
SENATE BILL 5354

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 and a

1 total land area between thirty-eight and forty square miles, that
2 receive medical services from an existing hospital district when it is
3 unable to annex to an existing hospital district as a result of its
4 geographic location and lack of contiguous boundaries. A public
5 hospital capital facility area may include all or a portion of a city
6 or town.

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

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

16 NEW SECTION. **Sec. 3.** ESTABLISHING A PUBLIC HOSPITAL CAPITAL

17 FACILITY AREA--BALLOT PROPOSITIONS. (1)(a) Upon receipt of a completed
18 written request to both establish a public hospital capital facility
19 area and submit a ballot proposition under section 7 of this act to
20 finance public hospital capital facilities and other capital health
21 care facilities, that is signed by a majority of the members of the
22 board of trustees of a public hospital district serving the proposed
23 area, the county legislative authority for the county in which a
24 proposed public hospital capital facility area is to be established
25 shall submit separate ballot propositions to voters to authorize
26 establishing the proposed public hospital capital facility area and
27 authorizing the public hospital capital facility area, if established,
28 to finance public hospital capital facilities or other capital health
29 care facilities by issuing general indebtedness and imposing excess
30 levies to retire the indebtedness.

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

1 of the ballot proposition to create a public hospital capital facility
2 area must be by a simple majority vote.

3 (2) A completed request 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 the resolution of the legislative authority of each
7 city or town, and board of trustees of each public hospital district,
8 with territory included within the proposed public hospital capital
9 facility area indicating both: (i) Its approval of the creation of the
10 proposed public hospital capital facility area; and (ii) agreement on
11 how election costs will be paid for submitting ballot propositions to
12 voters that authorize the public hospital capital facility area to
13 incur general indebtedness and impose excess levies to retire the
14 general indebtedness.

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

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

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

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

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

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

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

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

29 (2) A public hospital capital facility area must be dissolved by
30 the governing body if the first two ballot propositions under section
31 7 of this act that are submitted to voters are not approved.

32 NEW SECTION. **Sec. 9.** LIMITATIONS ON LEGAL CHALLENGES. Unless
33 commenced within thirty days after the date of the filing of the
34 certificate of the canvass of an election on the proposition of
35 creating a new public hospital capital facility area pursuant to
36 chapter 70.44 RCW, no lawsuit whatever may be maintained challenging in

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

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

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

30 (3) If the treasurer of the district is the treasurer of the county
31 all public hospital capital facility area funds must be deposited with
32 the county depositaries under the same restrictions, contracts, and
33 security as provided for county depositaries. If the treasurer of the
34 public hospital capital facility area is some other person, all funds
35 must be deposited in a bank or banks authorized to do business in this
36 state as the commission by resolution designates, and with surety bond
37 to the public hospital capital facility area or securities in lieu

1 thereof of the kind, no less in amount, for deposit of county funds.
2 The surety bond or securities in lieu thereof must be filed or
3 deposited with the treasurer of the public hospital capital facility
4 area, and approved by resolution of the commission.

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

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

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

34 NEW SECTION. **Sec. 12.** Sections 1 through 11 of this act
35 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.

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