

26:2 I - 1  
LEGISLATIVE HISTORY CHECKLIST  
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NJSA: 26:2I-1 (Health Care Facilities Financing Authority)

LAWS OF: 1997 CHAPTER: 435

BILL NO: A3149

SPONSOR(S): Felice and others

DATE INTRODUCED: June 26, 1997

COMMITTEE: ASSEMBLY: Health  
SENATE: ---

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Third reprint enacted by superscript numbers

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SENATE: January 8, 1998

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FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

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COMMITTEE STATEMENT: ASSEMBLY: Yes  
SENATE: No

FISCAL NOTE: No

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[Passed Both Houses]

[Third Reprint]

ASSEMBLY, No. 3149

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# STATE OF NEW JERSEY

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INTRODUCED JUNE 26, 1997

By Assemblyman FELICE, Assemblywomen VANDERVALK,  
Quigley, Assemblyman Augustine, Assemblywoman Weinberg,  
Assemblyman Doria, Assemblywoman Heck,  
Senators Inverso and McNamara

1 AN ACT concerning the New Jersey Health Care Facilities Financing  
2 Authority and amending <sup>1</sup>and supplementing<sup>1</sup> P.L.1972, c.29.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. The Title of P.L.1972, c.29 is amended to read as follows:

8 AN ACT relating to the financing of health care facilities **[and]**,  
9 equipment and services; creating the New Jersey Health Care  
10 Facilities Financing Authority and prescribing its powers and duties;  
11 authorizing the issuance of bonds and notes of the authority and  
12 providing for the terms and security thereof, and making an  
13 appropriation therefor.

14

15 2. Section 1 of P.L.1972, c.29 (C.26:2I-1) is amended to read as  
16 follows:

17 1. It is hereby declared that a serious public emergency exists  
18 affecting the health, safety and welfare of the people of the State  
19 resulting from the fact that many **[hospitals and other health-care]**  
20 health care facilities throughout the State are **[becoming obsolete and**  
21 **are]** no longer adequate to meet the needs of modern **[medicine]**  
22 health care. **[As a result of rapid technological changes, such facilities**  
23 **require substantial structural or functional changes. Others are**  
24 **unsuited for continued use by virtue of their location and the physical**

**EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.**

**Matter underlined thus is new matter.**

**Matter enclosed in superscript numerals has been adopted as follows:**

<sup>1</sup> Assembly AHL committee amendments adopted November 17, 1997.

<sup>2</sup> Senate floor amendments adopted January 8, 1998.

<sup>3</sup> Assembly floor amendments adopted January 12, 1998.

1 characteristics of their existing plants and should be replaced. Such  
2 inadequate] Inadequate and outmoded facilities deny to the people of  
3 the State the benefits of health care of the highest quality, efficiently  
4 and promptly provided at a reasonable cost. [Their replacement and  
5 modernization is essential to protect and prolong the lives of the  
6 State's population and cannot readily be accomplished by the ordinary  
7 unaided operation of private enterprise. Existing hospitals and other  
8 health-care facilities must be adapted to accommodate new concepts  
9 of medical treatment and provide units for the treatment of alcoholism,  
10 narcotics addiction and other social ills] As a result, health care  
11 providers are restructuring their organizations, facilities and operations  
12 in order to develop integrated health care delivery systems capable of  
13 providing a full range of health care services in the most cost-effective  
14 manner.

15 It is the purpose of this act to [encourage the timely construction  
16 and modernization, including the equipment, of hospital and other  
17 health-care facilities, which are necessary for the diagnosis or  
18 treatment of human disease, pain, injury, disability, deformity or  
19 physical condition, including mental illness and retardation, and of  
20 facilities incidental or appurtenant thereto to be administered in  
21 accordance with the provisions of the Health Care Facilities Planning  
22 Act, P.L.1971, c.136 (C.26:2H-1 et seq.)] ensure that all health care  
23 institutions have access to financial resources to improve the health  
24 and welfare of the citizens of the State. It is hereby declared to be the  
25 policy of the State to encourage the provision of modern,  
26 well-equipped [health-care] health care facilities, and such provision  
27 is hereby declared to be a public use and purpose.

28 (cf: P.L.1972, c.29, s.1)

29

30 3. Section 3 of P.L.1972, c.29 (C.26:2I-3) is amended to read as  
31 follows:

32 3. As used in this act, the following words and terms shall have the  
33 following meanings, unless the context indicates or requires another  
34 or different meaning or intent:

35 "Authority" means the New Jersey Health Care Facilities Financing  
36 Authority created by this act or any board, body, commission,  
37 department or officer succeeding to the principal functions thereof or  
38 to whom the powers conferred upon the authority by this act shall be  
39 given by law.

40 "Bond" means bonds, notes or other evidences of indebtedness of  
41 the authority issued pursuant to this act.

42 "Commissioner" means the [State] Commissioner of Health and  
43 Senior Services.

44 ["Hospital facility" means a structure suitable to provide hospitals,  
45 hospital related housing facilities, doctors' office buildings or other  
46 health-care facilities for the prevention, diagnosis or treatment of

1 human disease, pain, injury, disability, deformity or physical condition  
2 or mental illness and retardation, and for facilities incidental or  
3 appurtenant thereto.

4 "Participating hospital" means a public hospital or private hospital  
5 which has entered into a regulatory agreement in accordance with this  
6 act.

7 "Private hospital" means a hospital or health-care institution, or an  
8 institution for the training of doctors, nurses, paramedical or other  
9 personnel engaged in the provision of health care, other than a State,  
10 county or municipal hospital or health care facility, or related  
11 institution including a health maintenance organization, public health  
12 center, diagnostic center, treatment center, rehabilitation center,  
13 extended care facility, skilled nursing home, nursing home,  
14 intermediate care facility, tuberculosis hospital, chronic disease  
15 hospital, maternity hospital, special hospital, mental hospital,  
16 outpatient clinic, dispensary, home health agency, boarding home or  
17 other home for sheltered care situated within the State and which is a  
18 nonprofit institution providing hospital or health care service to the  
19 public.】

20 "Credit agreement" means a loan agreement, revolving credit  
21 agreement, agreement establishing a line of credit, letter of credit,  
22 reimbursement agreement, interest exchange agreement, insurance  
23 contract, surety bond, commitment to purchase bonds, purchase or  
24 sale agreement, or commitment or other contract or agreement  
25 authorized and approved by the authority in connection with the  
26 authorization, issuance, security or payment of bonds.

27 "Health care organization" means an organization located in this  
28 State which is authorized or permitted by law, whether directly or  
29 indirectly through a holding corporation, partnership or other entity,  
30 to provide health care-related services, including, but not limited to,  
31 hospital, outpatient, public health, home health care, residential care,  
32 assisted living, hospice, health maintenance organization, blood  
33 bank, alcohol or drug abuse, half-way house, diagnostic, treatment,  
34 rehabilitation, extended care, skilled nursing care, nursing care,  
35 intermediate care, tuberculosis care, chronic disease care, maternity,  
36 mental health, boarding or sheltered care or day care, services  
37 provided by a physician in his office, or any other service offered in  
38 connection with health care services or by an entity affiliated with a  
39 health care organization or an integrated delivery system.

