

STATE OF OKLAHOMA

2nd Session of the 59th Legislature (2024)

HOUSE BILL 4040

By: Townley

AS INTRODUCED

An Act relating to public finance; enacting the Healthcare Safety Net Clinic Capital Loan Guarantee Act; defining terms; authorizing Oklahoma Department of Commerce to enter into certain agreements; providing for loan guarantees; prescribing eligibility requirements for participation in program; requiring adoption of administrative rules; providing for reporting requirements; authorizing imposition of fees; providing for use of net capital loan guarantee fund; providing for authorized uses of guarantees; defining eligible costs; imposing aggregate limit on loan guarantees; providing for guarantee with respect to tax exempt bonds; prescribing loan-to-value requirements; prescribing maximum loan term; creating the Healthcare Safety Net Clinic Loan Guarantee Fund; stating authorized purposes of fund; prescribing method for expenditures; providing for remittance of fees; providing for transfer of funds based upon specified events; requiring annual report; providing for codification; providing for noncodification; providing an effective date; and declaring an emergency.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law not to be codified in the Oklahoma Statutes reads as follows:

1 This act shall be known and may be cited as the "Healthcare
2 Safety Net Clinic Capital Loan Guarantee Act".

3 SECTION 2. NEW LAW A new section of law to be codified
4 in the Oklahoma Statutes as Section 4101 of Title 62, unless there
5 is created a duplication in numbering, reads as follows:

6 As used in the Healthcare Safety Net Clinic Capital Loan
7 Guarantee Act:

8 1. "Act" means the Healthcare Safety Net Clinic Capital Loan
9 Guarantee Act;

10 2. "Community health center" means an entity that receives
11 funding under Section 330 of the federal Health Center Consolidation
12 Act of 1996 and meets all of the requirements of 42 U.S.C. Section
13 254b, relating to serving a population that is medically
14 underserved, or a special medically underserved population comprised
15 of migratory and seasonal agricultural workers, the homeless, and
16 residents of public housing, by providing, either through staff and
17 supporting resources of the center or through contracts or
18 cooperative arrangements, all required primary health services as
19 defined by 42 U.S.C. Section 254b;

20 3. "Federally qualified health center look-alike" means an
21 entity which has been determined by the federal Health Resources and
22 Services Administration to meet the definition of a federally
23 qualified health center as defined by Section 1905(1)(2)(B) of the
24 federal Social Security Act, but which does not receive funding
--

1 under Section 330 of the federal Health Center Consolidation Act of
2 1996;

3 4. "Financial institution" means any bank, trust company,
4 savings bank, credit union or savings and loan association or any
5 other financial institution regulated by the State of Oklahoma, any
6 agency of the United States or other state with an office in
7 Oklahoma which is approved by the Department for the purposes of
8 this act;

9 5. "Loan transaction" means a transaction with a financial
10 institution or the State of Oklahoma to provide capital financing
11 for the renovation, construction, acquisition, modernization,
12 leasehold improvement or equipping of a safety net clinic;

13 6. "Safety net clinic" means a community health center, a
14 federally qualified health center look-alike, a certified community
15 behavioral health clinic, or free and charitable clinic; and

16 7. "Department" means the Oklahoma Department of Commerce.

17 SECTION 3. NEW LAW A new section of law to be codified
18 in the Oklahoma Statutes as Section 4102 of Title 62, unless there
19 is created a duplication in numbering, reads as follows:

20 A. The Department of Commerce is hereby authorized to enter
21 into agreements with safety net clinics, financial institutions, the
22 Oklahoma Department of Commerce and other public or private
23 entities, including agencies of the United States government to
24 provide capital loan guarantees against risk of default for eligible
--

1 safety net clinics in Oklahoma in accordance with this act. As
2 provided for payment for a loan guarantee for which the Healthcare
3 Safety Net Clinic Loan Guarantee Fund is liable, no claim against
4 the state under this act shall be paid by the state or any other
5 state agency other than pursuant to an appropriation act of the
6 Legislature after such claim has been filed with the Department of
7 Commerce.

8 B. To be eligible for a capital loan guarantee under this act,
9 a safety net clinic shall offer free services to the patient or a
10 sliding fee discount for health care and other services provided
11 that is based upon household income and shall serve all persons
12 regardless of ability to pay. The policies to determine patient
13 eligibility based upon income or insurance status may be determined
14 by each safety net clinic, but shall be posted in the safety net
15 clinic and available to potential patients. The patient eligibility
16 policies of a safety net clinic shall reflect the mission of the
17 safety net clinic to provide affordable, accessible health care
18 services to underserved populations in Oklahoma to be eligible for a
19 capital loan guarantee under this act.

