

# SENATE BILL REPORT

## SB 6300

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As of February 3, 2010

**Title:** An act relating to authorizing public hospital districts to execute commonly accepted security instruments, as required to participate in federal programs that reduce the costs of financing the construction, rehabilitation, replacing, and equipping of hospitals or other health care facilities.

**Brief Description:** Authorizing public hospital districts to execute security instruments.

**Sponsors:** Senators Hobbs, Parlette, Schoesler, Berkey and Shin.

**Brief History:**

**Committee Activity:** Financial Institutions, Housing & Insurance: 1/27/10, 2/02/10.

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & INSURANCE

**Staff:** Diane Smith (786-7410)

**Background:** Public hospital districts (PHDs) are municipal corporations created to own and operate hospitals and other health care facilities for the residents of the district. In addition to operating hospitals, these districts may also provide nursing homes, extended care, long-term care, outpatient and rehabilitation facilities, and ambulance services.

PHDs may manage property, lease facilities and equipment, borrow money, issue and sell bonds, and raise revenue through levies. There is no statutory authority for the districts to mortgage their real property or grant a security interest in their revenue streams.

The Federal Housing Administration (FHA) provides mortgage insurance for construction, rehabilitation, replacement, the equipping of hospital facilities, and the refinancing of related existing debt.

**Summary of Bill:** PHDs may mortgage any or all of their property, whether owned now or later acquired, including their revenue, in connection with the issuance of bonds related to a federal mortgage insurance program.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** PRO: This bill is simple to understand. This is a narrow new power the PHDs need in order to reduce the costs of financing, given the difficulties of today's market. Currently there is a complicated process that is very time-consuming and costly for PHDs to finance their building projects. Giving them authority to mortgage directly, in connection with federal mortgage insurance, will save much time and money.

**Persons Testifying:** PRO: Jeff Merro, Association of PHDs; Phil Watkins, Kennewick General Hospital.