
Financial Institutions & Insurance Committee

HB 2510

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

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

Brief Summary of Bill

- Allows public hospital districts, in connection with the issuance of bonds, to grant a lien on its property pursuant to a mortgage, deed of trust, security agreement, or other security instrument.

Hearing Date: 1/12/10

Staff: Alison Hellberg (786-7152).

Background:

Public hospital districts are types of municipal corporations that are authorized to operate hospitals and other health care facilities and provide other hospital and health care services within a specified community. In addition to operating hospitals, these services may include nursing homes, extended care, long-term care, outpatient and rehabilitation facilities, and ambulance services. As government entities, the authority of public hospital districts is specifically stated in statute. Under current law, public hospital districts may survey existing hospitals and health care facilities, manage property, lease facilities and equipment, borrow money, issue and sell bonds, and raise revenue through levies. Other governmental entities such as fire protection districts, port districts, housing authorities, school district associations have the authority to mortgage property assets.

Through the Federal Housing Administration, the United States Department of Housing and Urban Development (HUD) provides insurance for mortgages and loans for, among others, certain healthcare facilities. This federal insurance program is meant to encourage lenders to

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offer credit in areas and to borrowers who may not otherwise qualify for conventional loans on affordable terms.

Summary of Bill:

In connection with the issuance of bonds, public hospital districts may grant a lien on its property pursuant to a mortgage, deed of trust, security agreement, or any other security instrument allowed under applicable law. The bonds must be issued, however, in connection with a federal program providing mortgage insurance, including the mortgage insurance programs administered by HUD.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.