

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2348 S HB	<b>Title:</b> County hospital funding
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## Estimated Cash Receipts

NONE

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	No fiscal impact					
Local Gov. Total						

## Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Revenue	.0	7,600	7,600	7,600	.0	0	0	0	.0	0	0	0
Department of Health	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>7,600</b>	<b>7,600</b>	<b>7,600</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

## Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Revenue	.0	0	0	.0	0	0	.0	0	0
Department of Health	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Amy Hatfield, OFM	<b>Phone:</b> (360) 280-7584	<b>Date Published:</b> Final 2/12/2024
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# Department of Revenue Fiscal Note

<b>Bill Number:</b> 2348 S HB	<b>Title:</b> County hospital funding	<b>Agency:</b> 140-Department of Revenue
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Expenditures from:**

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.1	0.0		
<b>Account</b>					
GF-STATE-State 001-1		7,600	7,600		
<b>Total \$</b>		7,600	7,600		

**Estimated Capital Budget Impact:**

NONE

*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: Rachelle Harris	Phone: 60-786-7137	Date: 02/05/2024
Agency Preparation: Kari Kenall	Phone: 60-534-1508	Date: 02/06/2024
Agency Approval: Valerie Torres	Phone: 60-534-1521	Date: 02/06/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/08/2024

Request # 2348-2-1

## Part II: Narrative Explanation

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

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

Note: This fiscal note reflects language in SHB 2348, 2024 Legislative Session.

#### COMPARISON OF THE SUBSTITUTE BILL WITH THE ORIGINAL:

The substitute allows a county can use county hospital levy funds for outpatient clinics owned by the hospital and clarifies the entire levy is exempt from the \$5.90 aggregate levy limit on regular levies.

#### CURRENT LAW:

The legislative authority of any county may establish, provide, and maintain hospitals. If a hospital is established, the county legislative authority can levy a property tax, not to exceed 50 cents per \$1,000 of assessed value in any year, for maintenance of the hospital. A county imposing a hospital levy must include the county hospital levy within the county general levy of \$1.80 per \$1,000 of assessed value.

The county may use county hospital levy funds to purchase land and construct, operate, and maintain county hospitals.

The law limits property tax levies using a limit factor:

- For taxing districts with a population of less than 10,000, the limit factor is 101%.
- For all other districts, the limit factor is the lesser of 101% or 100% plus inflation. However, if inflation is less than 1%, taxing districts, except the state, that adopt a substantial need resolution can have a limit of up to 101%.

The law also limits levies with the \$5.90 aggregate limit, meaning the combined tax rates for the regular levies of most local taxing districts cannot exceed \$5.90 per \$1,000 of assessed value.

The Washington Constitution limits the total amount of regular property taxes imposed on an individual parcel of property to 1% of its market value. This equates to \$10 per \$1,000 of market value (commonly known as the \$10 limit).

If the combined rates exceed either the \$5.90 aggregate limit or the constitutional \$10 limit, then the law reduces or eliminates the levies of certain taxing districts' levies in a particular order through a process referred to as prorationing.

#### PROPOSAL:

This bill replaces the county hospital levy the county levies within the county general levy with a new county hospital levy the county levies in addition to the county general levy. The new levy is:

- Exempt from the limit factor for the first year the county approves to impose the levy.
- Exempt from the \$5.90 aggregate levy limit on regular levies.
- Subject to prorationing at the same level as the levies for conservation futures, affordable housing, and part of the emergency medical services levy if the total rates exceed the constitutional \$10 limit.

The bill also revises how counties may use funds from a county hospital levy. The funds may now be used to finance or refinance the costs of a site, capital expenses, operations, and payment of principal and interest on bonds for county hospitals and outpatient clinics operated by county hospitals, in addition to existing provisions.

#### EFFECTIVE DATE:

This bill takes effect beginning with property taxes due for calendar year 2025.

## II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### ASSUMPTIONS

- Only King County has a county-owned hospital.
- The Department of Revenue (department) doesn't believe this legislation will result in additional county-owned hospitals.
- Expanding how county hospital levy funds can be used does not result in additional levies.
- No prorationing occurs with this bill under the constitutional 1% limit.

### DATA SOURCES

- Department of Revenue, Property tax data
- County assessor data

### REVENUE ESTIMATES

This legislation results in no revenue impact to the state property tax levy.

There is also no revenue impact on the local property tax levies because King County can impose a county hospital levy within the limitations of current law. Due to various levy limitations, King County's general levy is well below the \$1.80 per \$1,000 assessed value. Thus, it does not create additional levy capacity for the county under this bill.

Making this county hospital levy exempt from the \$5.90 aggregate levy limit on regular levies could benefit other taxing districts if their aggregate rates were up against the \$5.90 aggregate levy limit. However, no aggregate levies in King County are within 50 cents of the \$5.90 aggregate limit. Thus, this bill does not create additional revenue for other taxing districts, either.

### TOTAL REVENUE IMPACT:

State Government (cash basis, \$000): None

Local Government, if applicable (cash basis, \$000): None

## II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

### FIRST YEAR COSTS:

The department will not incur costs in fiscal year 2024.