40 "Integrated delivery system" means a group of legally affiliated  
41 health care organizations <sup>1</sup> 【which includes an acute care hospital】 <sup>1</sup>.

42 "Public **【hospital】** health care organization" means a State, county  
43 or municipal **【hospital or health-care facility** including health  
44 maintenance organization, public health center, diagnostic center,  
45 treatment center, rehabilitation center, extended care facility, skilled  
46 nursing home, nursing home, intermediate care facility, tuberculosis

1 hospital, chronic disease hospital, maternity hospital, mental hospital,  
2 outpatient clinic, dispensary, home health care agency, boarding home  
3 or other home for sheltered care now or hereafter established or  
4 authorized by law] health care organization.

5 "Project" or "[hospital] health care organization project" means [a  
6 specific work, including] the acquisition, construction, improvement,  
7 renovation or rehabilitation of lands, buildings, [improvements,  
8 alterations, renovations, enlargements, reconstructions,] fixtures,  
9 equipment and articles of personal property, [acquired, constructed,  
10 rehabilitated, owned and operated by] or other tangible or intangible  
11 assets that are necessary or useful in the development, establishment  
12 or operation of a [participating hospital] health care organization  
13 pursuant to this act, [to provide hospital or health-care facilities or  
14 facilities related, required or useful to or for the operation of a hospital  
15 facility,] and "project" or "[hospital] health care organization project"  
16 may include: the financing, refinancing or consolidation of secured or  
17 unsecured debt, borrowings or obligations, or the provision of  
18 financing for any other expense incurred in the ordinary course of  
19 business, all of which lands, buildings, fixtures, equipment and articles  
20 of personal property are to be used or occupied by any person in the  
21 health care organization; the acquisition of an entity interest, including  
22 capital stock, in a corporation; or any combination thereof; and may  
23 include any combination of the foregoing undertaken jointly by any  
24 [participating hospital] health care organization with one or more  
25 other [participating hospitals] health care organizations.

26 "Project cost" or "[hospital] health care organization project cost"  
27 means the sum total of all or any part of costs incurred or estimated to  
28 be incurred by the authority or by a [participating hospital] health care  
29 organization which are reasonable and necessary for carrying out all  
30 works and undertakings and providing all necessary equipment for the  
31 development of a project, exclusive of the amount of any private or  
32 Federal, State or local financial assistance for and received by a  
33 [participating hospital] health care organization for the payment of  
34 such project cost. Such costs shall include, but are not necessarily  
35 limited to[,]; interest prior to, during and for a reasonable period after  
36 such development[,]; start-up costs and costs of operation and  
37 maintenance during the construction period and for a reasonable  
38 additional period thereafter[,]; organization, administration, operation  
39 and other expenses of the health care organization prior to and during  
40 construction; the cost of necessary studies, surveys, plans and  
41 specifications, architectural, engineering, legal or other special  
42 services[,]; the cost of acquisition of land, buildings and  
43 improvements thereon (including payments for the relocation of  
44 persons displaced by such acquisition), site preparation and  
45 development, construction, reconstruction, equipment, including

1 fixtures, equipment, and cost of demolition and removal, and articles  
2 of personal property required[.]; the reasonable cost of financing  
3 incurred by a [participating hospital] health care organization or the  
4 authority in the course of the development of the project[.]; reserves  
5 for debt service[.]; the fees imposed upon a [participating hospital]  
6 health care organization by the commissioner and by the authority;  
7 other fees charged, and necessary expenses incurred in connection  
8 with the initial occupancy of the project[.]; and the cost of such other  
9 items as may be reasonable and necessary for the development of a  
10 project; as well as provision or reserves for working capital, operating  
11 or maintenance or replacement expenses, or for payment or security  
12 of principal of, or interest on, bonds. [The commissioner's approval  
13 of estimated project cost in accordance with section 6 of this act shall  
14 include his approval, which shall be conclusive, as to the  
15 reasonableness or necessity of any item of cost and as to the  
16 reasonableness of any period of time in respect of which interest,  
17 start-up, operation and maintenance costs have included in project  
18 costs.]

19 (cf: P.L.1972, c.29, s.3)

20

21 4. Section 4 of P.L.1972, c.29 (C.26:2I-4) is amended to read as  
22 follows:

23 4. a. There is hereby established in the [State] Department of  
24 Health and Senior Services, a public body corporate and politic, with  
25 corporate succession, to be known as the "New Jersey [Health-Care]  
26 Health Care Facilities Financing Authority." The authority shall  
27 constitute a political subdivision of the State established as an  
28 instrumentality exercising public and essential governmental functions,  
29 and the exercise by the authority of the powers conferred by this act  
30 shall be deemed and held to be an essential governmental function.

31 b. The authority shall consist of seven members, three of whom  
32 shall be the commissioner, who shall be the chairman, the  
33 Commissioner of Banking and Insurance, and the Commissioner of  
34 [the Department of Institutions and Agencies] Human Services, who  
35 shall serve during their terms of office, or when so designated by them,  
36 their deputies or other representatives, who shall serve at their  
37 pleasure, and four public members who are citizens of the State to be  
38 appointed by the Governor, with the advice and consent of the Senate  
39 for terms of [4] four years; provided that the four members first  
40 appointed by the Governor shall serve terms expiring on the first,  
41 second, third, and fourth, respectively, April 30 ensuing after the  
42 enactment of this act. Each member shall hold office for the term of  
43 his appointment and until his successor shall have been appointed and  
44 qualified. Any vacancy among the public members shall be filled by  
45 appointment for the unexpired term only.

1 c. Any member of the authority appointed by the Governor may be  
2 removed from office by the Governor for cause after a public hearing.

3 d. The members of the authority shall serve without compensation,  
4 but the authority may reimburse its members for necessary expenses  
5 incurred in the discharge of their official duties.

6 e. The authority, upon the first appointment of its members and  
7 thereafter on or after April 30 in each year, shall annually elect from  
8 among its members a vice chairman who shall hold office until April  
9 30 next ensuing and shall continue to serve during the term of his  
10 successor and until his successor shall have been appointed and  
11 qualified. The authority may also appoint, retain and employ, without  
12 regard to the provisions of Title 11, Civil Service, of the Revised  
13 Statutes, such officers, agents, and employees as it may require, and  
14 it shall determine their qualifications, terms of office, duties, services  
15 and compensation.

16 f. The powers of the authority shall be vested in the members  
17 thereof in office from time to time and a majority of the total  
18 authorized membership of the authority shall constitute a quorum at  
19 any meeting thereof. Action may be taken and motions and resolutions  
20 adopted by the authority at any meeting thereof by the affirmative vote  
21 of a majority of the members present, unless in any case the bylaws of  
22 the authority shall require a larger number. No vacancy in the  
23 membership of the authority shall impair the right of a quorum to  
24 exercise all the rights and perform all the duties of the authority.

