

April 3, 2015

House Committee on Health Care
Oregon State Capitol
900 Court Street NE, Room 453
Salem, OR 97301

Re: House Bill 3132

Dear Chair Greenlick and Members of the Health Care Committee:

I am writing to express support for House Bill 3132 and respectfully request that you report the bill out of the Committee with a “do pass” recommendation.

Oregon statutes permit local governments to create public authorities to issue conduit bonds on behalf of non-profit organizations that operate hospitals or that provide long-term residential care for the elderly and disabled.

The Multnomah County Hospital Facilities Authority (“HFA”) was created in December of 1998 under this statutory authority, and it provides low-cost financing for the construction of, and improvements to, health facilities located in the County. Since then, the Multnomah County HFA has issued over \$500 million of conduit bonds on behalf of credit-worthy, non-profit organizations that operate these facilities to finance or refinance capital construction projects. The bill before the Committee today, HB 3132, would enable the Multnomah County HFA to provide non-profit operators of facilities that provide services to those suffering from mental illness, struggling with addiction, or fleeing domestic violence with the same access to low-cost financing available to hospitals and retirement homes.

Over the last several years, I have been approached from time to time by non-profit organizations seeking assistance from the Multnomah County HFA for construction projects that we have had to turn down because they did not meet the statutory requirements for the HFA’s conduit bonds. Perhaps the most typical inquiry has been for the construction or renovation of a facility that provides care for people experiencing mental illness or struggling with addiction.

It has always seemed to me that these facilities perform a similar function to that of hospitals and long-term care facilities for the elderly and disabled. That is, the fundamental function is to deliver professional healing and support services to residents who are struggling with acute and sometimes long-term conditions.

However, under current statutes, not all credit-worthy projects that perform this basic function have equal access to the low cost financing available from our HFA.

To provide a sense of magnitude, my office examined the difference to an organization of utilizing Multnomah County HFA financing instead of a loan from a bank or other traditional financing source. As a rough rule of thumb, we determined that for every ten million dollars that an organization is able to borrow through the HFA instead of from a traditional source, the organization could expect to save \$75,000 to \$100,000 per year for twenty years. These savings would enable an organization providing residential mental and substance abuse care in Multnomah County to hire two to three more employees.

Hospitals and long-term care facilities align with a county's mission to provide a functioning safety net for its residents. Similarly, the organizations in HB 3132 also align with this role, and expanding the HFA authority is a reasonable, no-cost way to further support these organizations. As a result, I respectfully urge you to report HB 3132 out of committee with a "do pass" recommendation.

Sincerely,



Joseph Mark Campbell
Chief Financial Officer