### SECOND YEAR COSTS:

The department will incur total costs of \$7,600 in fiscal year 2025. These costs include:

- Labor Costs – Time and effort equate to 0.08 FTE.
- Amend two administrative rules.

### ONGOING COSTS:

There are no ongoing costs.

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years		0.1	0.0		
A-Salaries and Wages		5,000	5,000		
B-Employee Benefits		1,600	1,600		
E-Goods and Other Services		600	600		
J-Capital Outlays		400	400		
<b>Total \$</b>		\$7,600	\$7,600		

**III. B - Detail:** FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
EMS BAND 4	131,684		0.0	0.0		
MGMT ANALYST4	76,188		0.0	0.0		
TAX POLICY SP 2	78,120		0.0	0.0		
TAX POLICY SP 3	88,416		0.0	0.0		
TAX POLICY SP 4	95,184		0.0	0.0		
WMS BAND 3	111,992		0.0	0.0		
<b>Total FTEs</b>			0.1	0.1		

#### III. C - Expenditures By Program (optional)

NONE

### Part IV: Capital Budget Impact

#### IV. A - Capital Budget Expenditures

NONE

#### IV. B - Expenditures by Object Or Purpose

NONE

#### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

### Part V: New Rule Making Required

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Should this legislation become law, the department will use the expedited process to amend the following rules:

WAC 458-19-070, titled: "Five dollars and ninety cents statutory aggregate dollar rate limit calculation."

WAC 458-19-075, titled: "Constitutional one percent limit calculation."

Persons affected by this rulemaking would include county hospitals.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2348 S HB	<b>Title:</b> County hospital funding	<b>Agency:</b> 303-Department of Health
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## Part I: Estimates

**No Fiscal Impact**

**Estimated Cash Receipts to:**

NONE

**Estimated Operating Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*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: Rachele Harris	Phone: 360-786-7137	Date: 02/05/2024
Agency Preparation: Donna Compton	Phone: 360-236-4538	Date: 02/07/2024
Agency Approval: Kristin Bettridge	Phone: 3607911657	Date: 02/07/2024
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 02/07/2024

## Part II: Narrative Explanation

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

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

This house bill allows county legislative authorities to levy and additional regular property tax to support county hospital operation, maintenance, and capital expenses.

This bill does not create any new work for the Department of Health and therefore no fiscal impact.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

NONE

### III. B - Expenditures by Object Or Purpose

NONE

**III. C - Operating FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

### IV. B - Expenditures by Object Or Purpose

NONE

### IV. C - Capital Budget Breakout

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE



**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

**Bill Number:** 2348 S HB

**Title:** County hospital funding

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

## Legislation Impacts:

- Cities:
- Counties:
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

## Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time:

### Estimated revenue impacts to:

None

### Estimated expenditure impacts to:

None

## Part III: Preparation and Approval

Fiscal Note Analyst: Angie Hong	Phone: 360-725-5041	Date: 02/12/2024
Leg. Committee Contact: Rachele Harris	Phone: 360-786-7137	Date: 02/05/2024
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/12/2024
OFM Review: Amy Hatfield	Phone: (360) 280-7584	Date: 02/12/2024

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Description of the bill with an emphasis on how it impacts local government.*

#### **CHANGES FROM PREVIOUS BILL VERSION**

This substitute bill allows a county to use county hospital levy funds for “outpatient clinics owned by the hospital” in addition to the hospital itself, and clarifies the entire levy is exempt from the \$5.90 aggregate levy limit on regular levies.

#### **SUMMARY OF CURRENT BILL VERSION**

Section 1 amends RCW 36.62.010 [County hospitals – authority to establish] to allow a county hospital to finance, refinance, and cover capital expenses for the hospital.

Section 2 amends RCW 36.62.090 [County hospital – tax levy for maintenance] to levy an additional regular property tax and add additional allowable uses of revenue.

Section 3 – section 6 amends RCWs to make levies for county hospital operations, maintenance, and capital expenses an exception to the aggregate levies.

### **B. SUMMARY OF EXPENDITURE IMPACTS**

*Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.*

#### **CHANGES FROM PREVIOUS BILL VERSION**

This substitute bill expands the use of funds from an additional regular property tax and does not change the previous analysis of local government impact.

#### **SUMMARY OF CURRENT BILL’S LOCAL EXPENDITURE IMPACTS**

This bill will not impact local government expenditures.

### **C. SUMMARY OF REVENUE IMPACTS**

*Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.*

#### **CHANGES FROM PREVIOUS BILL VERSION**

This substitute bill expands the use of funds from an additional regular property tax and does not change the previous analysis of local government impact.

#### **SUMMARY OF CURRENT BILL’S LOCAL REVENUE IMPACTS**

According to the DOR fiscal note, this bill does not impact local government revenue. See the DOR fiscal note for more detail.

#### **SOURCES**

Dept. of Revenue Fiscal Note

Washington State Association of Counties

King County