25 g. Each member and the treasurer of the authority shall execute a  
26 bond to be conditioned upon the faithful performance of the duties of  
27 such member or treasurer, as the case may be, in such form and  
28 amount as may be prescribed by the Attorney General. Such bonds  
29 shall be filed in the office of the Secretary of State. At all times  
30 thereafter the members and treasurer of the authority shall maintain  
31 such bonds in full force and effect. All costs of such bonds shall be  
32 borne by the authority.

33 h. No trustee, director, officer or employee of a **[hospital]** health  
34 care organization may serve as a member of the authority.

35 i. At least two true copies of the minutes of every meeting of the  
36 authority shall be forthwith delivered by and under the certification of  
37 the secretary thereof, to the Governor. No action taken at such  
38 meeting by the authority shall have force or effect until 10 days,  
39 exclusive of Saturdays, Sundays and public holidays, after such copies  
40 of the minutes shall have been so delivered or at such earlier time as  
41 the Governor shall sign a statement of approval thereof. If, in said  
42 10-day period, the Governor returns a copy of the minutes with veto  
43 of any action taken by the authority or any member thereof at such  
44 meeting, such action shall be null and of no effect. If the Governor  
45 shall not return the minutes within said 10-day period, any action  
46 therein recited shall have force and effect according to the wording

1 thereof. At any time prior to the expiration of the said 10-day period,  
2 the Governor may sign a statement of approval of all or any such  
3 action of the authority.

4 The powers conferred in this subsection upon the Governor shall be  
5 exercised with due regard for the rights of the holders of bonds of the  
6 authority at any time outstanding.

7 (cf: P.L.1972, c.29, s.4)

8

9 5. Section 5 of P.L.1972, c.29 (C.26:2I-5) is amended to read as  
10 follows:

11 5. Powers of authority. The authority shall have power:

12 a. To adopt bylaws for the regulation of its affairs and the conduct  
13 of its business and to alter and revise such bylaws from time to time at  
14 its discretion.

15 b. To adopt and have an official seal and alter the same at pleasure.

16 c. To maintain an office at such place or places within the State as  
17 it may designate.

18 d. To sue and be sued in its own name.

19 e. To borrow money and to issue bonds of the authority and to  
20 provide for the rights of the holders thereof as provided in this act.

21 f. To acquire, lease as lessee or lessor, hold and dispose of real and  
22 personal property or any interest therein, in the exercise of its powers  
23 and the performance of its duties under this act.

24 g. To acquire in the name of the authority by purchase or  
25 otherwise, on such terms and conditions and in such manner as it may  
26 deem proper, any land or interest therein and other property which it  
27 may determine is reasonably necessary for any project; and to hold and  
28 use the same and to sell, convey, lease or otherwise dispose of  
29 property so acquired, no longer necessary for the authority's purposes,  
30 for fair consideration after public notice.

31 h. To receive and accept, from any federal or other public agency  
32 or governmental entity directly or through the Department of Health  
33 and Senior Services or any other agency of the State or any  
34 **【participating hospital】** health care organization, grants or loans for  
35 or in aid of the acquisition or construction of any project, and to  
36 receive and accept aid or contributions from any other source, of  
37 either money, property, labor or other things of value, to be held, used  
38 and applied only for the purposes for which such grants, loans and  
39 contributions may be made.

40 i. To prepare or cause to be prepared plans, specifications, designs  
41 and estimates of costs for the construction and equipment of  
42 **【hospital】** health care organization projects for **【participating**  
43 **hospitals】** health care organizations under the provisions of this act,  
44 and from time to time to modify such plans, specifications, designs or  
45 estimates.

46 j. By contract or contracts with and for **【participating hospitals】**



1 health care organizations only, to construct, acquire, reconstruct,  
2 rehabilitate and improve, and furnish and equip **【hospital】** health care  
3 organization projects. The authority, in the exercise of its authority to  
4 make and enter into contracts and agreements necessary or incidental  
5 to the performance of its duties and the execution of its powers, shall  
6 adopt standing rules and procedures providing that, except as  
7 hereinafter provided, no contract on behalf of the authority shall be  
8 entered into for the doing of any work, or for the hiring of equipment  
9 or vehicles, where the sum to be expended exceeds the sum of  
10 \$7,500.00 or the amount determined as provided in this subsection,  
11 unless the authority shall first publicly advertise for bids therefor, and  
12 shall award the contract to the lowest responsible bidder; provided,  
13 however, that such advertising shall not be required where the contract  
14 to be entered into is one for the furnishing or performing of services  
15 of a professional nature or for the supplying of any product or the  
16 rendering of any service by a public utility subject to the jurisdiction  
17 of the Board of Public Utilities, and tariffs and schedules of the  
18 charges, made, charged, or exacted by the public utility for any such  
19 products to be supplied or services to be rendered are filed with said  
20 board. The Governor, in consultation with the Department of the  
21 Treasury, shall, no later than March 1 of each odd-numbered year,  
22 adjust the threshold amount set forth in this subsection, or subsequent  
23 to 1985 the threshold amount resulting from any adjustment under this  
24 subsection or section 17 of P.L.1985, c.469, in direct proportion to  
25 the rise or fall of the Consumer Price Index for all urban consumers in  
26 the New York City and the Philadelphia areas as reported by the  
27 United States Department of Labor. The Governor shall, no later than  
28 June 1 of each odd-numbered year, notify the authority of the  
29 adjustment. The adjustment shall become effective July 1 of each  
30 odd-numbered year.

31 k. To determine the location and character of any project to be  
32 undertaken, subject to the provisions of this act, and subject to State  
33 health and environmental laws, to construct, reconstruct, maintain,  
34 repair, lease as lessee or lessor, and regulate the same and operate the  
35 same in the event of default by a **【participating hospital】** health care  
36 organization of its obligations and agreements with the authority; to  
37 enter into contracts for any or all such purposes; and to enter into  
38 contracts for the management and operation of a project in the event  
39 of default as herein provided. The authority shall use its best efforts  
40 to conclude its position as an operator as herein provided as soon as  
41 is practicable.

42 l. To establish rules and regulations for the use of a project or any  
43 portion thereof and to designate a **【participating hospital】** health care  
44 organization as its agent to establish rules and regulations for the use  
45 of a project undertaken by such a **【participating hospital】** health care  
46 organization.

1 m. Generally to fix and revise from time to time and to charge and  
2 collect rates, rents, fees and other charges for the use of and for the  
3 services furnished or to be furnished by a project or any portion  
4 thereof and to contract with holders of its bonds and with any other  
5 person, party, association, corporation or other body, public or  
6 private, in respect thereof~~],~~ subject to the provisions of the "Health  
7 Care Facilities Planning Act," P.L.1971, c.136 (C.26:2H-1 et seq.)~~].~~

8 n. To enter into agreements, credit agreements or contracts,  
9 execute any and all instruments, and do and perform any and all acts  
10 or things necessary, convenient or desirable for the purposes of the  
11 authority or to carry out any power expressly given in this act.

12 o. To invest any moneys held in reserve or sinking funds, or any  
13 moneys not required for immediate use or disbursement, at the  
14 discretion of the authority, in such obligations as are authorized by  
15 resolution of the authority.

