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**SUBSTITUTE SENATE BILL 5537**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Braun, Keiser, Darneille, Palumbo, Frockt, Rolfes, Conway, Becker, Brown, Wagoner, Warnick, Honeyford, Cleveland, Dhingra, O'Ban, and Zeiger)

READ FIRST TIME 02/27/19.

1 AN ACT Relating to expanding community-based behavioral health  
2 facilities through issuance of state bonds; adding a new chapter to  
3 Title 43 RCW; making appropriations; providing a contingent effective  
4 date; and providing for submission of certain sections of this act to  
5 a vote of the people.

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

7 **PART I**  
8 **COMMUNITY-BASED BEHAVIORAL HEALTH FACILITIES**

9 NEW SECTION. **Sec. 101.** The legislature finds there is a growing  
10 need for high quality community behavioral health services. The  
11 growing demand for state hospital beds has strained the state's  
12 capacity to provide sufficient services in both the state hospitals  
13 and in the community for individuals suffering from acute behavioral  
14 and substance use disorders. The legislature intends to address the  
15 needs of adults and children with behavioral health disorders through  
16 a comprehensive set of evidence-based practices that are effective in  
17 serving individuals in their community and will reduce the need for  
18 placements in and facilitate timely discharge from state mental  
19 hospitals.

1 The legislature finds further that local facilities and services  
2 that keep Washington residents closer to their families and  
3 communities improve outcomes. These services may be provided in  
4 community settings including, but not limited to, evaluation and  
5 treatment centers, crisis triage and stabilization centers, less  
6 restrictive alternative step-down beds, enhanced service facilities,  
7 detoxification centers, transitional and long-term housing,  
8 residential treatment centers, and other such facilities. Additional  
9 resources for these community settings help prevent the need for an  
10 inpatient level of care at a state hospital or other long-term  
11 inpatient hospital setting.

12 NEW SECTION. **Sec. 102.** The department of commerce, in  
13 collaboration with the health care authority and department of social  
14 and health services, shall administer grants to community hospitals  
15 or other community entities to expand and establish new capacity for  
16 behavioral health services in communities. Amounts authorized in this  
17 act may be used for construction and equipment costs associated with  
18 establishment of the facilities. Amounts authorized in this act may  
19 not be used for operating costs associated with the treatment of  
20 patients using these services. The department shall establish  
21 criteria for the issuance of the grants, which must include:

22 (1) Evidence that the services provided as a result of the grant  
23 may reduce the demand for treatment and services at state mental  
24 hospitals;

25 (2) Evidence that the application was developed in collaboration  
26 with one or more behavioral health organizations, as defined in RCW  
27 71.24.025;

28 (3) Evidence that the applicant has assessed and would meet gaps  
29 in geographical behavioral health services needs in their region;

30 (4) A commitment by applicants to serve persons who are publicly  
31 funded and persons detained under the involuntary treatment act under  
32 chapter 71.05 RCW;

33 (5) A commitment by the applicant to maintain the beds or  
34 facility for at least a ten-year period;

35 (6) The date upon which structural modifications or construction  
36 would begin and the anticipated date of completion of the project;

37 (7) A detailed estimate of the costs associated with opening the  
38 beds; and

1 (8) The applicant's commitment to work with local courts and  
2 prosecutors to ensure that prosecutors and courts in the area served  
3 by the hospital or facility will be available to conduct involuntary  
4 commitment hearings and proceedings under chapter 71.05 RCW.

5 **PART II**  
6 **BOND AUTHORIZATION**

7 NEW SECTION. **Sec. 201.** (1) For the purposes of providing needed  
8 capital improvements to increase behavioral health services for  
9 adults and children in community settings, the state finance  
10 committee is authorized to issue general obligation bonds of the  
11 state of Washington in the sum of five hundred million dollars, or so  
12 much thereof as may be required, to finance all or a part of the cost  
13 of these projects and all costs incidental thereto. The bonds issued  
14 under the authority of this section shall be known as Washington  
15 behavioral health bonds.

16 (2) Bonds authorized in this section must be sold in the manner,  
17 at the time or times, in amounts, and at such prices as the state  
18 finance committee determines.

19 (3) The authorization to issue bonds contained in this chapter  
20 does not expire until the full authorization has been issued.

21 (4) No bonds authorized in this section may be offered for sale  
22 without prior legislative appropriation of the net proceeds of the  
23 sale of the bonds.

24 NEW SECTION. **Sec. 202.** (1) The proceeds from the sale of bonds  
25 authorized in section 201 of this act shall be deposited in the  
26 community behavioral health bond account, created in section 502 of  
27 this act.

28 (2) If the state finance committee deems it necessary or  
29 advantageous to issue taxable bonds in order to comply with federal  
30 internal revenue service rules and regulations pertaining to the use  
31 of nontaxable bond proceeds or in order to reduce the total financing  
32 costs for bonds issued, the proceeds of taxable bonds shall be  
33 transferred to the community behavioral health taxable bond account  
34 created in section 501 of this act. The state treasurer shall submit  
35 written notice to the director of financial management if it is  
36 determined that any transfer to the community behavioral health  
37 taxable bond account is necessary or that a transfer from the

1 community behavioral health taxable bond account to the community  
2 behavioral health bond account may be made.

