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SENATE BILL 6037

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State of Washington

64th Legislature

2015 Regular Session

By Senators Roach and Benton

Read first time 02/19/15. Referred to Committee on Government Operations & Security.

1 AN ACT Relating to requiring a vote of the people if a public  
2 hospital district enters into a contract or agreement in which a  
3 certain percentage of the activities of the public hospital district  
4 is contracted to another entity; amending RCW 70.44.060 and  
5 70.44.240; and adding a new section to chapter 70.44 RCW.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 **Sec. 1.** RCW 70.44.060 and 2011 c 37 s 1 are each amended to read  
8 as follows:

9 All public hospital districts organized under the provisions of  
10 this chapter shall have power:

11 (1) To make a survey of existing hospital and other health care  
12 facilities within and without such district.

13 (2) To construct, condemn and purchase, purchase, acquire, lease,  
14 add to, maintain, operate, develop and regulate, sell and convey all  
15 lands, property, property rights, equipment, hospital and other  
16 health care facilities and systems for the maintenance of hospitals,  
17 buildings, structures, and any and all other facilities, and to  
18 exercise the right of eminent domain to effectuate the foregoing  
19 purposes or for the acquisition and damaging of the same or property  
20 of any kind appurtenant thereto, and such right of eminent domain  
21 shall be exercised and instituted pursuant to a resolution of the

1 commission and conducted in the same manner and by the same procedure  
2 as in or may be provided by law for the exercise of the power of  
3 eminent domain by incorporated cities and towns of the state of  
4 Washington in the acquisition of property rights: PROVIDED, That no  
5 public hospital district shall have the right of eminent domain and  
6 the power of condemnation against any health care facility.

7 (3) To lease existing hospital and other health care facilities  
8 and equipment and/or other property used in connection therewith,  
9 including ambulances, and to pay such rental therefor as the  
10 commissioners shall deem proper; to provide hospital and other health  
11 care services for residents of said district by facilities located  
12 outside the boundaries of said district, by contract or in any other  
13 manner said commissioners may deem expedient or necessary under the  
14 existing conditions; and said hospital district shall have the power  
15 to contract with other communities, corporations, or individuals for  
16 the services provided by said hospital district, except as provided  
17 in section 3 of this act; and they may further receive in said  
18 hospitals and other health care facilities and furnish proper and  
19 adequate services to all persons not residents of said district at  
20 such reasonable and fair compensation as may be considered proper:  
21 PROVIDED, That it must at all times make adequate provision for the  
22 needs of the district and residents of said district shall have prior  
23 rights to the available hospital and other health care facilities of  
24 said district, at rates set by the district commissioners.

25 (4) For the purpose aforesaid, it shall be lawful for any  
26 district so organized to take, condemn and purchase, lease, or  
27 acquire, any and all property, and property rights, including state  
28 and county lands, for any of the purposes aforesaid, and any and all  
29 other facilities necessary or convenient, and in connection with the  
30 construction, maintenance, and operation of any such hospitals and  
31 other health care facilities, subject, however, to the applicable  
32 limitations provided in subsection (2) of this section.

33 (5) To contract indebtedness or borrow money for corporate  
34 purposes on the credit of the corporation or the revenues of the  
35 hospitals thereof, and the revenues of any other facilities or  
36 services that the district is or hereafter may be authorized by law  
37 to provide, and to issue and sell: (a) Revenue bonds, revenue  
38 warrants, or other revenue obligations therefor payable solely out of  
39 a special fund or funds into which the district may pledge such  
40 amount of the revenues of the hospitals thereof, and the revenues of

1 any other facilities or services that the district is or hereafter  
2 may be authorized by law to provide, to pay the same as the  
3 commissioners of the district may determine, such revenue bonds,  
4 warrants, or other obligations to be issued and sold in the same  
5 manner and subject to the same provisions as provided for the  
6 issuance of revenue bonds, warrants, or other obligations by cities  
7 or towns under the municipal revenue bond act, chapter 35.41 RCW, as  
8 may hereafter be amended; (b) general obligation bonds therefor in  
9 the manner and form as provided in RCW 70.44.110 and 70.44.130, as  
10 may hereafter be amended; or (c) interest-bearing warrants to be  
11 drawn on a fund pending deposit in such fund of money sufficient to  
12 redeem such warrants and to be issued and paid in such manner and  
13 upon such terms and conditions as the board of commissioners may deem  
14 to be in the best interest of the district; and to assign or sell  
15 hospital accounts receivable, and accounts receivable for the use of  
16 other facilities or services that the district is or hereafter may be  
17 authorized by law to provide, for collection with or without  
18 recourse. General obligation bonds shall be issued and sold in  
19 accordance with chapter 39.46 RCW. Revenue bonds, revenue warrants,  
20 or other revenue obligations may be issued and sold in accordance  
21 with chapter 39.46 RCW. In connection with the issuance of bonds, a  
22 public hospital district is, in addition to its other powers,  
23 authorized to grant a lien on any or all of its property, whether  
24 then owned or thereafter acquired, including the revenues and  
25 receipts from the property, pursuant to a mortgage, deed of trust,  
26 security agreement, or any other security instrument now or hereafter  
27 authorized by applicable law: PROVIDED, That such bonds are issued in  
28 connection with a federal program providing mortgage insurance,  
29 including but not limited to the mortgage insurance programs  
30 administered by the United States department of housing and urban  
31 development pursuant to sections 232, 241, and 242 of Title II of the  
32 national housing act, as amended.