16 p. To obtain, or aid in obtaining, from any department or agency  
17 of the United States any insurance or guarantee as to, or of, or for the  
18 payment or repayment of interest or principal, or both, or any part  
19 thereof, on any loan or any instrument evidencing or securing the  
20 same, made or entered into pursuant to the provisions of this act; and  
21 notwithstanding any other provisions of this act, to enter into  
22 agreement, contract or any other instrument whatsoever with respect  
23 to any such insurance or guarantee, and accept payment in such  
24 manner and form as provided therein in the event of default by the  
25 borrower.

26 q. To obtain from any department or agency of the United States  
27 or a private insurance company any insurance or guarantee as to, or of,  
28 or for the payment or repayment of interest or principal, or both, or  
29 any part thereof, on any bonds issued by the authority pursuant to the  
30 provisions of this act; and notwithstanding any other provisions of this  
31 act, to enter into any agreement, contract or any other instrument  
32 whatsoever with respect to any such insurance or guarantee, except to  
33 the extent that such action would in any way impair or interfere with  
34 the authority's ability to perform and fulfill the terms of any agreement  
35 made with the holders of the bonds of the authority.

36 r. To receive and accept, from any department or agency of the  
37 United States or of the State or from any other entity, any grant,  
38 appropriation or other moneys to be used for or applied to any  
39 corporate purpose of the authority, including without limitation the  
40 meeting of debt service obligations of the authority in respect of its  
41 bonds.

42 (cf: P.L.1985, c.469, s.2)

43  
44 6. Section 10 of P.L.1972, c.29 (C.26:2I-10) is amended to read  
45 as follows:

46 10. The authority is authorized to fix, revise, charge and collect

1 rates, rents, fees and charges for the use of and for the services  
2 furnished or to be furnished by each project and to contract with any  
3 person, partnership, association or corporation, or other body, public  
4 or private, in respect thereof. Such rates, rents, fees and charges shall  
5 be fixed and adjusted in respect of the aggregate of rents, rates, fees  
6 and charges from such project so as to provide funds sufficient with  
7 other revenues or moneys, if any:

8 a. To pay the cost of maintaining, repairing and operating the  
9 project and each and every portion thereof, to the extent that the  
10 payment of such cost has not otherwise been adequately provided for.

11 b. To pay the principal of and the interest on outstanding bonds of  
12 the authority issued in respect of such project as the same shall  
13 become due and payable; and

14 c. To create and maintain reserves required or provided for in any  
15 resolution authorizing, or trust agreement securing, such bonds of the  
16 authority.

17 Such rates, rents, fees and charges shall not be subject to  
18 supervision or regulation by any department, commission, board, body,  
19 bureau or agency of this State other than the authority [and the  
20 provisions of the Health Care Facilities Planning Act, P.L.1971, c.136  
21 (C.26:2H-1 et seq.)]. A sufficient amount of the revenues derived in  
22 respect of a project, except such part of such revenues as may be  
23 necessary to pay the cost of maintenance, repair and operation and to  
24 provide reserves for renewals, replacements, extensions, enlargements  
25 and improvements as may be provided for in the resolution authorizing  
26 the issuance of any bonds of the authority or in the trust agreement  
27 securing the same, shall be set aside at such regular intervals as may  
28 be provided in such resolution or trust agreement in a sinking or other  
29 similar fund which is hereby pledged to, and charged with, the  
30 payment of the principal of and the interest on such bonds as the same  
31 shall become due, and the redemption price or the purchase price of  
32 bonds retired by call or purchase as therein provided. Such pledge  
33 shall be valid and binding from the time when the pledge is made; the  
34 rates, rents, fees and charges and other revenues or other moneys or  
35 securities so pledged and thereafter received by the authority shall  
36 immediately be subject to the lien of such pledge without any physical  
37 delivery thereof or further act, and the lien of any such pledge shall be  
38 valid and binding as against all parties having claims of any kind in  
39 tort, contract or otherwise against the authority, irrespective of  
40 whether such parties have notice thereof. Neither the resolution nor  
41 any trust agreement by which a pledge is created need be filed or  
42 recorded except in the records of the authority. The use and  
43 disposition of moneys to the credit of such sinking or other similar  
44 fund shall be subject to the provisions of the resolution authorizing the  
45 issuance of such bonds or of such trust agreement. Except as may  
46 otherwise be provided in such resolution or such trust agreement, such

1 sinking or other similar fund shall be a fund for all such bonds issued  
2 to finance projects of a **【participating hospital】 health care**  
3 **organization** without distinction or priority of one over another;  
4 provided the authority in any such resolution or trust agreement may  
5 provide that such sinking or other similar fund shall be the fund for a  
6 particular project at a **【participating hospital】 health care organization**  
7 and for the bonds issued to finance a particular project and may,  
8 additionally, permit and provide for the issuance of bonds having a  
9 subordinate lien in respect of the security herein authorized to other  
10 bonds of the authority and, in such case, the authority may create  
11 separate sinking or other similar funds in respect to such subordinate  
12 lien bonds.

13 (cf: P.L.1972, c.29, s.10)

14

15 7. Section 17 of P.L.1972, c.29 (C.26:2I-17) is amended to read  
16 as follows:

17 17. The State of New Jersey does pledge to and agree with the  
18 holders of the bonds issued pursuant to authority contained in this act,  
19 and with those parties who may enter into contracts with the authority  
20 pursuant to the provisions of this act, that the State will not limit, alter  
21 or restrict the rights hereby vested in the authority and the  
22 **【participating hospital】 health care organization** to maintain,  
23 construct, reconstruct and operate any project as defined in this act or  
24 to establish and collect such rents, fees, receipts or other charges as  
25 may be convenient or necessary to produce sufficient revenues to meet  
26 the expenses of maintenance and operation thereof and to fulfill the  
27 terms of any agreements made with the holders of bonds authorized  
28 by this act, and with the parties who may enter into contracts with the  
29 authority pursuant to the provisions of this act, or in any way impair  
30 the rights or remedies of the holders of such bonds or such parties  
31 until the bonds, together with interest thereon, are fully paid and  
32 discharged and such contracts are fully performed on the part of the  
33 authority. The authority as a public body corporate and politic shall  
34 have the right to include the pledge herein made in its bonds and  
35 contracts.

36 (cf: P.L.1972, c.29, s.17)

37

38 8. Section 21 of P.L.1972, c.29 (C.26:2I-21) is amended to read  
39 as follows:

40 21. The Department of Health and Senior Services, or the  
41 commissioner or their representatives, may visit, examine into and  
42 inspect, the authority and may require, as often as desired, duly  
43 verified reports therefrom giving such information and in such form as  
44 such department or commissioner shall prescribe.

