
SUBSTITUTE HOUSE BILL 1850

State of Washington

57th Legislature

2001 Regular Session

By House Committee on Capital Budget (originally sponsored by Representatives Morris, Cairnes, Alexander, Murray, Rockefeller, Esser, McIntire, Cody, Kagi, Skinner, Voloria, Hankins, Ruderman, Kenney, Darneille, Hunt, Edmonds, Edwards, Keiser, Conway, Linville, Van Luven, Santos and Schual-Berke)

Read first time 03/08/2001. Referred to Committee on .

1 AN ACT Relating to community health center facilities; amending RCW
2 70.37.020 and 70.37.090; adding new sections to chapter 70.37 RCW; and
3 creating a new section.

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

5 NEW SECTION. **Sec. 1.** (1) The legislature finds that current
6 economic conditions and declining resources at the federal, state, and
7 local level adversely affect the ability of low-income and underserved
8 persons to obtain quality and affordable health care. Community health
9 centers provide access to health care to those persons who are
10 otherwise unable to obtain these services.

11 (2) The legislature further finds that community health centers
12 face the challenge of meeting a growing demand for services in cramped
13 and outdated facilities and meeting the need of establishing new
14 facilities to serve additional communities with large, underserved
15 populations.

16 (3) The legislature declares that it is in the public interest to
17 establish a continuously renewable resource known as the community
18 health center capital trust fund account to assist low and very low-

1 income citizens and other underserved citizens to meet their basic
2 health care needs.

3 **Sec. 2.** RCW 70.37.020 and 1994 c 92 s 505 are each amended to read
4 as follows:

5 ~~((As used in this chapter,))~~ The ~~((following words and terms have~~
6 ~~the following meanings,))~~ definitions in this section apply throughout
7 this chapter unless the context ~~((indicates or))~~ clearly requires
8 ~~((another or different meaning or intent and the singular of any term~~
9 ~~shall encompass the plural and the plural the singular unless the~~
10 ~~context indicates))~~ otherwise~~((÷))~~.

11 (1) "Authority" means the Washington health care facilities
12 authority created by RCW 70.37.030 or any board, body, commission,
13 department or officer succeeding to the principal functions thereof or
14 to whom the powers conferred upon the authority shall be given by law.

15 (2) "Bonds" mean bonds, notes or other evidences of indebtedness of
16 the authority issued pursuant hereto.

17 (3) "Community health center" means a nonprofit corporation
18 providing health care services to needy populations where all of the
19 following apply: (a) It is tax exempt under section 501(c)(3) of the
20 internal revenue code (26 U.S.C. Sec. 501(c)(3)); (b) it is governed by
21 a community-based board over half of whom are users of health care
22 services; (c) it utilizes a sliding fee scale based on the federal
23 poverty level; (d) at least two-fifths of the patients it serves are
24 uninsured or on medicaid; and (e) at least three-fourths of the
25 patients it serves have incomes below two hundred percent of the
26 federal poverty level.

27 (4) "Health care facility" means any land, structure, system,
28 machinery, equipment or other real or personal property or
29 appurtenances useful for or associated with delivery of inpatient or
30 outpatient health care service or support for such care or any
31 combination thereof which is operated or undertaken in connection with
32 hospital, clinic, health maintenance organization, diagnostic or
33 treatment center, extended care facility, or any facility providing or
34 designed to provide therapeutic, convalescent, or preventive health
35 care services, and shall include research and support facilities of a
36 comprehensive cancer center, but excluding, however, any facility which
37 is maintained by a participant primarily for rental or lease to self-

1 employed health care professionals or as an independent nursing home or
2 other facility primarily offering domiciliary care.

3 ~~((4))~~ (5) "Participant" means any city, county, or other
4 municipal corporation or agency or political subdivision of the state
5 or any corporation, hospital, comprehensive cancer center, or health
6 maintenance organization authorized by law to operate nonprofit health
7 care facilities, or any affiliate, as defined by ~~((regulations~~
8 ~~promulgated))~~ rules adopted by the director of the department of
9 financial institutions pursuant to RCW 21.20.450, which is a nonprofit
10 corporation acting for the benefit of any entity described in this
11 subsection.

12 ~~((5))~~ (6) "Project" means a specific health care facility or any
13 combination of health care facilities, constructed, purchased,
14 acquired, leased, used, owned, or operated by a participant, and
15 alterations, additions to, renovations, enlargements, betterments, and
16 reconstructions thereof.

17 NEW SECTION. **Sec. 3.** (1) The community health center assistance
18 program is created within the authority. The intent of the program is
19 to carry out the purposes of this section and section 4 of this act.
20 The programs and authority powers under this section shall be deemed to
21 be in addition to and separate from the other powers, programs, and
22 activities of the authority authorized by law.

