

HOUSE BILL REPORT

HB 1009

As Reported by House Committee On:

Local Government
Finance

Title: An act relating to allowing rural counties providing emergency medical services to locations with a rural amphitheater to impose an additional admissions surcharge.

Brief Description: Allowing rural counties providing emergency medical services to locations with a rural amphitheater to impose an additional admissions surcharge.

Sponsors: Representatives Manweller, Hawkins, Reykdal, Jinkins, Cody and Moeller.

Brief History:

Committee Activity:

Local Government: 1/14/15, 2/17/15 [DPS];
Finance: 2/23/15, 2/25/15 [DP2S(w/o sub LG)].

Brief Summary of Second Substitute Bill

- Authorizes counties with a rural amphitheater to levy an emergency medical services surcharge (surcharge) of up to \$1 per person admitted to a rural amphitheater per admission, with most of the proceeds directed to public hospital districts and fire protection districts providing services to the amphitheater.
- Defines "rural amphitheater" as an outdoor amphitheater with the capacity to accommodate more than 10,000 people at one time and that is located in a rural county.
- Defines "rural county" as a county with fewer than 115,000 persons.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass.
Signed by 6 members: Representatives Takko, Chair; Gregerson, Vice Chair; Griffey, Assistant Ranking Minority Member; McBride, Peterson and Pike.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Minority Report: Do not pass. Signed by 2 members: Representatives Taylor, Ranking Minority Member; McCaslin.

Minority Report: Without recommendation. Signed by 1 member: Representative Fitzgibbon.

Staff: Ethan Moreno (786-7386).

Background:

County Admissions Tax.

Counties, with certain exceptions, are authorized to levy a tax for county purposes on persons who pay an admission charge to any place or event. The tax, which must be enacted by an adopted ordinance of the county legislative authority, may not exceed 5 percent of the admission price, may be applied to the amounts paid for specific items or actions, including:

- season tickets or subscriptions;
- cover charges or charges made for the use of seats and tables and similar accommodations;
- food and refreshments in any place where free entertainment, recreation, or amusement is provided;
- renting or using recreational equipment or facilities for the purpose of recreation or amusement; and
- parking charges when the amount charged is determined by the number of passengers in the automobile.

The tax is collected by the person or entity making the admission charge, and collected taxes must be remitted to the county treasurer.

Public Hospital Districts and Fire Protection Districts.

Public hospital districts (hospital districts) are authorized to own and operate hospitals and other health care facilities, and to provide hospital and other health care services to district residents and other persons. Hospital districts, which are governed by elected commissioners, are authorized to levy property taxes on taxable property within the district.

Fire protection districts (fire districts) are created to provide fire and emergency services to protect life and property in locations outside of cities and towns. Fire districts, which are governed by a board of three or five elected commissioners, may impose property taxes, benefit charges, or both. Imposed benefit charges are on personal property and improvements to real property within the fire district.

Attorney General.

The Office of the Attorney General is the chief legal office for the state of Washington. Among other obligations established in statute, the Attorney General must:

- appear for and represent the state before the supreme court or the court of appeals in all cases in which the state is interested;
- institute and prosecute all actions and proceedings for, or for the use of the state, which may be necessary in the execution of the duties of any state officer; and

- defend all actions and proceedings against any state officer or employee acting in his or her official capacity, in any of the courts of this state or the United States.

The Attorney General is not authorized to represent counties or other units of local government. County prosecuting attorneys are obligated by statute to appear for and represent the county in criminal and civil proceedings in which the county is a party.

Summary of Substitute Bill:

Authorization of Emergency Medical Services Surcharge.

The legislative authority of a county with a rural amphitheater may, by ordinance, levy and fix an emergency medical services surcharge (surcharge) of up to \$1 per person admitted to a rural amphitheater per admission, including a surcharge on persons who are admitted free of charge or at reduced rates. The adopted ordinance imposing the surcharge must also include provisions for charging related interest and penalties, and may specifically require anyone who receives any surcharge to collect and remit the surcharge to the county treasurer. The surcharge is in addition to any admission tax imposed by the county.

"Rural amphitheater" is defined as an outdoor amphitheater with the capacity to accommodate more than 10,000 people at one time and that is located in a rural county. "Rural county" is defined as a county with fewer than 115,000 people as determined by the Office of Financial Management each April 1.