3 NEW SECTION. **Sec. 203.** (1) The nondebt-limit general fund bond  
4 retirement account must be used for the payment of the principal of  
5 and interest on the bonds authorized in section 201 of this act.

6 (2) The state finance committee must, on or before June 30th of  
7 each year, certify to the state treasurer the amount needed in the  
8 ensuing twelve months to meet the bond retirement and interest  
9 requirements on the bonds authorized in section 201 of this act.

10 (3) On each date on which any interest or principal and interest  
11 payment is due on bonds issued for the purposes of section 201 of  
12 this act, the state treasurer shall withdraw from any general state  
13 revenues received in the state treasury and deposit in the nondebt-  
14 limit general fund bond retirement account an amount equal to the  
15 amount certified by the state finance committee to be due on the  
16 payment date.

17 NEW SECTION. **Sec. 204.** (1) Bonds issued under section 201 of  
18 this act must state that they are a general obligation of the state  
19 of Washington, must pledge the full faith and credit of the state to  
20 the payment of the principal thereof and the interest thereon, and  
21 must contain an unconditional promise to pay the principal and  
22 interest as the same shall become due.

23 (2) The owner and holder of each of the bonds or the trustee for  
24 the owner and holder of any of the bonds may by mandamus or other  
25 appropriate proceeding require the transfer and payment of funds as  
26 directed in this section.

27 NEW SECTION. **Sec. 205.** The legislature may provide additional  
28 means for raising moneys for the payment of the principal of and  
29 interest on the bonds authorized in section 201 of this act.

30 NEW SECTION. **Sec. 206.** The state finance committee is  
31 authorized to prescribe the form, terms, conditions, and covenants of  
32 the bonds provided for in this chapter, the time or times of sale of  
33 all or any portion of them, and the conditions and manner of their  
34 sale and issuance.

1 **REFERENDUM PROVISIONS**

2 NEW SECTION. **Sec. 301.** (1) The secretary of state shall submit  
3 section 201 of this act to the people for their adoption and  
4 ratification, or rejection, at the next general election to be held  
5 in this state, in accordance with Article II, section 1 and Article  
6 VIII, section 3 of the state Constitution and the laws adopted to  
7 facilitate their operation.

8 (2) If the people ratify section 201 of this act as specified  
9 under subsection (1) of this section, revenues generated shall be  
10 spent as detailed in this act.

11 (3) Pursuant to RCW 29A.72.050(6), the statement of subject and  
12 concise description for the ballot title shall read: "The legislature  
13 has passed Senate Bill No. . . . (this act), concerning community-  
14 based behavioral health facilities throughout the state. This bill  
15 would authorize bonds to expand community-based behavioral health  
16 facilities to serve and treat adults and children with behavioral  
17 health disorders."

18 **PART IV**  
19 **APPROPRIATIONS**

20 NEW SECTION. **Sec. 401.** (1) The sum of two hundred million  
21 dollars, or as much thereof as may be necessary, is appropriated for  
22 the fiscal biennium ending June 30, 2021, from the community  
23 behavioral health bond account, created in section 502 of this act,  
24 to the university of Washington for the design and construction of a  
25 behavioral health teaching hospital to be located in Seattle.

26 (2) The sum of three hundred million dollars, or as much thereof  
27 as may be necessary, is appropriated for the fiscal biennium ending  
28 June 30, 2021, from the community behavioral health bond account,  
29 created in section 502 of this act, to the department of commerce for  
30 the purpose of grants to community-based behavioral health facilities  
31 consistent with section 102 of this act.

32 **PART V**  
33 **TECHNICAL PROVISIONS**

34 NEW SECTION. **Sec. 501.** The community behavioral health taxable  
35 bond account is created in the state treasury. All receipts from

1 direct appropriations from the legislature or moneys directed to the  
2 account from any other source must be deposited in the account.  
3 Moneys in the account may be spent only after appropriation. The  
4 account is intended to fund projects using taxable bonds.  
5 Expenditures from the account are for community-based behavioral  
6 health facilities for adults or children, including but not limited  
7 to, evaluation and treatment centers, crisis triage and stabilization  
8 centers, less restrictive alternative step-down beds, enhanced  
9 service facilities, detoxification centers, transitional and long-  
10 term housing, and residential treatment centers.

11 NEW SECTION. **Sec. 502.** The community behavioral health bond  
12 account is created in the state treasury. All receipts from direct  
13 appropriations from the legislature or moneys directed to the account  
14 from any other source must be deposited in the account. Moneys in the  
15 account may be spent only after appropriation. The account is  
16 intended to fund projects using tax exempt bonds. Expenditures from  
17 the account are for community-based behavioral health facilities for  
18 adults or children including, but not limited to, evaluation and  
19 treatment centers, crisis triage and stabilization centers, less  
20 restrictive alternative step-down beds, enhanced service facilities,  
21 detoxification centers, transitional and long-term housing, and  
22 residential treatment centers.

23 NEW SECTION. **Sec. 503.** Sections 101 through 206, 501, and 502  
24 of this act constitute a new chapter in Title 43 RCW.

25 NEW SECTION. **Sec. 504.** If the people ratify section 201 of this  
26 act as specified under section 301(1) of this act, sections 101  
27 through 206, 401, 501, and 502 of this act take effect January 1,  
28 2020.

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