45 (cf: P.L.1971, c.29, s.21)

1 9. Section 23 of P.L.1972, c.29 (C.26:2I-23) is amended to read  
2 as follows:

3 23. In order to provide new **[hospitals]** health care organizations  
4 and to enable the construction and financing thereof, to refinance  
5 indebtedness hereafter created by the authority for the purpose of  
6 providing **[a hospital or hospitals]** one or more health care  
7 organizations or additions or improvements thereto or modernization  
8 thereof or for any one or more of said purposes but for no other  
9 purpose unless authorized by law, each of the following bodies shall  
10 have the powers hereafter enumerated to be exercised upon such terms  
11 and conditions, including the fixing of fair consideration or rental to  
12 be paid or received, as it shall determine by resolution as to such  
13 property and each shall be subject to the performance of the duties  
14 hereafter enumerated, that is to say, the **[State]** Department of Health  
15 and Senior Services as to such as are located on land owned by, or  
16 owned by the State and held for, any State institution or on lands of  
17 the institutions under the jurisdiction of the **[State]** Department of  
18 Health and Senior Services or of the **[State]** Department of  
19 **[Institutions and Agencies]** Human Services, or by the authority, the  
20 Commissioner of **[the State Department of Institutions and Agencies]**  
21 Human Services as to State institutions operated by that department,  
22 the board of trustees or governing body of any public **[hospital]**  
23 health care organization, the board of trustees of the **[College]**  
24 University of Medicine and Dentistry of New Jersey, as to such as are  
25 located on land owned by **[such college]** the university, or by the  
26 State for **[such college]** the university, the State or by the particular  
27 public **[hospital]** health care organization, respectively, namely:

28 a. The power to sell and to convey to the authority title in fee  
29 simple in any such land and any existing **[hospital facilities]** health  
30 care facility thereon owned by the State and held for any department  
31 thereof or of any of the institutions under the jurisdiction of the  
32 **[State]** Department of Health and Senior Services or the power to sell  
33 and to convey to the authority such title as the State or the public  
34 **[hospital]** health care organization, respectively, may have in any such  
35 land and any existing **[hospitals]** health care facility thereon.

36 b. The power to lease to the authority any land and any existing  
37 **[hospital facilities]** health care facility thereon so owned for a term or  
38 terms not exceeding 50 years each.

39 c. The power to lease or sublease from the authority, and to make  
40 available, any such land and existing **[hospitals]** health care facility  
41 conveyed or leased to the authority under subsections a. and b. of this  
42 section, and any new **[hospitals]** health care facility erected upon such  
43 land or upon any other land owned by the authority.

44 d. The power and duty, upon receipt of notice of any assignment  
45 by the authority of any lease or sublease made under subsection c. of

1 this section, or of any of its rights under any such lease or sublease, to  
2 recognize and give effect to such assignment, and to pay to the  
3 assignee thereof rentals or other payments then due or which may  
4 become due under any such lease or sublease which has been so  
5 assigned by the authority.

6 (cf: P.L.1972, c.29, s.23)

7

8 10. Section 24 of P.L.1972, c.29 (C.26:2I-24) is amended to read  
9 as follows:

10 24. In addition thereto the Commissioner of ~~the State Department~~  
11 ~~of Institutions and Agencies~~ Human Services as to institutions  
12 operated by that department, the chief executive officer and the board  
13 of trustees of other State institutions, and the board of trustees or  
14 governing body of county and municipal public ~~hospitals~~ health care  
15 organizations shall have the following powers and shall be subject to  
16 the following duties as to their lands and ~~hospital~~ health care  
17 facilities:

18 a. The power to pledge and assign all or any part of the revenues  
19 derived from the operation of ~~such new hospitals~~ a health care  
20 organization as security for the payment of rentals due and to become  
21 due under any lease or sublease of ~~such~~ a new ~~hospitals~~ health  
22 care facility as provided under subsection c. of ~~the preceding~~ section  
23 23 of P.L.1972, c.29 (C.26:2I-23).

24 b. The power to covenant and agree in any lease or sublease of  
25 such new ~~hospitals~~ health care facilities made under subsection c. of  
26 ~~the preceding~~ section 23 of P.L.1972, c.29 (C.26:2I-23) to impose  
27 fees, rentals or other charges for the use and occupancy or other  
28 operation of such new ~~hospitals~~ health care facilities in an amount  
29 calculated to produce net revenues sufficient to pay the rentals due and  
30 to become due under such lease or sublease.

31 c. The power to apply all or any part of the revenues derived from  
32 the operation of any ~~hospitals~~ health care organization to the  
33 payment of rentals due and to become due under any lease or sublease  
34 made under subsection c. of ~~the preceding~~ section 23 of P.L.1972,  
35 c.29 (C.26:2I-23).

36 d. The power to pledge and assign all or any part of the revenues  
37 derived from the operation of any ~~hospitals~~ health care organization  
38 to the payment of rentals due and to become due under any lease or  
39 sublease made under subsection c. of ~~the preceding~~ section 23 of  
40 P.L.1972, c.29 (C.26:2I-23).

41 e. The power to covenant and agree in any lease or sublease made  
42 under subsection c. of ~~the preceding~~ section 23 of P.L.1972, c.29  
43 (C.26:2I-23) to impose fees, rentals or other charges for the use and  
44 occupancy of a health care facility or ~~other~~ for the operation of ~~any~~  
45 ~~hospitals~~ a health care organization in an amount calculated to

1 produce net revenues sufficient to pay the rentals due and to become  
2 due under such lease or sublease.

3 (cf: P.L.1972, c.29, s.24)

4

5 11. Section 25 of P.L.1972, c.29 (C.26:2I-25) is amended to read  
6 as follows:

7 25. In addition to the powers and duties with respect to **【hospitals】**  
8 health care organizations given under sections 23 and 24 of P.L.1972,  
9 c.29 (C.26:2I-23 and C.26:2I-24, respectively), the board of trustees  
10 or governing body of any State institution or public **【hospital】** health  
11 care organization and the board of trustees of the **【College】** University  
12 of Medicine and Dentistry of New Jersey shall also have the same  
13 powers and be subject to the same duties in relation to any  
14 conveyance, lease or sublease made under subsections a., b., or c. of  
15 section 24 of P.L.1972, c.29 (C.26:2I-24), with respect to revenue  
16 producing facilities; that is to say, structures or facilities which  
17 produce revenues sufficient to pay the rentals due and to become due  
18 under any lease or sublease made under subsection c. of section 24 of  
19 P.L.1972, c.29 (C.26:2I-24), including, without limitation, extended  
20 care and parking facilities.

21 (cf: P.L.1972, c.29, s.25)

22

23 12. Section 27 of P.L.1972, c.29 (C.26:2I-27) is amended to read  
24 as follows:

25 27. To the extent not otherwise expressly provided under existing  
26 law, all powers and duties conferred upon any State institution or the  
27 **【College】** University of Medicine and Dentistry of New Jersey or any  
28 county, city or municipal **【hospital】** health care organization pursuant  
29 to this act shall be exercised and performed by resolution of its  
30 governing body and all powers and duties conferred upon any of **【said**  
31 **hospitals】** these health care organizations pursuant to this act shall be  
32 exercised and performed by resolution of its board of trustees or  
33 governing body.

