

SENATE BILL REPORT

SB 5354

As Amended by House, April 16, 2009

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: Government Operations & Elections: 2/02/09, 2/10/09 [DP, w/oRec].

Passed Senate: 3/03/09, 44-4.

Passed House: 4/16/09, 98-0.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: Do pass.

Signed by Senators Fairley, Chair; Oemig, Vice Chair; McDermott, Pridemore and Swecker.

Minority Report: That it be referred without recommendation.

Signed by Senators Roach, Ranking Minority Member; Benton.

Staff: Aaron Gutierrez (786-7448)

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

- a quasi-municipal corporation;

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- an independent taxing authority;
- a taxing district;
- created out of a county composed entirely of islands and a total land area between 38 and 40 square miles; 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
- 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. If it is signed by less than 10 percent, public hearings will be held on the proposal.

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 be 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.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Camano Island does not have a hospital district and is unable to be annexed by one. The clinic on Camano Island is run by the Skagit County hospital. Funding is coming from multiple sources, and it is only fair that the citizens who benefit also participate in the partnership.

Persons Testifying: PRO: Senator Haugen, prime sponsor; Rhonda Curry-Olmstead, Diane Morton, Skagit Valley Hospital.

House Amendment(s): Removes size limitations so that a PHCFA may be created in a county composed entirely of islands, regardless of total land area in the county. Increases the amount of votes required to create a PHCFA from a simple majority to 60 percent. Makes other technical corrections.