

DRAFT ONLY  
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INTRODUCTION

HOUSE BILL NO. [BILL NUMBER]

Rural health care districts-revenue authority.

Sponsored by: Joint Labor, Health & Social Services Interim  
Committee

A BILL

for

1 AN ACT relating to rural health care districts; providing  
2 for the issuance of securities by the trustees of a rural  
3 health care district; providing for a method of issuance,  
4 sale, form, registration and payment of bonds by rural  
5 health care districts; revising the timing of the  
6 proposition to continue a tax; and providing for an  
7 effective date.

8

9 *Be It Enacted by the Legislature of the State of Wyoming:*

10

11 **Section 1.** W.S. 35-2-710 through 35-2-723 are created  
12 to read:

1

2       **35-2-710. Securities for acquiring and improving**  
3 **hospitals and related facilities; issuance authorized;**  
4 **lines of credit and tax and revenue anticipation notes.**

5

6       (a) The trustees of a rural health care district  
7 established pursuant to W.S. 35-2-701, are authorized to  
8 issue revenue bonds, notes and warrants or other revenue  
9 securities for the purpose of acquiring, erecting,  
10 constructing, reconstructing, improving, remodeling,  
11 furnishing and equipping hospitals and related facilities  
12 and acquiring a site or sites as the trustees may  
13 determine.

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15       (b) If there are no funds available to the trustees  
16 of a rural health care district before receipt of property  
17 taxes, the trustees may issue warrants in anticipation of  
18 the receipt of property taxes for payment of operational  
19 expenses. The aggregate amount of the warrants shall not  
20 exceed the total amount of taxes levied. The warrants shall  
21 be payable solely from the collected taxes.

22

1           (c)   The trustees of a rural health care district may  
2   obtain financing for its operations by entering into  
3   agreements for lines of credit with any financial  
4   institution as defined in W.S. 13-1-101(a)(ix). The lines  
5   of credit may either be unsecured or secured by a pledge of  
6   revenues anticipated to be received during the current  
7   fiscal year.

8  
9           (d)   In addition to its authority to issue warrants  
10   under this section, the trustees of a rural health care  
11   district may issue tax and revenue anticipation notes in  
12   amounts not to exceed eighty percent (80%) of the total  
13   amount of taxes levied for operation of the district for  
14   the fiscal year during which the notes are issued when the  
15   trustees determines that insufficient funds are available  
16   to meet the obligations of the district during any fiscal  
17   year. A rural health care district shall not enter into  
18   agreements or issue instruments of the type allowed by this  
19   section for any fiscal year until all debts financed by any  
20   agreement or instrument for any prior fiscal year have been  
21   paid in full. Tax and revenue anticipation notes issued  
22   under this subsection are subject to the procedural

1 requirements of W.S. 9-4-1103 through 9-4-1105 for state  
2 tax and revenue anticipation notes, except:

3

4 (i) The authority of the state treasurer  
5 provided in W.S. 9-4-1103 through 9-4-1105 shall be  
6 exercised by the trustees issuing the notes; and

7

8 (ii) Notwithstanding W.S. 9-4-1105(a),  
9 investments of the proceeds of the notes by the trustees  
10 are limited to those investments authorized under W.S. 9-4-  
11 831.

12

13 **35-2-711. Securities for acquiring hospitals and**  
14 **related facilities; requirements generally.**

15

16 (a) Except as otherwise provided:

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18 (i) Securities shall be authorized by resolution  
19 adopted by the trustees and shall:

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21 (A) Bear a date or dates;

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23 (B) Be in a denomination or denominations;

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(C) Mature at a time or times but in no event exceeding fifty (50) years from their date of issuance;

(D) Be sold at a public or private sale; and

(E) The securities and coupons shall be payable in a medium of payment at a banking institution or other place or places within or without the state, as determined by the trustees.

(ii) Securities may be made subject to prior redemption in advance of maturity in order or by lot or otherwise at a time or times without or with the payment of a premium or premiums not exceeding ten percent (10%) of the principal amount of the security redeemed, as determined by the trustees. The resolution may provide for the accumulation of net revenue for a reserve fund and shall contain other or further covenants and agreements as may be determined by the governing board for the protection of bondholders.

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2           (b)     Any resolution authorizing the issuance of  
3 securities or other instruments may provide for the  
4 capitalizing of interest on any securities during any  
5 period of construction estimated by the trustees and one  
6 (1) year thereafter and any other cost of any project  
7 authorized, by providing for the payment of the amount  
8 capitalized from the proceeds of the securities.

9

10           (c)     Securities may be issued with privileges for  
11 conversion or registration, or both, for payment as to  
12 principal or interest, or both.

