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SENATE BILL 5836

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State of Washington

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By Senators Fairley, Oke, Deccio, B. Sheldon, Winsley, Thibaudeau, Kline, Roach, Prentice, Constantine, Costa and Kohl-Welles

Read first time 02/05/2001. Referred to Committee on Ways & Means.

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13 and outdated facilities and meeting the need of establishing new  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 (2) The community health center capital trust fund account is  
21 created in the custody of the state treasurer. All receipts from  
22 appropriations made by the legislature, private contributions,  
23 repayment of loans, and any other sources must be deposited into the  
24 account. Expenditures from the account may be used only for the  
25 purposes of this section and section 4 of this act. Only the authority  
26 or the authority's designee may authorize expenditures from the  
27 account. The account is subject to allotment procedures under chapter  
28 43.88 RCW, but an appropriation is not required for expenditures.  
29 Subaccounts may also be set up within this account.

30 (3) The authority shall use moneys from the community health center  
31 capital trust fund account established under subsection (2) of this  
32 section to guarantee or subsidize loans for community health centers,  
33 and for other general purposes associated with making community health  
34 center credits more attractive to the municipal bond market, and  
35 finance in whole or in part any loans for community health centers.

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

1 (a) New construction, renovation, or acquisition of an existing  
2 building, or acquisition of land to be converted into a community  
3 health center;

4 (b) Equipment acquisition for community health centers;

5 (c) Technical assistance, design and finance services and  
6 consultation, administrative costs for eligible community health  
7 centers, and costs associated with providing and administering loans to  
8 community health centers;

9 (d) Loan subsidies;

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

11 (f) Refinancing of existing debt.

12 (5) Moneys in the community health center capital trust fund  
13 account may be used only for the purposes of this section and section  
14 4 of this act, and not for the administrative costs of the authority.

15 (6) Moneys from repayment of loans issued by the authority from the  
16 community health center capital trust fund account may be used for all  
17 activities necessary for the proper functioning of the community health  
18 center assistance program.

19 (7) Organizations that may receive assistance from the authority  
20 under this section and section 4 of this act are community health  
21 centers as defined in RCW 70.37.020. Eligibility for assistance from  
22 the authority under this chapter also requires that the recipient have  
23 no outstanding tax warrants under RCW 82.32.210 at the time the grant  
24 is made.

25 NEW SECTION. **Sec. 4.** (1) During each calendar year in which  
26 moneys in the community health center capital trust fund account,  
27 created in section 3 of this act, are available for use by the  
28 authority for the community health center assistance program, the  
29 authority shall announce to all known community health centers located  
30 in the state of Washington a loan application period of at least ninety  
31 days' duration. This announcement shall be made as often as the  
32 executive director of the authority deems appropriate for proper  
33 utilization of resources. The authority shall then grant as many  
34 applications as will utilize available moneys.

35 (2) The authority shall evaluate applicants based on the following  
36 considerations:

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

4 (b) Applicants must demonstrate the ability, stability, and  
5 resources to implement the provisions of its application on an ongoing  
6 basis; and

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

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

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

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

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

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