23 (2) The community health center capital trust fund account is
24 created in the custody of the state treasurer. All receipts from
25 private contributions, repayment of loans, and any other sources must
26 be deposited into the account. It is the intent of the legislature
27 that state funds not be appropriated to this account for the biennium
28 ending June 30, 2003. Expenditures from the account may be used only
29 for the purposes of this section and section 4 of this act. Only the
30 authority or the authority's designee may authorize expenditures from
31 the account. The account is subject to allotment procedures under
32 chapter 43.88 RCW, but an appropriation is not required for
33 expenditures. Subaccounts may also be set up within this account.

34 (3) The authority shall use moneys from the community health center
35 capital trust fund account established under subsection (2) of this
36 section to guarantee or subsidize loans for community health centers,
37 and for other general purposes associated with making community health

1 center credits more attractive to the municipal bond market, and
2 finance in whole or in part any loans for community health centers.

3 (4) Activities eligible for assistance from the community health
4 center capital trust fund account established under subsection (2) of
5 this section include but are not limited to:

6 (a) New construction, renovation, or acquisition of an existing
7 building, or acquisition of land to be converted into a community
8 health center;

9 (b) Equipment acquisition for community health centers;

10 (c) Technical assistance, design and finance services and
11 consultation, administrative costs for eligible community health
12 centers, and costs associated with providing and administering loans to
13 community health centers;

14 (d) Loan subsidies;

15 (e) Guarantees or payments for eligible projects; and

16 (f) Refinancing of existing debt.

17 (5) Moneys in the community health center capital trust fund
18 account may be used only for the purposes of this section and section
19 4 of this act, and not for the administrative costs of the authority.

20 (6) Moneys from repayment of loans issued by the authority from the
21 community health center capital trust fund account may be used for all
22 activities necessary for the proper functioning of the community health
23 center assistance program.

24 (7) Organizations that may receive assistance from the authority
25 under this section and section 4 of this act are community health
26 centers as defined in RCW 70.37.020. The programs and authority powers
27 under this section shall be deemed to be in addition to and separate
28 from the other powers, programs, and activities of the authority
29 authorized by law. Eligibility for assistance from the authority under
30 this chapter also requires that the recipient have no outstanding tax
31 warrants under RCW 82.32.210 at the time the grant is made.

32 NEW SECTION. **Sec. 4.** (1) During each calendar year in which
33 moneys in the community health center capital trust fund account,
34 created in section 3 of this act, are available for use by the
35 authority for the community health center assistance program, the
36 authority shall announce to all known community health centers located
37 in the state of Washington a loan application period of at least ninety
38 days' duration. This announcement shall be made as often as the

1 executive director of the authority deems appropriate for proper
2 utilization of resources. The authority shall then grant as many
3 applications as will utilize available moneys.

4 (2) The authority shall evaluate applicants based on the following
5 considerations:

6 (a) Applicants must demonstrate the ability to provide health care
7 services to a caseload that is comprised primarily of low-income and
8 underserved persons;

9 (b) Applicants must demonstrate the ability, stability, and
10 resources to implement the provisions of its application on an ongoing
11 basis; and

12 (c) Applicants must meet the definition of community health center
13 as defined in RCW 70.37.020.

14 **Sec. 5.** RCW 70.37.090 and 1974 ex.s. c 147 s 9 are each amended to
15 read as follows:

16 The authority shall have power to require community health centers,
17 health care facilities, and other persons applying for its assistance
18 in connection with the investigation and financing of projects to pay
19 fees and charges to provide the authority with funds for investigation,
20 financial feasibility studies, expenses of issuance and sale of bonds
21 and other charges for services provided by the authority in connection
22 with such projects(~~(. All other expenses of the authority)~~), including
23 compensation of its employees and consultants, expenses of
24 administration, and conduct of its work and business and other
25 expenses. These expenses shall be paid out of such fees and charges,
26 out of contributions and grants to (~~it~~) the authority, out of the
27 proceeds of bonds issued for projects of participants, or out of
28 revenues of such projects(~~(+ none)~~). No expense may be paid by the
29 state of Washington. The authority shall have power to establish
30 special funds into which such money shall be received and out of which
31 it may be disbursed by the persons and with the procedure and in the
32 manner established by the authority. The authority has the power to
33 invest revenue from fees and charges or other income in excess of
34 expenses. The authority also has the power to establish special funds
35 into which excess revenue from fees and charges, contributions and
36 grants, and investment earnings on any such moneys shall be received
37 and out of which it may be disbursed by grant, loan, or other financing
38 method to individual participants with total assets of fifty million

1 dollars or less to finance health care facilities in accordance with
2 the provisions of this chapter.

3 NEW SECTION. **Sec. 6.** Sections 3 and 4 of this act are each added
4 to chapter 70.37 RCW.

5 NEW SECTION. **Sec. 7.** If any provision of this act or its
6 application to any person or circumstance is held invalid, the
7 remainder of the act or the application of the provision to other
8 persons or circumstances is not affected.

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