13

14           (d)     Any resolution authorizing the issuance of  
15 securities or any other instrument pertaining to the  
16 issuance of securities may provide for their reissuance in  
17 other denominations in negotiable or nonnegotiable form and  
18 otherwise in any manner and form as the trustees may  
19 determine.

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21           (e)     Any resolution authorizing, or other instrument  
22 pertaining to, any securities may provide that each  
23 security authorized shall recite that it is issued under

1 authority of this section. The recital shall conclusively  
2 impart full compliance with all of the provisions and all  
3 securities issued containing the recital shall be  
4 incontestable for any cause whatsoever after their delivery  
5 for value.

6  
7 (f) Subject to the payment provisions specifically  
8 provided, any securities or interest coupons attached to  
9 the securities shall be fully negotiable within the meaning  
10 of and for all the purposes of the Uniform Commercial Code,  
11 except as the trustees may otherwise provide, and each  
12 holder of the security or any coupons, by accepting such  
13 security or coupon shall be conclusively deemed to have  
14 agreed that the security or coupon, except as otherwise  
15 provided, is and shall be fully negotiable within the  
16 meaning and for all purposes of the Uniform Commercial  
17 Code.

18  
19 (g) Notwithstanding any other provision of law, the  
20 trustees in any proceedings authorizing securities:

21

1           (i)    May provide for the initial issuance of one  
2    (1) or more securities aggregating the amount of the entire  
3    issue or any part thereof;

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5           (ii)   May make provisions for installment  
6    payments of the principal amount of any security as they  
7    may consider desirable;

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9           (iii) May provide for the making of any security  
10   payable to bearer or otherwise, registrable as to principal  
11   or as to both principal and interest, and where interest  
12   accruing is not represented by interest coupons, for the  
13   endorsing of payment of interest on the securities.

14

15          (h)    Except for any securities which are registrable  
16   for payment of interest, interest coupons payable to bearer  
17   and appertaining to the securities shall be issued and  
18   shall bear the original or facsimile signature of the  
19   president of the board of trustees.

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21          (j)    Any securities authorized may be executed as  
22   provided by W.S. 16-2-101 through 16-2-103.

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1           (k)       The securities and any coupons bearing the  
2 signature of the officers in office at the time of the  
3 signing shall be valid and binding obligations of the board  
4 of trustees, notwithstanding that before the delivery and  
5 payment, any or all of the persons whose signatures appear  
6 shall have ceased to fill their respective offices.

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8           **35-2-712. Securities for acquiring hospitals and**  
9 **related facilities; not a general obligation of rural**  
10 **health care district or trustees; payable from special**  
11 **fund.**

12

13 The securities issued pursuant to W.S. 35-2-711 through 35-  
14 2-722 shall not constitute a general obligation of the  
15 rural health care district, nor of the trustees, but shall  
16 be payable solely from a special fund to contain the net  
17 revenue to be derived from the operation of the hospitals  
18 and related facilities, the revenues being defined as those  
19 remaining after paying the costs of operating and  
20 maintaining the facilities.

21

1           **35-2-713. Securities for acquiring hospitals and**  
2 **related facilities; issuance from time to time in one or**  
3 **more series.**

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5   The securities authorized may be issued from time to time  
6   and in one (1) or more series as the trustees may  
7   determine.

8

9           **35-2-714. Securities for acquiring hospitals and**  
10 **related facilities; obligation of trustees to holders; suit**  
11 **for default, misuse of funds.**

12

13   The obligation of the trustees to the holders of the  
14   securities shall be limited to applying the funds to the  
15   payment of interest and principal on the securities and the  
16   securities shall contain a provision to that effect. In the  
17   event of default in the payment of the securities or the  
18   interest thereon and in the event that the trustees are  
19   misusing the funds or not using the funds as provided by  
20   W.S. 35-2-711 through 35-2-722 and the resolution  
21   authorizing the securities, or in the event of any other  
22   breach of any protective covenant or other contractual  
23   limitation, then any holder may bring suit against the

1 trustees in the district court of the county in which the  
2 rural health care district or any of its facilities are  
3 located for the purpose of restraining the trustees from  
4 using the funds for any purpose other than the payment of  
5 the principal and interest on the securities in the manner  
6 provided or for any other appropriate remedy.

7

8 **35-2-715. Construction to be done by contract based**  
9 **on competitive bidding; alternate delivery methods.**

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11 (a) Except as provided under subsection (b) of this  
12 section and otherwise, the work of constructing the various  
13 buildings shall be done by contract based on competitive  
14 bidding. Notice of call for bids shall be for the period  
15 of time and in a manner as the trustees may determine. The  
16 the trustees shall have the power to reject any and all  
17 bids and readvertise for bids as they consider proper.

18

19 (b) Any rural health care district may contract for  
20 design and construction services through an alternate  
21 delivery method as defined in W.S. 16-6-701.

