

Multiple Agency Fiscal Note Summary

Bill Number: 5354 SB	Title: Hospital capital facil areas
-----------------------------	--

Estimated Cash Receipts

Agency Name	2009-11		2011-13		2013-15	
	GF- State	Total	GF- State	Total	GF- State	Total
Total \$						

Local Gov. Courts *						
Local Gov. Other **	Non-zero but indeterminate cost. Please see discussion.					
Local Gov. Total						

Estimated Expenditures

Agency Name	2009-11			2011-13			2013-15		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Total	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0

Local Gov. Courts *									
Local Gov. Other **									
Local Gov. Total									

--

Prepared by: Ryan Black, OFM	Phone: 360-902-0417	Date Published: Final
-------------------------------------	-------------------------------	---------------------------------

* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

Department of Revenue Fiscal Note

Bill Number: 5354 SB	Title: Hospital capital facil areas	Agency: 140-Department of Revenue
-----------------------------	--	--

Part I: Estimates

☒ No Fiscal Impact

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Ethan Moreno	Phone: 360-786-7386	Date: 03/18/2009
Agency Preparation:	Thomas Christensen	Phone: 360-570-6071	Date: 03/19/2009
Agency Approval:	Kim Davis	Phone: 360-570-6087	Date: 03/19/2009
OFM Review:	Ryan Black	Phone: 360-902-0417	Date: 03/19/2009

Request # 5354-1-1

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

By voter approval (simple majority), this legislation would create a "public hospital capital facility area" as a quasi-municipal corporation and independent taxing unit in a county consisting entirely of islands with a total land area between 38 and 40 square miles that receives medical services from an existing hospital district and is unable to annex to an existing hospital district.

The county legislative authority may issue general indebtedness and impose excess levies to retire the indebtedness for the funding of hospital capital facilities or other capital health facilities. Ballot propositions will be submitted to voters at a general or special election.

Bonds for these facilities shall not exceed 1.25 percent of the value of taxable property in the region defined for the public hospital capital facility area, which must be approved by at least three-fifths of the voters in said region, not less than 40 percent of those having voted at the previous general election. A public hospital capital facility area may accept gifts or grants of money or property of any kind.

The county treasurer will be the treasurer for the public hospital capital facility area, unless the commission of the public hospital district designates some other experienced person. If the treasurer is not the county treasurer, the commission shall require a bond with a surety company authorized to do business in Washington.

The public hospital capital facility area may contract or join with specified entities to own, operate, manage, or provide any hospital or other health care facilities or hospital services or other health care services to be used.

The bill takes effect 90 days after final adjournment of the session in which it is enacted.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

ASSUMPTIONS/DATA SOURCES

It is assumed the legislation is intended for Camano Island.

REVENUE ESTIMATES

This legislation does not impact state revenues.

Should the public hospital capital facilities area issue bonds for the maximum 1.25 percent of assessed property value allowed for bonds together with any other indebtedness, there would be an estimated \$28 million issued in bonds.

It is unknown if the public hospital capital facilities area would issue bonds at the 1.25 percent of assessed property value maximum. It is unknown how the public hospital capital facilities area would structure its excess property tax levy to pay back these bonds, so the yearly local impact is indeterminate.

TOTAL REVENUE IMPACT:

State Government (cash basis, \$000): none.

Local Government (cash basis, \$000): indeterminate.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing

The Department does not anticipate incurring any costs associated with the implementation of this legislation.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

NONE.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

No rule-making required.

LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

Bill Number: 5354 SB	Title: Hospital capital facil areas
-----------------------------	--

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Would add an additional taxing district for pro-ration of total tax rate caps.
- ☒ Counties: Would authorize a county to create a junior property taxing district.
- ☒ Special Districts: Would create a source of property tax funding for repayment of general obligation bonds.
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☒ Expenditures represent one-time costs: Costs of ordinance adoption, elections, and taxing district creation with assessor and treasurer.
- ☒ Legislation provides local option: Creation of the district is a local option.
- ☒ Key variables cannot be estimated with certainty at this time: Size of public hospital capital facilities area, project and bond sale.

