the  
11 true and fair value of any property, then the levies imposed under RCW  
12 84.34.230, 84.52.105, and any portion of the levy imposed under RCW  
13 84.52.069 that is in excess of thirty cents per thousand dollars of  
14 assessed value, shall be reduced on a pro rata basis until the combined  
15 rate no longer exceeds one percent of the true and fair value of any  
16 property or shall be eliminated; and

17 (e) If the combined rate of regular property tax levies that are  
18 subject to the one percent limitation still exceeds one percent of the  
19 true and fair value of any property, then the thirty cents per thousand  
20 dollars of assessed value of tax levy imposed under RCW 84.52.069 shall  
21 be reduced until the combined rate no longer exceeds one percent of the  
22 true and fair value of any property or eliminated.

23 (2) The certified rates of tax levy subject to these limitations by  
24 all junior taxing districts imposing taxes on such property shall be  
25 reduced or eliminated as follows to bring the consolidated levy of  
26 taxes on such property within the provisions of these limitations:

27 (a) First, the certified property tax levy rates of those junior  
28 taxing districts authorized under RCW 36.68.525, 36.69.145, 35.95A.100,  
29 and 67.38.130 shall be reduced on a pro rata basis or eliminated;

30 (b) Second, if the consolidated tax levy rate still exceeds these  
31 limitations, the certified property tax levy rates of flood control  
32 zone districts shall be reduced on a pro rata basis or eliminated;

33 (c) Third, if the consolidated tax levy rate still exceeds these  
34 limitations, the certified property tax levy rates of all other junior  
35 taxing districts, other than fire protection districts, regional fire  
36 protection service authorities, library districts, and the first fifty  
37 cent per thousand dollars of assessed valuation levies for metropolitan



1 park districts, (~~and the first fifty cent per thousand dollars of~~  
2 ~~assessed valuation levies for public hospital districts,~~) shall be  
3 reduced on a pro rata basis or eliminated;

4 (d) Fourth, if the consolidated tax levy rate still exceeds these  
5 limitations, the first fifty cent per thousand dollars of assessed  
6 valuation levies for metropolitan park districts created on or after  
7 January 1, 2002, shall be reduced on a pro rata basis or eliminated;

8 (e) Fifth, if the consolidated tax levy rate still exceeds these  
9 limitations, the certified property tax levy rates authorized to  
10 regional fire protection service authorities under RCW 52.26.140(1) (b)  
11 and (c) and fire protection districts under RCW 52.16.140 and 52.16.160  
12 shall be reduced on a pro rata basis or eliminated; and

13 (f) Sixth, if the consolidated tax levy rate still exceeds these  
14 limitations, the certified property tax levy rates authorized for  
15 regional fire protection service authorities under RCW 52.26.140(1)(a),  
16 fire protection districts under RCW 52.16.130, library districts, and  
17 metropolitan park districts created before January 1, 2002, under their  
18 first fifty cent per thousand dollars of assessed valuation levy, (~~and~~  
19 ~~public hospital districts under their first fifty cent per thousand~~  
20 ~~dollars of assessed valuation levy,~~) shall be reduced on a pro rata  
21 basis or eliminated.

22 **Sec. 6.** RCW 84.52.043 and 2004 c 80 s 4 are each amended to read  
23 as follows:

24 Within and subject to the limitations imposed by RCW 84.52.050 as  
25 amended, the regular ad valorem tax levies upon real and personal  
26 property by the taxing districts hereafter named shall be as follows:

27 (1) Levies of the senior taxing districts shall be as follows:

28 (a) The levy by the state under RCW 84.52.065 shall not exceed  
29 three dollars and sixty cents per thousand dollars of assessed value  
30 adjusted to the state equalized value in accordance with the indicated  
31 ratio fixed by the state department of revenue to be used exclusively  
32 for the support of the common schools;

33 (b) The levy by the state under section 1 of this act shall not  
34 exceed twenty cents per thousand dollars of assessed value adjusted to  
35 the state equalized value in accordance with the indicated ratio fixed  
36 by the state department of revenue to be used as provided in section 1  
37 of this act;

1        (c) The levy by any county shall not exceed one dollar and eighty  
2 cents per thousand dollars of assessed value;

3        ~~((+e))~~ (d) The levy by any road district shall not exceed two  
4 dollars and twenty-five cents per thousand dollars of assessed value;  
5 and

6        ~~((+d))~~ (e) The levy by any city or town shall not exceed three  
7 dollars and thirty-seven and one-half cents per thousand dollars of  
8 assessed value.

9        However, any county is hereby authorized to increase its levy from  
10 one dollar and eighty cents to a rate not to exceed two dollars and  
11 forty-seven and one-half cents per thousand dollars of assessed value  
12 for general county purposes if the total levies for both the county and  
13 any road district within the county do not exceed four dollars and five  
14 cents per thousand dollars of assessed value, and no other taxing  
15 district has its levy reduced as a result of the increased county levy.