34 (cf: P.L.1972, c.29, s.27)

35

36 13. Section 28 of P.L.1972, c.29 (C.26:2I-28) is amended to read  
37 as follows:

38 28. In addition to the foregoing powers, the authority with respect  
39 to **【private hospitals】** health care organizations shall have power**【,** but  
40 only upon approval by the commissioner of a regulatory agreement  
41 with such private hospital and subject to the terms and conditions of  
42 such agreement; and provided that no project will be undertaken  
43 pursuant to this act without the prior issuance of a certificate of need  
44 pursuant to P.L.1971, c.136 (C.26:2H-1 et seq.)**】**:

45 a. Upon application of the **【participating hospital】** health care

1 organization to construct, acquire or otherwise provide projects for  
2 the use and benefit of the **【participating hospital】** health care  
3 organization and the patients, employees and staff of **【such**  
4 **participating hospital】** the health care organization. The **【participating**  
5 **hospital】** health care organization for which such a project is  
6 undertaken by the authority shall approve the plans and specifications  
7 of such project.

8 b. To operate and manage any project provided pursuant to this  
9 section, or the authority may lease any such project to the  
10 **【participating hospital】** health care organization for which such  
11 project is provided. At such time as the liabilities of the authority  
12 incurred for any such project have been met and the bonds of the  
13 authority issued therefor have been paid, or such liabilities and bonds  
14 have otherwise been discharged, the authority shall transfer title to all  
15 the real and personal property of such project vested in the authority,  
16 to the **【participating hospital】** health care organization in connection  
17 with which such project is then being operated, or to which such  
18 project is then leased; provided, however, that if at any time prior  
19 thereto **【such participating hospital】** the health care organization  
20 ceases to offer **【hospital or】** health services, then such title shall vest  
21 in the State of New Jersey.

22 Any lease of a project authorized by this section shall be a general  
23 obligation of the lessee and may contain provisions, which shall be a  
24 part of the contract with the holders of the bonds of the authority  
25 issued for such project, as to:

26 (i) pledging all or any part of the moneys, earnings, income and  
27 revenues derived by the lessee from such project or any part or parts  
28 thereof, or other personal property of the lessee, to secure payments  
29 required under the terms of such lease;

30 (ii) the rates, rentals, fees and other charges to be fixed and  
31 collected by the lessee, the amounts to be raised in each year thereby,  
32 and the use and disposition of such moneys, earning, income and  
33 revenues;

34 (iii) the setting aside of reserves and the creation of special funds  
35 and the regulation and disposition thereof;

36 (iv) the procedure, if any, by which the terms of such lease may be  
37 amended;

38 (v) vesting in a trustee or trustees such specified properties, rights,  
39 powers and duties as shall be deemed necessary or desirable for the  
40 security of the holders of the bonds of the authority issued for such  
41 projects;

42 (vi) the obligations of the lessee with respect to the replacement,  
43 reconstruction, maintenance, operation, repairs and insurance of such  
44 project;

45 (vii) defining the acts or omissions to act which shall constitute a  
46 default in the obligations and duties of the lessee, and providing for the



1 rights and remedies of the authority and of its bondholders in the event  
2 of such default;

3 (viii) any other matters, of like or different character, which may  
4 be deemed necessary or desirable for the security or protection of the  
5 authority or the holders of its bonds.

6 (cf: P.L.1972, c.29, s.28)

7

8 14. Section 29 of P.L.1972, c.29 (C.26:2I-29) is amended to read  
9 as follows:

10 29. The authority also shall have power:

11 a. To make loans to any **【private hospital】** health care organization  
12 for the construction or acquisition of projects in accordance with a  
13 loan agreement **【and plans and specifications approved by the**  
14 **authority】**. No such loan shall exceed the total cost of such project  
15 **【as determined and approved by the authority】**. Each such loan shall  
16 be promised upon an agreement between the authority and the  
17 **【private hospital】** health care organization as to payment, security,  
18 maturity, redemption, interest and other appropriate matters.

19 b. To make loans to any **【private hospital】** health care organization  
20 to refund existing bonds, mortgages or advances given or made by  
21 **【such private hospital】** the health care organization for the  
22 construction of projects to the extent that this will enable **【such**  
23 **private hospital】** the health care organization to offer greater security  
24 for loans for new project construction.

25 (cf: P.L.1972, c.29, s.29)

26

27 15. Section 30 of P.L.1972, c.29 (C.26:2I-30) is amended to read  
28 as follows:

29 30. For the purpose of obtaining and securing loans under section  
30 29 of P.L.1972, c.29 (C.26:2I-29), every **【private hospital】** health care  
31 organization shall have power to mortgage and pledge any of its real  
32 or personal property, and to pledge any of its income from whatever  
33 source to repay the principal of and interest on any loan made to it by  
34 the authority or to pay the interest on and principal and redemption  
35 premium, if any, of any bond or other evidence of indebtedness  
36 evidencing the debt created by any such loan; provided that the  
37 foregoing shall not be construed to authorize actions in conflict with  
38 specific legislation, trusts, endowment, or other agreements relating to  
39 specific properties or funds.

40 (cf: P.L.1972, c.29, s.30)

41

42 16. Section 31 of P.L.1972, c.29 (C.26:2I-31) is amended to read  
43 as follows:

44 31. Moneys of the authority received from any **【private hospital】**  
45 health care organization in payment of any sum due to the authority

1 pursuant to the terms of any loan or other agreement or any bond,  
2 note or other evidence of indebtedness, shall be deposited in an  
3 account in which only moneys received from **private hospitals** health  
4 care organizations shall be deposited and shall be kept separate and  
5 apart from and not commingled with any other moneys of the  
6 authority. Moneys deposited in such account shall be paid out on  
7 checks signed by the chairman of the authority or by such other person  
8 or persons as the authority may authorize, and countersigned by one  
9 other member of the authority.

10 (cf: P.L.1972, c.29, s.31)

11

12 17. Section 32 of P.L.1972, c.29 (C.26:2I-32) is amended to read  
13 as follows:

14 32. a. Whenever the authority under section 28 of P.L.1972, c.29  
15 (C.26:2I-28) undertakes to construct, acquire or otherwise provide  
16 and operate and manage a project, the authority shall be responsible  
17 for the direct operation and maintenance costs of such projects, but  
18 each **private hospital** health care organization in connection with  
19 which such a project is provided and operated and managed shall be  
20 responsible at its own expense for the overall supervision of each  
21 project, for the overhead and general administrative costs of the  
22 **private hospital** health care organization which are incurred because  
23 of such project and for the integration of each project operation into  
24 the **institution's hospital** health care organization's health care  
25 program.

26 b. Whenever the authority under section 28 of P.L.1972, c.29  
27 (C.26:2I-28) undertakes to construct, acquire or otherwise provide a  
28 project and to lease the same to a **private hospital** health care  
29 organization, the lessee shall be responsible for the direct operation  
30 and maintenance costs of such project and, in addition, shall be  
31 responsible for the overall supervision of each project, for the  
32 overhead and general administrative costs of the lessee which are  
33 incurred because of such project and for the integration of each project  
34 operation into the lessee's **hospital** health care program.

