

CERTIFICATION OF ENROLLMENT

SENATE BILL 5354

61st Legislature
2009 Regular Session

Passed by the Senate April 25, 2009
YEAS 41 NAYS 7

President of the Senate

Passed by the House April 23, 2009
YEAS 94 NAYS 0

Speaker of the House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5354** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

SENATE BILL 5354

AS AMENDED BY THE HOUSE

Passed Legislature - 2009 Regular Session

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 that

1 receives medical services from a hospital district, but is prevented by
2 geography and the absence of contiguous boundaries from annexing to
3 that district. A public hospital capital facility area may include all
4 or a portion of a city or town.

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

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

14 NEW SECTION. **Sec. 3.** ESTABLISHING A PUBLIC HOSPITAL CAPITAL
15 FACILITY AREA--BALLOT PROPOSITIONS. (1)(a) Upon receipt of a completed
16 petition to both establish a public hospital capital facility area and
17 submit a ballot proposition under section 7 of this act to finance
18 public hospital capital facilities and other capital health care
19 facilities, the legislative authority of the county in which a proposed
20 public hospital capital facility area is to be established shall submit
21 separate ballot propositions to voters to authorize establishing the
22 proposed public hospital capital facility area and authorizing the
23 public hospital capital facility area, if established, to finance
24 public hospital capital facilities or other capital health care
25 facilities by issuing general indebtedness and imposing excess levies
26 to retire the indebtedness. A petition submitted under this section
27 must be accompanied by a written request to establish a public hospital
28 capital facility area that is signed by a majority of the commissioners
29 of the public hospital district serving the proposed area.

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

1 create a public hospital capital facility area requires a simple
2 majority vote by the voters participating in the election.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 (3) If the treasurer of the district is the treasurer of the county
30 all public hospital capital facility area funds must be deposited with
31 the county depositaries under the same restrictions, contracts, and
32 security as provided for county depositaries. If the treasurer of the
33 public hospital capital facility area is some other person, all funds
34 must be deposited in a bank or banks authorized to do business in this
35 state as the commission by resolution designates, and with surety bond
36 to the public hospital capital facility area or securities in lieu
37 thereof of the kind, no less in amount, for deposit of county funds.

1 The surety bond or securities in lieu thereof must be filed or
2 deposited with the treasurer of the public hospital capital facility
3 area, and approved by resolution of the commission.

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

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

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

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