

# SENATE BILL REPORT

## SB 6312

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As Reported by Senate Committee On:  
Government Operations & Security, February 4, 2016

**Title:** An act relating to the core legislative powers of elected commissioners of a public hospital district.

**Brief Description:** Regulating the core legislative powers of elected commissioners of a public hospital district.

**Sponsors:** Senators Keiser, Roach and Hasegawa.

**Brief History:**

**Committee Activity:** Government Operations & Security: 1/18/16, 2/04/16 [DPS, DNP].

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

**Majority Report:** That Substitute Senate Bill No. 6312 be substituted therefor, and the substitute bill do pass.

Signed by Senators Roach, Chair; Benton, Vice Chair; Habib and McCoy.

**Minority Report:** Do not pass.

Signed by Senators Pearson, Vice Chair; Dandel and Takko.

**Staff:** Alex Kearns (786-7416)

**Background:** Public hospital districts (Districts) are municipal corporations established for the purpose of owning and operating hospitals and health care facilities and providing health care services to the public. Districts are proposed by resolution or voter petition and are approved if supported by a simple majority of District voters. Districts are governed by an elected board of three, five, or seven commissioners.

Under the Interlocal Cooperation Act, a public agency of the state may exercise its authority jointly with another public agency. In addition to the authority provided under the Interlocal Cooperation Act, Districts are specifically authorized to enter into contracts with federal, state, and local governments to carry out their powers. Districts may also contract with other Districts, hospitals, corporations, and individuals to provide health care services.

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*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.*

In 2011, Public Hospital District No. 1 of King County entered into a joint cooperative action agreement with UW Medicine. Under the agreement, UW Medicine agreed to assist with the operation of the district's health care system. In addition, the agreement established a board of trustees composed of the five commissioners from the District, five trustees who reside within the boundaries of the District, two trustees from UW Medicine, and the CEO of UW Medicine. In 2012, the board of Public Hospital District No. 1 of King County sued UW Medicine, challenging the validity of the agreement on the basis that it impermissibly delegated the district's core governing responsibilities to the board of trustees. A Washington appellate court upheld the agreement, holding that there was no unlawful delegation of the District's powers.

**Summary of Bill (Recommended Substitute):** Any agreement by a public hospital district's board of commissioners that delegates core legislative powers to another decision making body must be ratified by the District's voters in the next general election. Ratification requires a majority of votes. If not ratified by the voters the agreement is terminated. Additionally, any decision made under a joint agreement that regards core legislative powers must be approved by a majority of the elected commissioners or, if not approved, must be ratified by the district's voters. If not ratified the decision is void.

Core legislative powers are defined as the powers to levy a property tax, adopt a budget, issue bonds, and appoint or remove the district's superintendent or the district's hospital's chief executive or administrative officer.

**EFFECT OF CHANGES MADE BY GOVERNMENT OPERATIONS & SECURITY COMMITTEE (Recommended Substitute):** Narrows the scope of core legislative powers to those specifically listed. Removes the incurring debt from the list of core legislative powers. Adds the power to appoint or remove the district's superintendent or the district's hospital's chief executive or administrative officer. Makes nonsubstantive drafting changes.

**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 on Original Bill:** PRO: There has been a tremendous amount of consolidation within the medical world, which affects public hospital districts differently as public entities. It needs to be clarified that hospital districts are governed by elected commissioners and those commissioners must retain their core legislative powers. Every time legislative power is delegated to other entities the people lose because voters who pay taxes have less control. Public Hospital District No. 1 of King County has an agreement with UW Medicine that delegates power, and this has given commissioners a fraction of the power they had before. Although the agreement tiptoes within the letter of the law, it does not uphold the meaning of the law.

CON: It is hard to support the bill because the definition of core legislative powers is so fluid. It is also unclear what the act of "incurring debt" encompasses. While the panel opposes the bill as it is drafted, it does not oppose the idea that core legislative powers should be retained by district commissioners. Under the agreement between Public Hospital District No. 1 of King County and UW Medicine the core legislative powers were not delegated, which is why the appellate court ultimately upheld the agreement.

**Persons Testifying on Original Bill:** PRO: Senator Keiser, Prime Sponsor; Senator Roach; Anthony Hemstad, Former Hospital Commissioner of King County Public Hospital District #1; Paul Dr. Joos, President of King County Public Hospital District #1; Steve Finley.

CON: Ben Lindekugel, Assn. of WA Public Hospital Districts; David Smith, Valley Medical Center; Ian Goodhew, UW Medicine.

**Persons Signed In To Testify But Not Testifying:** No one.