33 (6) To raise revenue by the levy of an annual tax on all taxable  
34 property within such public hospital district not to exceed fifty  
35 cents per thousand dollars of assessed value, and an additional  
36 annual tax on all taxable property within such public hospital  
37 district not to exceed twenty-five cents per thousand dollars of  
38 assessed value, or such further amount as has been or shall be  
39 authorized by a vote of the people. Although public hospital  
40 districts are authorized to impose two separate regular property tax

1 levies, the levies shall be considered to be a single levy for  
2 purposes of the limitation provided for in chapter 84.55 RCW. Public  
3 hospital districts are authorized to levy such a general tax in  
4 excess of their regular property taxes when authorized so to do at a  
5 special election conducted in accordance with and subject to all of  
6 the requirements of the Constitution and the laws of the state of  
7 Washington now in force or hereafter enacted governing the limitation  
8 of tax levies. The said board of district commissioners is authorized  
9 and empowered to call a special election for the purpose of  
10 submitting to the qualified voters of the hospital district a  
11 proposition or propositions to levy taxes in excess of its regular  
12 property taxes. The superintendent shall prepare a proposed budget of  
13 the contemplated financial transactions for the ensuing year and file  
14 the same in the records of the commission on or before the first day  
15 of November. Notice of the filing of said proposed budget and the  
16 date and place of hearing on the same shall be published for at least  
17 two consecutive weeks, at least one time each week, in a newspaper  
18 printed and of general circulation in said county. On or before the  
19 fifteenth day of November the commission shall hold a public hearing  
20 on said proposed budget at which any taxpayer may appear and be heard  
21 against the whole or any part of the proposed budget. Upon the  
22 conclusion of said hearing, the commission shall, by resolution,  
23 adopt the budget as finally determined and fix the final amount of  
24 expenditures for the ensuing year. Taxes levied by the commission  
25 shall be certified to and collected by the proper county officer of  
26 the county in which such public hospital district is located in the  
27 same manner as is or may be provided by law for the certification and  
28 collection of port district taxes. The commission is authorized,  
29 prior to the receipt of taxes raised by levy, to borrow money or  
30 issue warrants of the district in anticipation of the revenue to be  
31 derived by such district from the levy of taxes for the purpose of  
32 such district, and such warrants shall be redeemed from the first  
33 money available from such taxes when collected, and such warrants  
34 shall not exceed the anticipated revenues of one year, and shall bear  
35 interest at a rate or rates as authorized by the commission.

36 (7) To enter into any contract with the United States government  
37 or any state, municipality, or other hospital district, or any  
38 department of those governing bodies, for carrying out any of the  
39 powers authorized by this chapter, except as provided in section 3 of  
40 this act.

1 (8) To sue and be sued in any court of competent jurisdiction:  
2 PROVIDED, That all suits against the public hospital district shall  
3 be brought in the county in which the public hospital district is  
4 located.

5 (9) To pay actual necessary travel expenses and living expenses  
6 incurred while in travel status for (a) qualified physicians or other  
7 health care practitioners who are candidates for medical staff  
8 positions, and (b) other qualified persons who are candidates for  
9 superintendent or other managerial and technical positions, which  
10 expenses may include expenses incurred by family members accompanying  
11 the candidate, when the district finds that hospitals or other health  
12 care facilities owned and operated by it are not adequately staffed  
13 and determines that personal interviews with said candidates to be  
14 held in the district are necessary or desirable for the adequate  
15 staffing of said facilities.

16 (10) To employ superintendents, attorneys, and other technical or  
17 professional assistants and all other employees; to make all  
18 contracts useful or necessary to carry out the provisions of this  
19 chapter, including, but not limited to, (a) contracts with private or  
20 public institutions for employee retirement programs, and (b)  
21 contracts with current or prospective employees, physicians, or other  
22 health care practitioners providing for the payment or reimbursement  
23 by the public hospital district of health care training or education  
24 expenses, including but not limited to debt obligations, incurred by  
25 current or prospective employees, physicians, or other health care  
26 practitioners in return for their agreement to provide services  
27 beneficial to the public hospital district; to print and publish  
28 information or literature; and to do all other things necessary to  
29 carry out the provisions of this chapter.

