

SENATE BILL REPORT

ESHB 2486

AS REPORTED BY COMMITTEE ON COMMERCE & LABOR, FEBRUARY 28, 1992

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

SPONSORS: House Committee on Housing (originally sponsored by Representatives Leonard, Mitchell, Nelson, Ogden, Franklin, Winsley and Wineberry)

HOUSE COMMITTEE ON HOUSING

HOUSE COMMITTEE ON CAPITAL FACILITIES & FINANCE

SENATE COMMITTEE ON COMMERCE & LABOR

Majority Report: Do pass.

Signed by Senators Matson, Chairman; Anderson, Vice Chairman; Bluechel, McDonald, McMullen, Moore, Murray, and Skratek.

Staff: Catherine Mele (786-7457)

Hearing Dates: February 27, 1992; February 28, 1992

BACKGROUND:

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

In 1990, the Legislature expanded the financing authority of WSHFC to allow the financing of facilities owned by nonprofit organizations and used for cultural, social services, or educational activities. These activities must be within the meaning of section 501(c)(3) of the Internal Revenue Code. Under current law the WSHFC cannot 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 nonprofit 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 equipment, or remodeling or equipment needs.

SUMMARY:

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 if the facility does not provide hospital-based evaluation and treatment; (b) for facilities where the Washington State Health Care Facilities Authority decides not to be the exclusive financing authority; (c) for private higher education facilities where the Washington Higher Education Authority decides not to be the exclusive financing authority.

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

Appropriation: none

Revenue: none

Fiscal Note: requested February 20, 1992

TESTIMONY FOR:

The current law is unclear as to which financing authority can provide financing for community-based treatment for persons with mental illness or developmental disabilities. This bill clarifies this problem by providing a source of funding for these facilities. Currently, 13 mental health facilities need this financing and are ready to apply for it.

TESTIMONY AGAINST: None

TESTIFIED: Kim Herman, Housing Finance Commission; John Van Gorkom, WA Health Care Facilities Authority; Sharen Foster, WA Community Mental Health Council