

# FINAL BILL REPORT

## SB 5354

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Synopsis as Enacted

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

**Sponsors:** Senators Haugen and Ranker.

**Senate Committee on Government Operations & Elections**  
**House Committee on Local Government & Housing**  
**House Committee on Finance**

**Background:** "Quasi-municipal corporation" is defined as "a public agency endowed with such of the attributes of a municipality as may be necessary in the performance of its limited objective." (*Woods v. Bailet*, 116 Wn. App. 658, quoting McQuillin's The Law of Municipal Corporations.)

Under RCW 39.36.015, the term "value of the taxable property" means the value within the district as ascertained in the last assessment.

Under Article VII, section 2 of the State Constitution, a taxing district is any government agency (except ports and public utility districts) authorized to levy ad valorem taxes on property. An *ad valorem* tax is a tax proportionate to value, such as a property tax.

**Summary:** A process is created for Public Hospital Capital Facility Areas (PHCFA). A PHCFA is defined as the following:

- a quasi-municipal corporation;
- an independent taxing authority;
- a taxing district;
- created out of a county composed entirely of islands; and
- receiving medical services from an existing hospital district, but unable to annex to an existing hospital district due to location or boundaries.

To create a PHCFA, a written petition must be submitted to the county legislative authority. The petition must:

- request creation of the PHCFA;
- request a tax proposal be submitted to the voters at a general or special election; and

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- be signed by a majority of trustees of the public hospital district serving the proposed area and at least 10 percent of the voters in the district who voted in the last general election.

The legislative authority submits two proposals to the voters: one for creation of the PHCFA, and another for financing the PHCFA. If both propositions are not approved, the PHCFA must be dissolved.

A PHCFA is governed by three members from the county legislative authority. The PHCFA has authority to contract with local entities as necessary, and construct, acquire, purchase, maintain, add to, and remodel public hospital capital facilities.

The PHCFA may accept gifts and grants, and is authorized to contract for indebtedness and issue bonds, subject to approval of the voters. The county treasurer is the treasurer of the PHCFA, unless another person with financial experience is chosen by county resolution.

Challenges to the legal existence of the PHCFA must commence within 30 days of the filing of the certificate of the canvass of an election. After that time, the PHCFA is conclusively deemed duly and regularly organized.

**Votes on Final Passage:**

Senate	44	4	
House	98	0	(House amended)
Senate			(Senate refused to concur)
House	94	0	(House amended)
Senate	41	7	(Senate concurred)

**Effective:** July 26, 2009