The legislative authority may authorize a person collecting the surcharge to retain up to 5 percent of the surcharge as reimbursement for costs associated with its collection. The remaining proceeds, which must be deposited by the county into a separate account, must be, unless the county chooses otherwise, distributed as follows: 65 percent to a hospital district that provides service to the rural amphitheater; and 35 percent to a fire protection district that provides service to the rural amphitheater. The county must make these distributions at least once each year.

County Representation by the Attorney General.

The Attorney General of Washington is required to appear and represent any county imposing the surcharge with respect to any action or proceeding arising from the imposition of the surcharge.

Substitute Bill Compared to Original Bill:

The substitute bill makes the following changes to the original bill:

- establishes a surcharge authority/physical location link by specifying that the emergency medical surcharge authorized in the underlying bill may be charged per person admitted to a rural amphitheater per admission;
- modifies the definition of "rural amphitheater" to specify that a rural amphitheater must be in a rural county;
- establishes a definition for "rural county" using the existing county population requirement and determination provisions in the underlying bill;

- establishes an exception to county prosecutor duties to correspond with duties for the Attorney General established in the underlying bill; and
 - makes a technical change to language in the underlying bill allowing a county imposing the surcharge to modify the revenue distribution provisions.
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Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill is in response to a growing problem. Grant County has small, rural hospitals designed to serve 7,000 to 8,000 residents, yet overnight they might be serving 45,000 people. People attending large concert events need health support services. These people are younger and less likely to have insurance, so the Quincy Valley Medical Center (hospital) is providing charity care. This situation is not fair and can burden local, low-income residents. This bill allows, but does not require, a \$1 per person surcharge to cover health care costs. It also allows the amphitheater to be reimbursed up to five percent for administrative costs associated with the surcharge, and will not impact the company operating the Gorge venue.

There are costs associated with treating patients coming from the Gorge. The costs are for unpaid, uncompensated care, and additional staffing and resource costs. In 2013 the hospital had \$300,000 of uncompensated care from Gorge patients, with \$100,000 for additional express staffing costs. To meet the care needs for Gorge patients, an additional physician plus additional nurses and clerks are required for 16-hour shifts. Gorge attendance is 375,000 to 400,000 per year, so this bill would authorize surcharges that align with hospital losses. The 2014 numbers for uncompensated care will be better, and the Gorge has made changes, but problems remain. The patients that show up from Gorge events are sick and need care and attention, including some one-on-one care. This bill is forward-looking, as Live Nation is planning to expand activities at the Gorge.

This bill will make the cost burdens of providing care more fair. Grant County Fire District provides services to 16,000 residents, but the Gorge is permitted for 33,000 attendees, so the service population triples during events. Alcohol consumption and fights take place at the Gorge events, but also in Quincy and George. It is difficult to get fire district volunteers to work at the Gorge, as they are not always treated well by attendees. The surcharge, if passed, would raise \$130,000 for the fire district. If you can afford a ticket, where prices can be \$1,000 for a four-day festival, you can afford a \$1 ticket surcharge.

The hospital has a three-bed emergency room, but on concert weekends, it increases to nine emergency room beds and six observation beds. The hospital sees patients with acute drug and alcohol problems, including combative patients, and patients with fractures and deep

lacerations. At times the hospital has served four one-on-one patients at one time. This bill will take the burden of providing these medical services off of the local community.

There is a significant financial impact to Quincy as a result of the activities of the Gorge. This is not a new issue. The hospital has initiated service cuts, and the hospital attempted to run a \$2.2 million levy, but it did not pass. The hospital and the City of Quincy are working together to address shortfalls associated with the Gorge. Quincy supports Live Nation, but the activities of the Gorge may push the hospital toward closure.

The Port of Quincy wants to see the hospital stay viable and wants to support Live Nation. This bill does not have mandatory provisions, but rather it creates a surcharge option. The Gorge situation is unique: a mega venue in a small, rural area. The hospital is financed by property taxes, and the sales taxes that Live Nation pays do not reach the hospital. This bill will create a new tool in the tool box, will help economic vitality, will help the city, and will help the hospital to stay viable.

