

SENATE BILL REPORT

HB 2510

As Reported by Senate Committee On:
Financial Institutions, Housing & Insurance, February 23, 2010

Title: An act relating to authorizing public hospital districts to execute commonly accepted security instruments, as required to participate in federal programs that reduce the costs of financing the construction, rehabilitation, replacing, and equipping of hospitals or other health care facilities.

Brief Description: Authorizing public hospital districts to execute security instruments.

Sponsors: Representatives Kelley, Rodne, Hurst, Bailey, Kirby, Simpson and Morrell.

Brief History: Passed House: 2/05/10, 97-0.

Committee Activity: Financial Institutions, Housing & Insurance: 2/17/10, 2/23/10 [DP].

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

Majority Report: Do pass.

Signed by Senators Berkey, Chair; Hobbs, Vice Chair; Franklin, McDermott and Parlette.

Staff: Diane Smith (786-7410)

Background: Public hospital districts (PHDs) are municipal corporations created to own and operate hospitals and other health care facilities for the residents of the district. In addition to operating hospitals, these districts may also provide nursing homes, extended care, long-term care, outpatient and rehabilitation facilities, and ambulance services.

PHDs may manage property, lease facilities and equipment, borrow money, issue and sell bonds, and raise revenue through levies. There is no statutory authority for the districts to mortgage their real property or grant a security interest in their revenue streams.

The Federal Housing Administration (FHA) provides mortgage insurance for construction, rehabilitation, replacement, the equipping of hospital facilities, and the refinancing of related existing debt.

Summary of Bill: In connection with the issuance of bonds, PHDs may mortgage any or all of their property, whether owned now or later acquired, including their revenue, in connection with the issuance of bonds related to a federal mortgage insurance program.

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

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Without this bill we may not be able to get public hospitals built. There was no opposition. There are two public hospital districts planning to make immediate use of this bill.

Persons Testifying: PRO: Representative Kelley, prime sponsor; Lisa Thatcher, Association of Public Hospital Districts; Phil Watkins, Kennewick General Hospital.