
SENATE BILL 5514

State of Washington

62nd Legislature

2011 Regular Session

By Senators Pflug, Keiser, and Parlette

Read first time 01/28/11. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to the health care facilities authority; amending
2 RCW 70.37.010 and 70.37.030; and reenacting and amending RCW 70.37.050.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 70.37.010 and 1974 ex.s. c 147 s 1 are each amended to
5 read as follows:

6 The good health of the people of our state is a most important
7 public concern. The state has a direct interest in seeing to it that
8 health care facilities adequate for good public health are established
9 and maintained in sufficient numbers and in proper locations. The
10 rising costs of care of the infirm constitute a grave challenge not
11 only to health care providers but to our state and the people of our
12 state who will seek such care. It is hereby declared to be the public
13 policy of the state of Washington to assist and encourage the building,
14 providing and utilization of modern, well equipped and reasonably
15 priced health care facilities, and the improvement, expansion and
16 modernization of health care facilities in a manner that will minimize
17 the capital costs of construction, financing and use thereof and
18 thereby the costs to the public of the use of such facilities, and to
19 contribute to improving the quality of health care available to our

1 citizens while assuring that new health care capital projects align
2 with the vital interest of the state in achieving cost containment
3 throughout the health care marketplace. In order to accomplish these
4 and related purposes this chapter is adopted and shall be liberally
5 construed to carry out its purposes and objects.

6 **Sec. 2.** RCW 70.37.030 and 2002 c 91 s 1 are each amended to read
7 as follows:

8 There is hereby established a public body corporate and politic,
9 with perpetual corporate succession, to be known as the Washington
10 health care facilities authority. The authority shall constitute a
11 political subdivision of the state established as an instrumentality
12 exercising essential governmental functions. The authority is a
13 "public body" within the meaning of RCW 39.53.010. The authority shall
14 consist of the governor who shall serve as chairman, the lieutenant
15 governor, the insurance commissioner, the secretary of health, one
16 member from each of the major party caucuses in the house of
17 representatives and the senate, and one member of the public with no
18 fiduciary interest or responsibility toward any health care facility or
19 organization who shall be appointed by the governor, subject to
20 confirmation by the senate, on the basis of the member's interest or
21 expertise in health care delivery, for a term expiring on the fourth
22 anniversary of the date of appointment. In the event that any of the
23 offices referred to shall be abolished the resulting vacancy on the
24 authority shall be filled by the officer who shall succeed
25 substantially to the powers and duties thereof. The members of the
26 authority shall be compensated in accordance with RCW 43.03.240 and
27 shall be entitled to reimbursement, solely from the funds of the
28 authority, for travel expenses incurred in the discharge of their
29 duties under this chapter, subject to the provisions of RCW 43.03.050
30 and 43.03.060. A majority shall constitute a quorum.

31 The governor and the insurance commissioner each may designate an
32 employee of his or her office to act on his or her behalf during the
33 absence of the governor or the insurance commissioner at one or more of
34 the meetings of the authority. The vote of the designee shall have the
35 same effect as if cast by the governor or the insurance commissioner if
36 the designation is in writing and is presented to the person presiding
37 at the meetings included within the designation.

1 The governor may designate a member to preside during the
2 governor's absence.

3 **Sec. 3.** RCW 70.37.050 and 1983 c 210 s 2 and 1983 c 167 s 171 are
4 each reenacted and amended to read as follows:

5 (1) The authority shall establish rules concerning its exercise of
6 the powers authorized by this chapter. The authority shall receive
7 from applicants requests for the providing of bonds for financing of
8 health care facilities and shall investigate and determine the need and
9 the feasibility of providing such bonds.

10 ~~((Whenever))~~ (2) The authority shall establish rules requiring an
11 applicant to specifically define the scope and details of the capital
12 project being pursued to the extent necessary to meet the requirement
13 of subsection (4) of this section.

14 (3) A request for financing must include a verifiable statement
15 concerning the community benefit that will be derived from the capital
16 project and how the goal of cost containment is being achieved through
17 the capital project.

18 (4) Prior to any request for financing being granted, the authority
19 shall determine whether the specific projects proposed will deliver an
20 essential community benefit and whether any such facility contained
21 within the project proposed will result in furthering the goal of cost
22 containment. If a determination to the contrary is made on either
23 standard, the authority shall deny the application for financing.

24 (5) Only after the affirmative determination required in subsection
25 (4) of this section and if the authority deems it necessary or
26 advisable for the benefit of the public health to provide financing for
27 a health care facility, it shall adopt a financing plan therefor and
28 shall declare the estimated cost thereof, as near as may be, including
29 as part of such cost funds necessary for the expenses incurred in the
30 financing as well as in the construction or purchase or other
31 acquisition or in connection with the rental or other payment for the
32 use thereof, interest during construction, reserve funds and any funds
33 necessary for initial start-up costs, and shall issue and sell its
34 bonds for the purposes of carrying out the proposed financing plan:
35 PROVIDED, That if a certificate of need is required for the proposed
36 project, no such financing plan shall be adopted until such certificate

1 has been issued pursuant to chapter 70.38 RCW by the secretary of the
2 department of social and health services.

3 (6) The authority shall have power as a part of such plan to create
4 a special fund or funds for the purpose of defraying the cost of such
5 project and for other projects of the same participant subsequently or
6 at the same time approved by it and for their maintenance, improvement,
7 reconstruction, remodeling and rehabilitation, into which special fund
8 or funds it shall obligate and bind the participant to set aside and
9 pay from the gross revenues of the project or from other sources an
10 amount sufficient to pay the principal and interest of the bonds being
11 issued, reserves and other requirements of the special fund and to
12 issue and sell bonds payable as to both principal and interest out of
13 such fund or funds relating to the project or projects of such
14 participant.

15 (7) Such bonds shall bear such date or dates, mature at such time
16 or times, be in such denominations, be in such form, either coupon or
17 registered, or both, as provided in RCW 39.46.030, carry such
18 registration privileges, be made transferable, exchangeable, and
19 interchangeable, be payable in such medium of payment, at such place or
20 places, be subject to such terms of redemption, bear such fixed or
21 variable rate or rates of interest, and be sold in such manner, at such
22 price, as the authority shall determine.

23 (8) Such bonds shall be executed by the chairman, by either its
24 duly elected secretary or its executive director, and by the trustee if
25 the authority determines to utilize a trustee for the bonds. Execution
26 of the bonds may be by manual or facsimile signature: PROVIDED, That
27 at least one signature placed thereon shall be manually subscribed.
28 Any interest coupons appurtenant to the bonds shall be executed by
29 facsimile or manual signature or signatures, as the authority shall
30 determine.

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