30 (11) To solicit and accept gifts, grants, conveyances, bequests,  
31 and devises of real or personal property, or both, in trust or  
32 otherwise, and to sell, lease, exchange, invest, or expend gifts or  
33 the proceeds, rents, profits, and income therefrom, and to enter into  
34 contracts with for-profit or nonprofit organizations to support the  
35 purposes of this subsection, including, but not limited to, contracts  
36 providing for the use of district facilities, property, personnel, or  
37 services.

38 **Sec. 2.** RCW 70.44.240 and 2004 c 261 s 7 are each amended to  
39 read as follows:

1        Except as provided in section 3 of this act, any public hospital  
2 district may contract or join with any other public hospital  
3 district, publicly owned hospital, nonprofit hospital, legal entity,  
4 or individual to acquire, own, operate, manage, or provide any  
5 hospital or other health care facilities or hospital services or  
6 other health care services to be used by individuals, districts,  
7 hospitals, or others, including providing health maintenance  
8 services. If a public hospital district chooses to contract or join  
9 with another party or parties pursuant to the provisions of this  
10 chapter, it may do so through establishing a nonprofit corporation,  
11 partnership, limited liability company, or other legal entity of its  
12 choosing in which the public hospital district and the other party or  
13 parties participate. The governing body of such legal entity shall  
14 include representatives of the public hospital district, which  
15 representatives may include members of the public hospital district's  
16 board of commissioners. A public hospital district contracting or  
17 joining with another party pursuant to the provisions of this chapter  
18 may appropriate funds and may sell, lease, or otherwise provide  
19 property, personnel, and services to the legal entity established to  
20 carry out the contract or joint activity.

21        NEW SECTION.    **Sec. 3.**    A new section is added to chapter 70.44  
22 RCW to read as follows:

23        (1) If a public hospital district enters into a contract or joins  
24 with communities, corporations, individuals, the United States  
25 government or any state, municipality, or other hospital district, or  
26 any department of those governing bodies pursuant to RCW 70.44.060,  
27 the contract or agreement must be submitted to the voters of the  
28 public hospital district at the next general election. The contract  
29 or agreement must only be submitted to the voters if more than nine  
30 and nine-tenths percent of the activities, as measured by revenue, of  
31 the public hospital district is contracted to communities,  
32 corporations, individuals, the United States government or any state,  
33 municipality, or other hospital district, or any department of those  
34 governing bodies. If communities, corporations, individuals, the  
35 United States government or any state, municipality, or other  
36 hospital district, or any department of those governing bodies has a  
37 cumulative amount of more than twenty percent of the activities as  
38 measured by revenue, the contract or agreement must be submitted to  
39 the voters. The text of the proposition to ratify the contract or

1 agreement, an explanatory statement describing the measure, and  
2 statements for and against the measure must be included in the local  
3 voters' pamphlet as provided in RCW 29A.32.210 through 29A.32.280.  
4 The election must be conducted as provided in Title 29A RCW. The  
5 public hospital district shall pay the costs of the election. If the  
6 agreement is not ratified by a majority of votes cast on the  
7 proposition, the public hospital district may not enter into the  
8 contract or agreement.

9 (2) If a public hospital district enters into a contract or joins  
10 with any other public hospital district, publicly owned hospital,  
11 nonprofit hospital, legal entity, or individual pursuant to RCW  
12 70.44.240, the contract or agreement must be submitted to the voters  
13 of the public hospital district at the next general election. The  
14 contract or agreement must only be submitted to the voters if more  
15 than nine and nine-tenths percent of the activities, as measured by  
16 revenue, of the public hospital district is contracted to any other  
17 public hospital district, publicly owned hospital, nonprofit  
18 hospital, legal entity, or individual. If any other public hospital  
19 district, publicly owned hospital, nonprofit hospital, legal entity,  
20 or individual has a cumulative amount of more than twenty percent of  
21 the activities as measured by revenue, the contract or agreement must  
22 be submitted to the voters. The text of the proposition to ratify the  
23 contract or agreement, an explanatory statement describing the  
24 measure, and statements for and against the measure must be included  
25 in the local voters' pamphlet as provided in RCW 29A.32.210 through  
26 29A.32.280. The election must be conducted as provided in Title 29A  
27 RCW. The public hospital district shall pay the costs of the  
28 election. If the contract or agreement is not ratified by a majority  
29 of votes cast on the proposition, the public hospital district may  
30 not enter into the contract or agreement.

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