20 C. The Department of Commerce shall administer the provisions
21 of this act and shall adopt rules which the agency deems necessary
22 for the implementation or administration of this act. The loan
23 guarantee agreement with the state shall include reporting
24 requirements and financial standards that are appropriate for the
--

1 type of loan for the borrower. The Department may enter into
2 contracts for the implementation or administration of this act. The
3 Department may impose fees and charges as may be necessary to
4 recover costs incurred for the administration of this act.

5 SECTION 4. NEW LAW A new section of law to be codified
6 in the Oklahoma Statutes as Section 4103 of Title 62, unless there
7 is created a duplication in numbering, reads as follows:

8 A. Each agreement entered into by the Department to guarantee
9 against default on a loan transaction shall be backed by the safety
10 net capital loan guarantee fund and shall receive prior approval by
11 the Department.

12 B. Each loan transaction eligible for a guarantee under this
13 act shall be for renovation, construction, acquisition, or
14 modernization of a safety net clinic. Eligible costs may include
15 land and building purchases, renovation and new construction costs,
16 pre-development costs that may be capitalized, financing,
17 capitalized interest during construction, limited working capital
18 during a start-up phase and consultant fees which do not include
19 staff costs.

20 C. The aggregate principal amount of outstanding loan
21 guarantees for any single borrowing organization shall not exceed
22 Three Million Dollars (\$3,000,000.00). The aggregate outstanding
23 amount of all loan guarantees for borrowing organizations under this
24

1 act shall not exceed Fifteen Million Dollars (\$15,000,000.00) at any
2 time.

3 D. Eligible tax-exempt bonds or conventional loans may be
4 guaranteed up to one hundred percent (100%) under this act, subject
5 to the other provisions of this act and the rules and regulations
6 adopted by the Department. Each eligible loan transaction shall
7 require an equity investment by the borrowing organization and shall
8 have a loan-to-value ratio of at least sixty-six percent (66%).

9 E. The maximum term for an eligible loan transaction under this
10 act for renovation or remodeling improvements shall be fifteen (15)
11 years. The maximum term for an eligible loan transaction under this
12 act for new construction or land acquisition shall be thirty (30)
13 years.

14 SECTION 5. NEW LAW A new section of law to be codified
15 in the Oklahoma Statutes as Section 4104 of Title 62, unless there
16 is created a duplication in numbering, reads as follows:

17 A. Subject to appropriations, there is hereby established the
18 Healthcare Safety Net Clinic Loan Guarantee Fund in the State
19 Treasury for the purposes of facilitating the financing for the
20 acquisition and modernization of healthcare safety net clinics in
21 Oklahoma and the refinancing of capital improvements and acquisition
22 of such facilities. The Healthcare Safety Net Clinic Loan Guarantee
23 Fund shall be administered by the Department of Commerce. All
24 monies in the Healthcare Safety Net Clinic Loan Guarantee Fund shall
..

1 be used to provide guarantees against capital loan risks in
2 accordance with this act and to pay for the administrative costs
3 associated with the act as may be certified by the Department. All
4 expenditures from the Healthcare Safety Net Clinic Loan Guarantee
5 Fund shall be made in accordance with appropriations acts upon
6 warrants and reports issued pursuant to vouchers approved by the
7 Department.

8 B. All fees and charges imposed by the Department and other
9 monies received by the Department for the purposes of this act shall
10 be remitted to the State Treasurer. Upon receipt of each such
11 remittance, the State Treasurer shall deposit the entire amount in
12 the State Treasury to the credit of the Healthcare Safety Net Clinic
13 Loan Guarantee Fund.

14 C. Upon certification that the unencumbered balance in the
15 Healthcare Safety Net Clinic Loan Guarantee Fund is insufficient to
16 pay an amount for a loan guarantee for which the fund is liable
17 under this act, the State Treasurer shall transfer an amount equal
18 to the insufficiency from the State General Fund to the Healthcare
19 Safety Net Clinic Loan Guarantee Fund.

20 SECTION 6. NEW LAW A new section of law to be codified
21 in the Oklahoma Statutes as Section 4105 of Title 62, unless there
22 is created a duplication in numbering, reads as follows:

23 The Department shall prepare an annual report of the loan
24 guarantee activity under this act, including new loans, loan
--

1 repayment status, and other relevant information regarding
2 activities under this act and shall submit the report of its
3 activities to the Legislature at the beginning of each regular
4 session by submitting the annual report to the President Pro Tempore
5 of the Oklahoma State Senate and the Speaker of the Oklahoma House
6 of Representatives.

7 SECTION 7. This act shall become effective July 1, 2024.

8 SECTION 8. It being immediately necessary for the preservation
9 of the public peace, health or safety, an emergency is hereby
10 declared to exist, by reason whereof this act shall take effect and
11 be in full force from and after its passage and approval.

12
13 59-2-9134 MAH 01/13/24
14
15
16
17
18
19
20
21
22
23
24
--