Estimated revenue impacts to:

Indeterminate Impact

Estimated expenditure impacts to:

Jurisdiction	FY 2010	FY 2011	2009-11	2011-13	2013-15
City					
County					
Special District					
TOTAL \$					
GRAND TOTAL \$	0				

Part III: Preparation and Approval

Fiscal Note Analyst: David Elliott	Phone: (360) 725 5033	Date: 03/24/2009
Leg. Committee Contact: Ethan Moreno	Phone: 360-786-7386	Date: 03/18/2009
Agency Approval: Steve Salmi	Phone: (360) 725 5034	Date: 03/24/2009
OFM Review: Ryan Black	Phone: 360-902-0417	Date: 03/24/2009

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

This legislation allows a county composed entirely of islands with a land area of between 38 and 40 square miles to create a public hospital capital facilities area (PHCFA) funded by property tax levies. A county proposing to create a public hospital capital facilities area must get approval of the voters in the proposed area after either establishment by the county legislative authority or via a petition process. Levies may be made to repay general obligation bonds used to construct or remodel public hospital capital facilities. Total indebtedness cannot exceed 1.25 percent of the value of the taxable property in the public hospital capital facilities area. The levy must be approved by three-fifths of the voters with at least 40 percent of the voters voting as measured at the last preceding general election.

SUMMARY OF SECTIONS:

Section 3 authorizes the legislative authority of a county composed entirely of islands with a land area of between 38 and 40 square miles to create a public hospital capital facilities area. This may occur upon receipt of: a petition describing the boundaries of the PHCFA signed by at least 10 percent of the voters in the district, and a written request signed by a majority of the members of the board of trustees of a public hospital district serving the proposed area. The petition must also request a tax proposal to be submitted to the voters to repay any general obligation bonds issued by the PHCFA. The legislative authority then must submit two proposals to the voters, one to establish the facilities area, and another authorizing financing for the facilities area. Both must pass with a simple majority in order to establish the PHCFA.

Section 4 establishes procedures for the petition process and authorizes the PHCFA to be an area smaller than the entire county. If a petition contains signatures of at least 10 percent of the voters in the proposed area, a hearing is held over a period not to exceed four weeks. The county commissioners may exclude lands that are unjustly or improperly included within the proposed facilities area and may not include any land outside the proposed boundaries without the written request of the owners of the land.

Section 5 establishes the governing body as the county commission of the county containing the proposed area.

Section 6 establishes the PHCFA authority to construct or remodel facilities, and to arrange for management of construction or remodeling through contract or interlocal agreement with a county, city, town, or public hospital district. This section authorizes transfer of title for any public hospital capital facilities to a county, city, town, or public hospital district in which the facility is located and receives service.

Section 7 authorizes a PHCFA to borrow money to finance capital facilities and impose property taxes to repay the indebtedness. The maximum that may be financed is 1.25 percent of the value of the taxable property in the public hospital capital facilities area. Any tax levy must be approved by three-fifths of the voters with at least 40 percent of the voters voting as measured at the last preceding general election.

Section 8 provides for the dissolution of a public hospital capital facility area.

Section 10 declares the county treasurer to be the PHCFA treasurer unless the commission of the public hospital district designates another person as the treasurer. The section also defines duties, the need for bonding, and standards for investment of funds.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

This bill provides a local option, so for fiscal note purposes there would be no expenditure impacts. A county that chose to exercise this option would generate expenses for creating the public hospital capital facilities area and administering the tax. It is assumed that all of the expenses would be offset by additional revenue. Costs would include ordinance adoption, elections, and taxing district set up with the county assessor and treasurer.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

The bill would have a significant (greater than \$1M per year) although indeterminate impact on county and special district revenue and revenue authority. The Department of Revenue assumes that the area addressed by the legislation is Camano Island, which is located in Island County but served by the Skagit Valley Hospital District. According to the Department of Revenue fiscal note, the total possible indebtedness could reach \$28 million. It is unknown whether the public hospital capital facilities area would issue bonds, what amount would be issued, or how the repayment of the debt would be structured (Department of Revenue).

SOURCES FOR EXPENDITURES AND REVENUES:

Department of Revenue fiscal note

House Bill Report for SB 5354

Skagit Valley Hospital

Camano Community Health Clinic