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23 **35-2-716. Trustees may insure facilities.**

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2 The trustees may insure the facilities against public  
3 liability, property damage or loss of revenues from any  
4 cause.

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6 **35-2-717. Investment in securities.**

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8 Securities issued pursuant to this article shall be  
9 eligible for investment by banking institutions and for  
10 estate, trust and fiduciary funds. The securities and the  
11 interest shall be exempt from taxation by this state and  
12 any subdivision. The state treasurer of the state of  
13 Wyoming with the approval of the governor and the attorney  
14 general is authorized to invest any permanent state funds  
15 available for investment in the securities to be issued  
16 pursuant to W.S. 35-2-711 through 35-2-722.

17

18 **35-2-718. Refunding securities.**

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20 (a) Any securities of the trustees of a rural health  
21 care district issued pursuant to W.S. 35-2-711 through 35-  
22 2-722 and payable from any pledged revenues may be refunded  
23 by the trustees by the adoption of a resolution by the

1 trustees authorizing the issuance of securities at a public  
2 or private sale:

3

4 (i) To refund, pay and discharge all or any part  
5 of the outstanding securities of any one (1) or more or all  
6 outstanding issues, including any interest thereon in  
7 arrears, or about to become due for any period not  
8 exceeding three (3) years from the date of the refunding  
9 securities;

10

11 (ii) For the purpose of reducing interest costs  
12 or effecting other economies;

13

14 (iii) For the purpose of modifying or  
15 eliminating restrictive contractual limitations pertaining  
16 to the issuance of additional bonds, otherwise concerning  
17 the outstanding securities or to any facilities pertaining  
18 thereto;

19

20 (iv) For the purpose of avoiding or terminating  
21 any default; or

22

1           (v)       For any combination provided in this  
2 subsection.

3

4           **35-2-719. Powers and responsibility of trustees of**  
5 **trustees.**

6

7 The board of trustees has plenary powers and responsibility  
8 for the acquisition, construction and completion of all  
9 projects authorized by the resolution to issue revenue  
10 securities or refunding securities.

11

12           **35-2-720. Trustees may accept grants.**

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14 The trustees may accept grants of money or materials or  
15 property of any kind from the federal government, the  
16 state, including any agency or political subdivision, or  
17 any person upon terms and conditions as the federal  
18 government, the state, including any agency or political  
19 subdivision, or person may impose.

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21           **35-2-721. Charges and rentals.**

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1 The trustees shall establish and collect charges for  
2 services and rentals for use of facilities furnished,  
3 acquired, constructed or purchased from the proceeds of the  
4 securities sufficient to pay the principal or the interest,  
5 or both, on the securities as they become due and payable,  
6 together with the additional sums as may be deemed  
7 necessary for accumulating reserves and providing for  
8 obsolescence and depreciation and to pay the expenses of  
9 operating and maintaining the facilities. The trustees  
10 shall establish all other charges, fees and rates to be  
11 derived from the operation of the hospital or any other  
12 facility of the rural health care district.

13

14 **35-2-722. Liberal construction.**

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16 The provisions of this article pertaining to bonding, being  
17 necessary to secure the public health, safety, convenience  
18 and welfare, shall be liberally construed to effect its  
19 purposes.

20

21 **35-2-723. Applicability.**

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1 The provisions of W.S. 35-2-711 through 35-2-722 shall not  
2 apply to W.S. 35-2-708 and 35-2-709.

3

4 **Section 2.** W.S. 35-2-703(a) by creating a new  
5 paragraph (xi) and 35-2-708(e) are amended to read:

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7 **35-2-703. Body corporate; name and style; powers**  
8 **generally; rules and regulations of trustees.**

9

10 (a) Each district so established is a body corporate  
11 and shall be designated by the name of the .... rural  
12 health care district. The district name shall be entered  
13 upon the commissioners' records and shall be selected by  
14 the board of county commissioners of the county in which  
15 the greater area of land within the district is located. In  
16 the name so selected, the district through its governing  
17 board may:

18

19 (xi) Construct, purchase or own a hospital and  
20 related facilities.

21

22 **35-2-708. Administration of finances; assessment and**  
23 **levy of taxes.**



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2       (e) If the proposition to authorize an additional  
3 mill levy is approved, the same proposition or a  
4 proposition to impose a mill levy in a different amount,  
5 not to exceed two (2) mills, shall be submitted to the  
6 voters, until defeated, at the second general election  
7 following the election at which the proposition was  
8 initially approved and at the general election held every  
9 four (4) years thereafter. If the proposition to impose or  
10 continue the tax is defeated, the proposition shall not  
11 again be submitted to the electors for at least twenty-  
12 three (23) months.

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14       **Section 3.** This act is effective July 1, 2016.

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(END)