

# HOUSE BILL REPORT

## ESHB 2486

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*As Passed House  
February 18, 1992*

**Title:** An act relating to the Washington housing finance commission.

**Brief Description:** Defining further nonprofit facilities eligible for financing by the Washington state housing commission.

**Sponsor(s):** By House Committee on Housing (originally sponsored by Representatives Leonard, Mitchell, Nelson, Ogden, Franklin, Winsley and Wineberry).

**Brief History:**

Reported by House Committee on:  
Housing, January 24, 1992, DPS;  
Capital Facilities and Financing, February 11, 1992,  
DPS(HO-A CFF);  
Passed House, February 18, 1992, 98-0.

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**HOUSE COMMITTEE ON  
HOUSING**

**Majority Report:** *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 6 members: Representatives Nelson, Chair; Franklin, Vice Chair; Mitchell, Ranking Minority Member; Winsley, Assistant Ranking Minority Member; Leonard; and Ogden.

**Staff:** Kenny Pittman (786-7392).

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**HOUSE COMMITTEE ON  
CAPITAL FACILITIES AND FINANCING**

**Majority Report:** *The substitute bill by Committee on Housing be substituted therefor and the substitute bill as amended by Committee on Capital Facilities & Financing do pass.* Signed by 15 members: Representatives H. Sommers, Chair; Rasmussen, Vice Chair; Schmidt, Ranking Minority Member; Neher, Assistant Ranking Minority Member; Beck; Braddock; Brough; Casada; Fraser; Heavey; Jacobsen; Ogden; Peery; Silver; and Wang.

**Staff:** Kenny Pittman (786-7392).

**Background:** The Washington State Housing Finance Commission (WSHFC) assists in the financing of affordable housing through a variety of programs including the issuance of tax-exempt nonrecourse revenue bonds. The WSHFC's bonds are repaid from revenues generated by the activity being financed and are not obligations of the state.

In 1990, the Legislature expanded the financing authority of the WSHFC to allow the financing of facilities owned by nonprofit organizations and are used for educational, charitable or literary activities. The activities of the nonprofit organization must be within the meaning of section 501(c)(3) of the Internal Revenue Code. However, the WSHFC can not finance projects that are eligible for assistance through the Washington Health Care Facilities Authority (WHCFA).

The WHCFA is authorized to assist in minimizing the capital cost of construction of not for profit health care facilities. This is accomplished through the issuance of tax-exempt revenue bonds and loans of the proceeds to tax-exempt health care facilities. Bond proceeds may be used for such purposes as capital construction, refinancing of existing debt, remodeling, or equipment needs.

**Summary of Bill:** The definition of "nonprofit facilities" in the Washington State Housing Finance Commission's (WSHFC) enabling statute is clarified to allow the financing of facilities: (a) for persons with mental illness and/or developmental disabilities, provided the facility does not provide hospital-based evaluation and treatment and the Washington Health Care Facilities Authority decides not to be the exclusive financing authority; and (b) for private higher education facilities, provided the Washington Higher Education Facilities Authority decides not to be the exclusive financing authority.

The bill clarifies that the financing of nonprofit facilities by the WSHFC, where the nonprofit organization receives contractual payments from the state to provide a service, does not imply or obligate the state to continue to make payments beyond any existing contract terms.

**Fiscal Note:** Not requested.

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

**Testimony For:** (Housing) The current law is unclear on which financing authority could provide financing for facilities that provide community-based treatment for persons with mental illness or developmental disabilities.

This bill clarifies the problem and will provide a source of funding for these needed facilities.

(Capital Facilities & Financing) Health care treatment is changing. It is no longer required to be just in a hospital. Many health care services can be provided in facilities that have a residential component. The bill would help clear up the confusion between the Housing Finance Commission and the Health Care Financing Authority on which agency can provide the necessary financing for these facilities.

**Testimony Against:** (Housing) None.

(Capital Facilities & Financing) None.

**Witnesses:** (Housing) Kim Herman, Washington State Housing Finance Commission (pro); John VanGorkom, Washington Health Care Facilities Authority (pro); and Mark McLaughlin, State Treasurer's Office (pro).

(Capital Facilities & Financing) Kim Herman, Washington State Housing Finance Commission (pro); John VanGorkom, Washington Health Care Facilities Authority (pro); and Thelma Struck, Department of Social and Health Services (pro).