

## CHAPTER 227.

[House Bill No. 918.]

## PUBLIC HOSPITAL DISTRICTS.

AN ACT relating to public hospital districts; adding new sections to chapter 70.44 RCW; repealing section 16, chapter 264, Laws of 1945, as amended by section 4, chapter 157, Laws of 1965, and RCW 70.44.170; and repealing section 19, chapter 264, Laws of 1945 and RCW 70.44.180.

*Be it enacted by the Legislature of the State of Washington:*

Section 1. There is added to chapter 70.44 RCW a New section.  
new section to read as follows:

The treasurer of the county in which a public hospital district is located shall be treasurer of the district, except that the commission by resolution may designate some other person having experience in financial or fiscal matters as treasurer of the district. If the treasurer is not the county treasurer, the commission shall require a bond, with a surety company authorized to do business in the state of Washington, in an amount and under the terms and conditions which the commission by resolution from time to time finds will protect the district against loss. The premium on any such bond shall be paid by the district.

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Treasurer, funds, depositaries, interest.

All district funds shall be paid to the treasurer and shall be disbursed by him only on warrants issued by an auditor appointed by the commission, upon orders or vouchers approved by it. The treasurer shall establish a public hospital district fund, into which shall be paid all district funds, and he shall maintain such special funds as may be created by the commission, into which he shall place all money as the commission may, by resolution, direct.

If the treasurer of the district is the treasurer of the county all district funds shall be deposited with the county depositaries under the same restrictions,

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contracts, and security as provided for county depositories. If the treasurer of the district is some other person, all funds shall be deposited in such bank or banks authorized to do business in this state as the commission by resolution shall designate, and with surety bond to the district or securities in lieu thereof of the kind, no less in amount, as provided in RCW 36.48.020 for deposit of county funds. Such surety bond or securities in lieu thereof shall be filed or deposited with the treasurer of the district, and approved by resolution of the commission.

All interest collected on district funds shall belong to the district and be deposited to its credit in the proper district funds.

A district may provide and require a reasonable bond of any other person handling moneys or securities of the district. The district may pay the premium on such bond.

New section.

Sec. 2. There is added to chapter 70.44 RCW a new section to read as follows:

Commissioner districts—Commissioners at large.

Notwithstanding any provision in RCW 70.44.040 to the contrary, any board of public hospital district commissioners may, by resolution, abolish commissioner districts and permit candidates for any position on the board to reside anywhere in the public hospital district.

New section.

Sec. 3. There is added to chapter 70.44 RCW a new section to read as follows:

Contracts for joint operation.

Any public hospital district may contract or join with any other public hospital district, any publicly owned hospital, any nonprofit hospital, any corporation, or individual to jointly provide such hospital districts and hospitals with services or facilities to be used by such districts and hospitals.

New section.

Sec. 4. There is added to chapter 70.44 RCW a new section to read as follows:

A public hospital district may lease out real or personal property which it owns or in which it has an interest and which is not immediately necessary for its purposes upon such terms as the board of hospital commissioners deem proper.

Lease of surplus property  
—Conditions of lease—  
Surety bond.

No such lease shall be for a period longer than twenty-five years, and each lease of real property shall be secured by a bond conditioned to perform the terms of such lease with surety satisfactory to the commissioners, in a penalty not less than the rental for one-sixth of the term, but in any event not less than the rental for one year. In a lease, the term of which exceeds five years, and when at the option of the commissioners, it is so stipulated in the lease, the commission shall accept, with surety satisfactory to it, a bond conditioned to perform the terms of the lease for some part of the term, in no event less than five years (unless the remainder of the unexpired term is less than five years, in which case for the full remainder) and in every such case the commissioners shall require of the lessee, another or other like bond to be delivered within two years, and not less than one year prior to the expiration of the period covered by the existing bond covering an additional part of the term in accordance with the foregoing provisions in respect to the original bond, and so on until the end of the term so that there will always be in force a bond securing the performance of the lease, and the penalty in each bond shall be not less than the rental for one-half the period covered thereby, but no bond shall be construed to secure the furnishing of any other bond.

The commissioners may accept as surety on any bond required by this section, either an approved surety company or one or more persons satisfactory to the commissioners, or in lieu of such bond may accept a deposit as security of such property or col-

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lateral or the giving of such other form of security as may be satisfactory to the commissioners.

New section.

*Sec. 5. There is added to chapter 70.44 RCW a new section to read as follows:*

Annexation of  
new areas.

*Any area not lying within the boundaries of a public hospital district but completely enclosed by one public hospital district may be annexed to that hospital district by the following procedure. The public hospital district commission shall adopt a resolution declaring that there is reason to believe that the residents of such surrounded area are served by or benefit from the public hospital district and that it is the intention of the district commissioners to annex the surrounded area, describing the area proposed to be annexed and fixing a time and place for a public hearing on such annexation. The resolution shall be published once in a newspaper of general circulation in the district and notice of such proposed annexation shall be posted in at least three locations within the area proposed to be annexed, both such publication and posting to be made at least ten days prior to the day fixed for such hearing. After such hearing, if the district commissioners find that the residents in the area proposed to be annexed are served by or benefit from the public hospital district and that it is in the best interests of the district to annex such area, it shall adopt a resolution annexing the area and file a certified copy thereof with the board of county commissioners. Upon such filing, the area shall become annexed.*

New section.