(Opposed) If you go to an emergency room, it should be your responsibility. This bill establishes a microcosm of the single-payer system where all concert goers pay for the actions of the few. Live Nation has had conversations with the hospital and has made changes to ease the burden on the hospital, including expanding first-aid hours and services at the Gorge. These conversations concluded when we received a letter from the hospital's attorney. The Gorge provides free water, and in 2014 the hospital's patients from the Gorge declined by 46 percent. Live Nation attributes this decline to its actions. The dollar losses the hospital claims vary, and the hospital has not provided a full picture of its related profits and losses. Live Nation follows the U. S. Department of Homeland Security's guidelines and goes above and beyond them for festivals. Some shows result in zero hospital patients, including Bruno Mars and Aerosmith. This bill applies only to the Gorge, why is this venue being singled out, when Quincy's population expands during the summer? Live Nation recently paid \$4.6 million in taxes (\$2.8 million to state and \$1.18 million to Grant County) for 20 event days. All admissions taxes collected in Grant County are from the Gorge. If this bill passes, it may lessen the incentive for patients to pay their medical bills, as they may understand that someone else is picking up the tab.

Persons Testifying: (In support) Representative Manweller, prime sponsor; Mehdi Merred and Alicia Shields, Quincy Valley Medical Center; Don Fortier, Grant County Fire District 3; Scott Cave, City of Quincy; and Pat Boss, Port of Quincy.

(Opposed) Danny Wilde, Live Nation, The Gorge Amphitheatre.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON FINANCE

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Local Government. Signed by 11 members: Representatives Nealey, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Manweller, Pollet, Reykdal, Ryu, Springer, Stokesbary, Vick, Wilcox and Wylie.

Minority Report: Do not pass. Signed by 3 members: Representatives Carlyle, Chair; Tharinger, Vice Chair; Condotta.

Minority Report: Without recommendation. Signed by 2 members: Representatives Fitzgibbon and Robinson.

Staff: Jeffrey Mitchell (786-7139).

Summary of Recommendation of Committee On Finance Compared to Recommendation of Committee On Local Government:

The second substitute bill removes provisions requiring the Attorney General to represent a county with respect to surcharge-related litigation.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Second Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Quincy has a small hospital designed to administer emergency care to 6,000 people. However, on many Fridays, Saturdays, and Sundays, an additional 40,000 people show up. A fair number of them end up at the hospital. Many of them are younger people, who head back home without paying their bill. We risk losing the only hospital in the region. This is a fair approach. It doesn't seem fair to make the amphitheater bear the cost because it is not responsible for the patrons. It doesn't seem fair to make the farmer pay who doesn't attend concerts. The most fair way is to have a voluntary surcharge on people attending the concerts. The amphitheater is reimbursed for the costs of administering the surcharge. This is a simple solution that has passed out of policy committees in both the House and Senate. This bill has been endorsed by the Seattle Times, Tri City Herald, and Quincy Valley Post. On concert days, the emergency room swells from three emergency room beds to nine emergency room beds. With increased beds, there is a need for increased staff and other costs. Thirty-four percent of the patients that end up in our emergency room are underage. These surges in emergency room activity also require advance preparation and training, further increasing costs. This bill will not result in a negative fiscal impact to the state, county, or city. Currently, the burden is on the hospital district taxpayers. This bill will help the viability of the hospital. This bill will help offset the cost of charity care associated with concert goers. In 2013, concert attendees generated about \$380,000 in bad debt. Concert attendees account for about 40 percent of bad debt for the hospital. The voters will not support any more property taxes until the cost issues associated with concert attendees is addressed. We have tried to work with the amphitheater to negotiate some type of financial assistance to alleviate costs, but there has not been any progress. This bill was dropped at the request of the Grant County Commissioners.

(Opposed) This bill imposes a tax on one business in the state of Washington. This business already pays a 5 percent admissions tax that generates about \$1.2 million per year. Concert attendees constitute only 5 percent of emergency room visits and the amphitheater has reduced emergency room admissions by 46 percent by providing additional on-site medical care. The voters recently rejected a hospital district tax increase. The Grant County Commissioners are opposed to this bill and will not implement this tax. Imposing a new tax and putting money into a local entity's pocket will not solve the problem.

Persons Testifying: (In support) Representative Manweller, prime sponsor; Alicia Shields, and Mehdi Merred, Quincy Valley Medical Center; and Don Fortier, Grant County Fire District No. 3.

(Opposed) Chris Marr, George Amphitheater.

Persons Signed In To Testify But Not Testifying: None.