16        (2) The aggregate levies of junior taxing districts and senior  
17 taxing districts, other than the state, shall not exceed five dollars  
18 and ninety cents per thousand dollars of assessed valuation. The term  
19 "junior taxing districts" includes all taxing districts other than the  
20 state, counties, road districts, cities, towns, port districts, and  
21 public utility districts. The limitations provided in this subsection  
22 shall not apply to: (a) Levies at the rates provided by existing law  
23 by or for any port or public utility district; (b) excess property tax  
24 levies authorized in Article VII, section 2 of the state Constitution;  
25 (c) levies for acquiring conservation futures as authorized under RCW  
26 84.34.230; (d) levies for emergency medical care or emergency medical  
27 services imposed under RCW 84.52.069; (e) levies to finance affordable  
28 housing for very low-income housing imposed under RCW 84.52.105; (f)  
29 the portions of levies by metropolitan park districts that are  
30 protected under RCW 84.52.120; (g) levies imposed by ferry districts  
31 under RCW 36.54.130; and (h) levies for criminal justice purposes under  
32 RCW 84.52.135.

33        **Sec. 7.** RCW 84.52.068 and 2003 1st sp.s. c 19 s 1 are each amended  
34 to read as follows:

35        (1) A portion of the proceeds of the state property tax levy under  
36 RCW 84.52.065 shall be distributed to school districts in the amounts  
37 and in the manner provided in this section.

1 (2) The amount of the distribution to each school district shall be  
2 based upon the average number of full-time equivalent students in the  
3 school district during the previous school year, and shall be  
4 calculated as follows:

5 (a) Out of taxes collected in calendar years 2001 through and  
6 including 2003, an annual amount equal to one hundred forty dollars per  
7 each full-time equivalent student in all school districts shall be  
8 deposited in the student achievement fund to be distributed to each  
9 school district based on one hundred forty dollars per full-time  
10 equivalent student in the school district for each year beginning with  
11 the school year 2001-2002 and through the end of the 2003-2004 school  
12 year.

13 (b) For the 2004-2005 school year, an annual amount equal to two  
14 hundred fifty-four dollars per full-time equivalent student in all  
15 school districts shall be deposited in the student achievement fund to  
16 be distributed to each school district based on two hundred fifty-four  
17 dollars per full-time equivalent student.

18 (c) For the 2005-2006 school year, an amount equal to three hundred  
19 dollars per full-time equivalent student in all school districts shall  
20 be deposited in the student achievement fund to be distributed to each  
21 school district based on three hundred dollars per full-time equivalent  
22 student.

23 (d) For the 2006-2007 school year, an amount equal to three hundred  
24 seventy-five dollars per full-time equivalent student in all school  
25 districts shall be deposited in the student achievement fund to be  
26 distributed to each school district based on three hundred seventy-five  
27 dollars per full-time equivalent student.

28 (e) For the 2007-2008 school year, an amount equal to four hundred  
29 fifty dollars per full-time equivalent student in all school districts  
30 shall be deposited in the student achievement fund to be distributed to  
31 each school district based on four hundred fifty dollars per full-time  
32 equivalent student.

33 (f) Each subsequent year following the 2007-2008 school year, the  
34 amount deposited and distributed shall be adjusted for inflation as  
35 defined in RCW 43.135.025(8).

36 (3) For the 2001-2002 through 2003-2004 school years, the office of  
37 the superintendent of public instruction shall verify the average

1 number of full-time equivalent students in each school district from  
2 the previous school year to the state treasurer by August 1st of each  
3 year.

4 (4) Beginning with the 2004-2005 school year:

5 (a) The annual distributions to each school district shall be based  
6 on the average number of full-time equivalent students in the school  
7 district from the previous school year as reported to the office of the  
8 superintendent of public instruction by August 31st of the previous  
9 school year; and

10 (b) The school district annual amounts as defined in subsection (2)  
11 of this section shall be distributed on the monthly apportionment  
12 schedule as defined in RCW 28A.510.250. The office of the  
13 superintendent of public instruction shall notify the department of the  
14 monthly amounts to be deposited into the student achievement fund to  
15 meet the apportionment schedule distributions.

16 NEW SECTION. **Sec. 8.** (1) The sum of twenty-one million dollars,  
17 or as much thereof as may be necessary, is appropriated from the public  
18 health subsidy account to the state treasurer for the fiscal year  
19 ending June 30, 2006, for distribution to public hospital districts  
20 under section 2 of this act.

21 (2) The sum of seventeen million dollars, or as much thereof as may  
22 be necessary, is appropriated from the public health subsidy account to  
23 the state treasurer for the fiscal year ending June 30, 2007, for  
24 distribution to public hospital districts under section 2 of this act.

25 NEW SECTION. **Sec. 9.** This act applies to taxes levied for  
26 collection in 2006 and thereafter.

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