

## HB 4075 -5 STAFF MEASURE SUMMARY

### House Committee On Rules

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**Meeting Dates:** 2/24

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#### WHAT THE MEASURE DOES:

The measure permits the State Treasurer to use up to 20 percent of the Unclaimed Property and Estates Fund to issue rural hospital stabilization loans to qualifying hospitals. It sets eligibility criteria for recipients of rural hospital stabilization loans and defines required application criteria and permissible uses of loan funds. It also directs payments of principal, interest, fees, and penalties of the loan program to the Unclaimed Property and Estates Fund. The measure declares an emergency, effective on its passage.

#### ISSUES DISCUSSED:

#### EFFECT OF AMENDMENT:

-5 Replaces the measure.

#### Detailed Summary

- Directs the State Treasurer to use Funds from the Unclaimed Property and Estates Fund to guarantee a rural hospital stabilization loan to a rural hospital that meets specific criteria.
  - **Establishes eligibility criteria**, including that: the hospital is rural, governed by a publicly elected board, and receives Medicare reimbursement for diagnostic related groups.
  - **Stipulates acceptable loan uses**, including to address cash shortages or refinance existing debt, and prohibits the loan from being used to expand services, facilities, operations, or capital improvements.
  - **Specifies loan requirements**, including: a maturity date no later than 20 years after the closing date, to be fully amortized without interest-only or balloon payments, to be made by one lender or syndicate, and to be secured by a first position lien on hospital property and equipment. Specifies that the State has all rights of a secured party in a commercial transaction. Requires the hospital and lender to exercise all commercially reasonable efforts, excluding foreclosure, to meet the debt obligation prior to pursuing a guarantee. Directs the hospital or lender give the State Treasurer prompt notice when the loan is paid in full, if loan servicing is transferred, the loan is in default, or the hospital modifies the loan or executes additional loan agreements.
  - **Establishes when the loan guarantee may be terminated**, including: 30 days after the loan reaches maturity, if the loan is replaced, or repayment in full.
  - Requires a hospital with a stabilization loan to report annually to the State Treasurer and stipulates what must be included in a report.
- Directs the State Treasurer to extend up to \$44 million from the Unclaimed Property and Estates Fund to fulfill contractual obligations on a guaranteed stabilization loan. Provision only becomes operative if a guaranteed loan is issued no later than April 1, 2027.
- Declares an emergency, effective on passage.

#### BACKGROUND:

The [Unclaimed Property and Estates Fund](#), established in Oregon Revised Statute (ORS) 98.389, consists of unclaimed assets, such as uncashed checks, forgotten bank accounts, security deposits, tax refunds, credit balances, investment accounts, and other funds. The Oregon State Treasury holds unclaimed property in the [Common School Fund](#) until it is claimed by its owners, and the funds are invested to earn interest that is then distributed to schools across the state. There are [37 rural and remote hospitals](#) in Oregon. Rural hospitals are classified based on the number of beds, proximity to another acute inpatient care facility, and status as a referral

center.

House Bill 4075 would permit up to 20 percent of the Unclaimed Property and Estates Fund to be used to issue stabilization loans to qualifying rural hospitals.

**PRELIMINARY**