35 c. Whenever the authority under section 29 of P.L.1972, c.29  
36 (C.26:2I-29) makes loans for the construction of a project, the  
37 **private hospital** health care organization at which such project is  
38 located shall be responsible for the direct operation and maintenance  
39 costs of such project and, in addition, shall be responsible for the  
40 overall supervision of each project, for the overhead and general  
41 administrative costs of the **private hospital** health care organization  
42 which are incurred because of such project and for the integration of  
43 each project operation into the **institution's hospital** health care  
44 organization's health care program.

45 (cf: P.L.1972, c.29, s.32)

1 18. Section 33 of P.L.1972, c.29 (C.26:2I-33) is amended to read  
2 as follows:

3 33. Any pledge of moneys, earnings, income or revenues  
4 authorized with respect to **【private hospitals】** health care  
5 organizations, pursuant to the provisions of this act, shall be valid and  
6 binding from the time when the pledge is made. The moneys, earnings,  
7 income or revenues so pledged and thereafter received by the pledgor  
8 shall immediately be subject to the lien of such pledge without any  
9 physical delivery thereof or further act. The lien of any such pledge  
10 shall be valid and binding as against all parties having claims of any  
11 kind in tort, contract or otherwise against the pledgor irrespective of  
12 whether such parties have notice thereof. No instrument by which  
13 such a pledge is created need be filed or recorded in any manner.  
14 (cf: P.L.1972, c.29, s.33)

15

16 19. Section 34 of P.L.1972, c.29 (C.26:2I-34) is amended to read  
17 as follows:

18 34. a. Whenever any **【public or private hospital】** health care  
19 organization has constructed or acquired any work or improvement  
20 which would otherwise qualify as a project under the preceding  
21 portions of this act except for the fact that such construction or  
22 acquisition was undertaken and financed without assistance from the  
23 authority, the authority may purchase such work or improvement, and  
24 lease the same to **【such hospital】** the health care organization, or may  
25 lend funds to **【such hospital】** the health care organization for the  
26 purpose of enabling the latter to retire obligations incurred for such  
27 construction or acquisition, provided that the amount of any such  
28 purchase price or loan shall not exceed the project cost as herein  
29 defined, irrespective of such work or improvement. All powers,  
30 rights, obligations and duties granted to or imposed upon the  
31 authority, **【hospitals】** health care organizations, State departments and  
32 agencies or others by this act in respect to projects shall apply to the  
33 same extent with respect to transactions authorized by this section,  
34 provided that any action otherwise required to be taken at a particular  
35 time in the progression of a project may, where the circumstances so  
36 required in connection with a transaction under this section be taken  
37 nunc pro tunc.

38 b. Acquisition of **【hospital】** health care facilities from counties or  
39 municipalities. Notwithstanding the provisions of any law to the  
40 contrary, the authority may authorize the acquisition, and any county  
41 or municipality by resolution or ordinance may authorize a private sale  
42 and conveyance or leasing to the authority, of any interest of the  
43 county or municipality in any lands and existing **【hospital】** health care  
44 facilities which are then being operated by a **【private or public**  
45 **hospital】** health care organization upon such terms and conditions as

1 may be agreed upon by the authority and the county and municipality.  
2 The authority may use its funds for the acquisition by providing for  
3 the retirement of obligations incurred for the acquisition of the land,  
4 and for the acquisition and construction of the existing **【hospital】**  
5 health care facilities, provided that the amount of the purchase price  
6 shall not exceed the project costs. Upon acquisition of the lands and  
7 existing **【hospital】** health care facilities, the authority may convey or  
8 lease the lands and existing **【hospital】** health care facilities to a  
9 **【participating hospital】** health care organization under such terms and  
10 conditions as the authority and **【participating hospital】** health care  
11 organization may agree.

12 (cf: P.L.1984, c.217, s.1)

13

14 20. Section 38 of P.L.1972, c.29 (C.26:2I-38) is amended to read  
15 as follows:

16 38. All laws, or parts thereof, inconsistent with this act are hereby  
17 declared to be inapplicable to the provisions of this act, except as  
18 otherwise provided~~【~~, and provided that no project shall be constructed  
19 pursuant to this act which does not comply with the Health Care  
20 Facilities Planning Act, P.L.1971, c.136 (C.26:2H-1, et seq.)~~】~~.

21 (cf: P.L.1972, c.29, s.38)

22

23 <sup>1</sup>21. (New section) The provisions of P.L.1972, c.29 (C.26:2I-1  
24 et seq.) shall not be construed to require a health care organization as  
25 defined in section 3 of P.L.1972, c.29 (C.26:2I-3) which is seeking to  
26 finance a project<sup>2, 2</sup> to obtain financing from the New Jersey Health  
27 Care Facilities Financing Authority.<sup>1</sup>

28

29 <sup>1</sup>22. (New section) <sup>2</sup>【Notwithstanding the provisions of P.L.1972,  
30 c.29 (C.26:2I-1 et seq.) to the contrary, nothing in that act shall be  
31 construed to provide the New Jersey Health Care Facilities Financing  
32 Authority with greater authority to finance a project undertaken by a  
33 for-profit health care organization than the New Jersey Economic  
34 Development Authority has under P.L.1974, c.80 (C.34:1B-1 et  
35 seq.).<sup>1</sup> <sup>3</sup>【The authority shall not enter into a credit agreement with  
36 a health care organization that does not qualify as a nonprofit entity  
37 under Title 15A of the New Jersey Statutes unless: a. the borrowing  
38 is a part of a larger plan of financing for an organization that qualifies  
39 as a nonprofit entity, or b. the health care organization has provided  
40 the authority with certification that it has sought financing directly  
41 from a banking institution or other licensed lending institution which  
42 is not a government entity or authority, and in good faith, is unable to  
43 obtain financing on terms acceptable to the borrower unless the  
44 financing is completed through the authority.<sup>2</sup>】 Notwithstanding the  
45 provisions of P.L.1972, c.29 (C.26:2I-1 et seq.) to the contrary,

1 nothing in that act shall be construed to provide the New Jersey Health  
2 Care Facilities Financing Authority with greater authority to finance  
3 a project undertaken by a for-profit health care organization than the  
4 New Jersey Economic Development Authority has under P.L.1974,  
5 c.80 (C.34:1B-1 et seq.).<sup>3</sup>  
6

7 <sup>1</sup> **[21.]** 23.<sup>1</sup> Sections 6 and 26 of P.L.1972, c.29 (C.26:2I-6 and  
8 C.26:2I-26, respectively) are repealed.

9  
10 <sup>1</sup> **[22.]** 24.<sup>1</sup> This act shall take effect immediately.

11  
12  
13 \_\_\_\_\_  
14  
15 Expands range of health care organizations and projects eligible for  
16 New Jersey Health Care Facilities Financing Authority financing.

1 may be agreed upon by the authority and the county and municipality.  
 2 The authority may use its funds for the acquisition by providing for  
 3 the retirement of obligations incurred for the acquisition of the land,  
 4 and for the acquisition and construction of the existing **【hospital】**  
 5 health care facilities, provided that the amount of the purchase price  
 6 shall not exceed the project costs. Upon acquisition of the lands and  
 7 existing **【hospital】** health care facilities, the authority may convey or  
 8 lease the lands and existing **【hospital】** health care facilities to a  
 9 **【participating hospital】** health care organization under such terms and  
 10 conditions as the authority and **【participating hospital】** health care  
 11 organization may agree.

