

HOUSE BILL REPORT

HB 2348

As Reported by House Committee On:
Local Government

Title: An act relating to county hospital funding.

Brief Description: Concerning county hospital funding.

Sponsors: Representatives Street, Chopp, Taylor, Fitzgibbon, Berry, Orwall, Davis, Alvarado, Farivar, Macri, Ryu, Riccelli and Ormsby.

Brief History:

Committee Activity:

Local Government: 1/24/24, 1/26/24 [DP].

Brief Summary of Bill

- Authorizes counties that establish hospitals to use county money, levy taxes, and issue bonds to pay, finance, or refinance capital expenses related to the hospital.
- Specifies that the tax imposed by counties who own hospitals is an additional regular property tax.
- Expands the uses for which the authorized county tax may be used to include the operation of the county hospital, capital expenses, and for payment of principal and interest on bonds issued for those purposes.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 6 members: Representatives Duerr, Chair; Alvarado, Vice Chair; Goehner, Ranking Minority Member; Berg, Griffey and Riccelli.

Minority Report: Without recommendation. Signed by 1 member: Representative Jacobsen, Assistant Ranking Minority Member.

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

Staff: Elizabeth Allison (786-7129).

Background:

A county legislative authority is authorized to establish, provide, and maintain hospitals. For this purpose, counties may:

- purchase or lease real property or use county-owned land;
- erect all necessary buildings, make repairs and improvements, and alter existing buildings for the use of the hospital;
- use county money, levy taxes, and issue bonds to raise money to cover the cost of procuring the site of the hospital, constructing and operating the hospital, and for maintaining the hospital; and
- accept and hold in trust any grant of land, gift or bequest of money, or any donation for the benefit of the hospital.

If a county hospital is established, the county may levy a tax in an amount up to 50 cents per \$1,000 of assessed value, in any year, for the maintenance of the hospital.

Summary of Bill:

Counties are authorized to use county money, levy taxes, and issue bonds to pay, finance, or refinance the cost of, rather than cover the cost of, procuring the site for a hospital, constructing and operating costs, and maintenance. Counties may also use county money, levy taxes, and issue bonds for hospital capital expenses.

The tax a county that establishes a hospital may impose is specified as an additional property tax. In addition to maintenance, the revenue may be used for the operation and capital expenses of the hospital and to pay the principal and interest on bonds issued for such purposes. The tax is not subject to aggregate regular levy rates and is not subject to the 1 percent levy growth limit for the first year the tax is imposed.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available.

Effective Date: The bill contains multiple effective dates. Please see the bill.

Staff Summary of Public Testimony:

(In support) Harborview Hospital recently proposed a set of renovations and seismic retrofits to modernize the hospital. Before COVID-19, the estimated cost was \$1.75

billion. Since then, inflation has taken off and the project requires an additional \$1 billion. Harborview is a gem of a hospital. It is in the heart of downtown Seattle and all communities are experiencing housing crises. Harborview serves homeless folks by providing \$130 million in charity care, and an additional \$200 million in undercompensated care. Forty percent of the people who go to Harborview are outside of King County. Harborview is the only Trauma One hospital not only in Washington, but in the Pacific Northwest. People come from neighboring states for care. Harborview has a partnership with the University of Washington School of Medicine. Residents from the school do training at Harborview. Other hospitals have bonding and levy ability that Harborview does not have access to. Any county-owned hospital can fund maintenance, but money cannot be used for operating costs, capital expenses, or debt servicing. This bill is targeted in how it is written and only King County will be affected because Harborview is the only county-owned hospital. Due to the same impacts seen by the state, Harborview cannot cover its current costs. There are increased costs stemming from COVID-19 and there is not currently a solution. Harborview does not currently have a dedicated revenue source, and this bill would provide funding for the hospital. Harborview has significant fiscal needs. Harborview is asking the state for operating expenses from the state budget. Communities in King County and outside are in dire need of additional beds. This bill will allow Harborview to expand its number of beds and increase its acute care services.

(Opposed) None.

Persons Testifying: Representative Chipalo Street, prime sponsor; Michael White, Office of the King County Executive; Rashi Gupta, University of Washington Medicine; and Heather Gates, Harborview Respite Program.

Persons Signed In To Testify But Not Testifying: None.