*Sec. 6. There is added to chapter 70.44 RCW a new section to read as follows:*

Annexation—  
Alternate  
method.  
Election.

*As an alternate method of annexation to public hospital districts, any territory adjacent to a public hospital district may be annexed thereto by vote of the qualified electors residing in the territory to be annexed, in the manner provided in sections 6*

through 8 of this act. An election to annex such territory may be called pursuant to a resolution calling for such an election adopted by the district commissioners.

Any resolution calling for such an election shall describe the boundaries of the territory to be annexed, state that the annexation of such territory to the public hospital district will be conducive to the welfare and benefit of the persons or property within the district and within the territory proposed to be annexed, and fix the date, time and place for a public hearing thereon which date shall be not more than sixty nor less than forty days following the adoption of such resolution.

Sec. 7. There is added to chapter 70.44 RCW a new section to read as follows:

Notice of such hearing shall be published once a week for at least two consecutive weeks in one or more newspapers of general circulation within the territory proposed to be annexed. The notice shall contain a description of the boundaries of the territory proposed to be annexed and shall state the time and place of the hearing thereon and the fact that any changes in the boundaries of such territory will be considered at such time and place. At such hearing or any continuation thereof, any interested person may appear and be heard on all matters relating to the proposed annexation. The district commissioners may make such changes in the boundaries of the territory proposed to be annexed as it shall deem reasonable and proper, but may not delete any portion of the proposed area which will create an island of included or excluded lands. If the district commissioners shall determine that any additional territory should be included in the territory to be annexed, a second hearing shall be held and notice given in the same manner as for the original

Public hospital  
districts—  
Annexation—  
Alternate  
method—Elec-  
tion—Hearing  
—Notice.

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hearing. The district commissioners may adjourn the hearing on the proposed annexation from time to time not exceeding thirty days in all. At the next regular meeting following the conclusion of such hearing, the district commissioners shall, if it finds that the annexation of such territory will be conducive to the welfare and benefit of the persons and property therein and the welfare and benefit of the persons and property within the public hospital district, adopt a resolution fixing the boundaries of the territory to be annexed and causing to be called a special election on such annexation to be held not more than one hundred twenty days nor less than sixty days following the adoption of such resolution.

New section.

Sec. 8. There is added to chapter 70.44 RCW a new section to read as follows:

Annexation—Alternate method—Conduct of election.

An election on the annexation of territory to a public hospital district shall be conducted and canvassed in the same manner as provided for the conduct of an election on the formation of a public hospital district except that notice of such election shall be published in one or more newspapers of general circulation in the territory proposed to be annexed and the ballot proposition shall be in substantially the following form:

ANNEXATION TO (herein insert name of public hospital district)

“Shall the territory described in a resolution of the public hospital district commissioners of (here insert name of public hospital district) adopted on \_\_\_\_\_, \_\_\_\_\_, 19\_\_\_\_, be annexed to such district?

YES .....   
NO ..... ”

If a majority of those voting on such proposition vote in favor thereof, the territory shall thereupon be annexed to the public hospital district.

Sec. 9. Section 16, chapter 264, Laws of 1945, as amended by section 4, chapter 157, Laws of 1965, and RCW 70.44.170; and section 19, chapter 264, Laws of 1945 and RCW 70.44.180 are hereby repealed. Repeal.

Passed the House March 2, 1967.

Passed the Senate March 8, 1967.

Approved by the Governor March 21, 1967, with the exception of Section 5 which was vetoed.

**NOTE: Governor's explanation of partial veto is as follows:**

"This bill deals with the organization of hospital districts and spells out an annexation procedure whereby new territory may be incorporated into the hospital district by vote of the people in the district to be annexed. Section 5, however, provides for annexation of an area completely surrounded by a hospital district without any vote of the people in the area. After notice and hearing, the hospital district commissioners need only find that the residents in the area proposed to be annexed are served by or benefit from the public hospital district and that it is in the best interest of the district to annex the area.

"This section was occasioned by formation of a hospital district with the inadvertent omission of several blocks in the described area. There is no apparent opposition to annexation nor has any effort been made to annex with a vote of the people involved.

"Under this section, a district theoretically could surround an area in which there was opposition to inclusion and subsequently incorporate the area without a vote of the residents.

"Without a greater showing of necessity, I do not believe such unusual annexation power for a hospital district is warranted. I have, therefore, vetoed Section 5 and have approved the remainder of the bill."

DANIEL J. EVANS,  
Governor.