12 (cf: P.L.1984, c.217, s.1)

13

14 20. Section 38 of P.L.1972, c.29 (C.26:2I-38) is amended to read  
 15 as follows:

16 38. All laws, or parts thereof, inconsistent with this act are hereby  
 17 declared to be inapplicable to the provisions of this act, except as  
 18 otherwise provided<sup>1</sup>, and provided that no project shall be constructed  
 19 pursuant to this act which does not comply with the Health Care  
 20 Facilities Planning Act, P.L.1971, c. 136 (C. 26:2H-1, et seq.)<sup>1</sup>.

21 (cf: P.L.1972, c.29, s.38)

22

23 21. Sections 6 and 26 of P.L.1972, c.29 (C.26:2I-6 and C.26:2I-  
 24 26, respectively) are repealed.

25

26 22. This act shall take effect immediately.

27

28

29 *Sponsors* STATEMENT

30

31 This bill amends the "New Jersey Health Care Facilities Financing  
 32 Authority Law," P.L.1972, c.29 (C.26:2I-1 et seq.), which established  
 33 the New Jersey Health Care Facilities Financing Authority  
 34 (NJHCFFA), to expand the range of health care organizations and  
 35 projects eligible for financing from the NJHCFFA.

36 In order to reflect the changing nature of health care delivery, the  
 37 bill permits the NJHCFFA to provide financing for health care  
 38 organizations or components thereof without regard to (1) whether the  
 39 organization or component is a direct deliverer of health care services,  
 40 or (2) its corporate tax status. The bill expands the definition of  
 41 "health care organization" in P.L.1972, c.29 to include any  
 42 organization or related entity authorized or permitted by law to  
 43 provide health care services, which will permit the NJHCFFA to  
 44 provide financing for all components of an integrated health care  
 45 delivery system, including working capital, operating leases and  
 46 reimbursement of construction and equipment acquisition.

1 The bill also deletes the requirement that the Commissioner of  
2 Health and Senior Services approve costs for those portions of  
3 projects which do not require a certificate of need from the  
4 Department of Health and Senior Services (DHSS).

5 The bill would repeal Sections 6 and 26 of P.L.1972, c.29 (C.26:2I-  
6 6 and C.26:2I-26, respectively) which require prior DHSS approval of:  
7 (1) the estimated project cost of construction or rehabilitation by the  
8 NJHCFFA of any project or hospital facility to be leased to a hospital;  
9 and (2) plans, specifications and location of each hospital undertaken  
10 by the NJHCFFA for DHSS or under DHSS control or any public  
11 hospital undertaken by the NJHCFFA, respectively.

12 Finally, the bill clarifies and updates definitions and terminology in  
13 the statute to conform its language to current titles and names of State  
14 departments and offices.

15

16

17

18

19 Expands range of health care organizations and projects eligible for  
20 New Jersey Health Care Facilities Financing Authority financing.

# ASSEMBLY HEALTH COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 3149

with committee amendments

# STATE OF NEW JERSEY

DATED: NOVEMBER 17, 1997

The Assembly Health Committee reports favorably and with committee amendments Assembly Bill No. 3149.

As amended by the committee, this bill amends the "New Jersey Health Care Facilities Financing Authority Law," P.L.1972, c.29 (C.26:2I-1 et seq.), which established the New Jersey Health Care Facilities Financing Authority (NJHCFFA), to expand the range of health care organizations and projects eligible for financing from the NJHCFFA.

In order to reflect the changing nature of health care delivery, the bill permits the NJHCFFA to provide financing for health care organizations or components thereof without regard to (1) whether the organization or component is a direct deliverer of health care services, or (2) its corporate tax status. The bill expands the definition of "health care organization" in P.L.1972, c.29 to include any organization or related entity authorized or permitted by law to provide health care services, which will permit the NJHCFFA to provide financing for all components of an integrated health care delivery system, including working capital, operating leases and reimbursement of construction and equipment acquisition.

The bill also deletes the requirement that the Commissioner of Health and Senior Services approve costs for those portions of projects which do not require a certificate of need from the Department of Health and Senior Services (DHSS).

The bill would repeal Sections 6 and 26 of P.L.1972, c.29 (C.26:2I-6 and C.26:2I-26, respectively) which require prior DHSS approval of: (1) the estimated project cost of construction or rehabilitation by the NJHCFFA of any project or hospital facility to be leased to a hospital; and (2) plans, specifications and location of each hospital undertaken by the NJHCFFA for DHSS or under DHSS control or any public hospital undertaken by the NJHCFFA, respectively.

Finally, the bill clarifies and updates definitions and terminology in the statute to conform its language to current titles and names of State departments and offices.



The committee amended the bill to:

- add assisted living, hospice and health maintenance organization services to the list of services specified in the definition of health care organization in section 3 of the bill;
- delete the requirement that an integrated delivery system as defined in section 3 must include an acute care hospital;
- stipulate that the provisions of the "New Jersey Health Care Facilities Financing Authority Law" shall not be construed to require a health care organization which is seeking to finance a project to obtain financing from the NJHCFFA; and
- also stipulate that nothing in that law shall be construed to provide the NJHCFFA with greater authority to finance a project undertaken by a for-profit health care organization than the New Jersey Economic Development Authority has under "The New Jersey Economic Development Authority Act," P.L.1974, c.80 (C.34:1B-1 et seq.).

STATEMENT TO

[First Reprint]

**ASSEMBLY, No. 3149**

with Senate Floor Amendments  
(Proposed By Senator INVERSO)

ADOPTED: JANUARY 8, 1998

These amendments provide that the New Jersey Health Care Facilities Financing Authority shall not enter into a credit agreement with a health care organization that does not qualify as a nonprofit entity under Title 15A of the New Jersey Statutes unless: a. the borrowing is a part of a larger plan of financing for an organization that qualifies as a nonprofit entity, or b. the health care organization has provided the authority with certification that it has sought financing directly from a banking institution or other licensed lending institution which is not a government entity or authority, and in good faith, is unable to obtain financing on terms acceptable to the borrower unless the financing is completed through the authority.

The amendments make this bill identical to Senate Bill No. 2226 (1R).

STATEMENT TO  
[Second Reprint]  
**ASSEMBLY, No. 3149**

with Assembly Floor Amendments  
(Proposed By Assemblyman FELICE)

ADOPTED: JANUARY 12, 1998

These amendments restore the language in section 22 of this bill, originally incorporated by Assembly Health Committee amendments on November 17, 1997, which provides that nothing in the "New Jersey Health Care Facilities Financing Authority Law" shall be construed to provide the New Jersey Health Care Facilities Financing Authority with greater authority to finance a project undertaken by a for-profit health care organization than the New Jersey Economic Development Authority has under "The New Jersey Economic Development Authority Act." These amendments delete the language which had replaced the amendatory language adopted by the Assembly Health Committee.