

HOSPITALS: A nursing home operated by hospital  
NURSING HOMES: trustees in conjunction with a hos-  
COUNTY HOSPITALS: pital organized under Section 205.160,  
COUNTY NURSING HOMES: RSMo, is a "related facility" within  
the provisions of Section 1 of House  
Bill No. 1262, 76th General Assembly, and revenue bonds issued un-  
der such bill may be used for the construction, improvement, and  
repair of such combined hospital and nursing facility. Nursing  
homes which are governed by the county court under Section 205.375,  
RSMo, may be constructed and equipped by the issuance of revenue  
bonds under that section but not under House Bill No. 1262.

OPINION NO. 86

January 24, 1974

Honorable John W. Reid, II  
Prosecuting Attorney  
Madison County  
148 East Main Street  
Fredericktown, Missouri 63645



Dear Mr. Reid:

This opinion is in answer to your request for an opinion of  
this office asking:

"May a County Hospital organized under 1969  
R.S. Mo. 205.160 or a County Court issue  
Revenue Bonds for purposes of adding on to  
the existing hospital and also provide for  
a Nursing Home as defined in R.S. Mo. 205.  
375.

"If the answer is yes, which Statute should  
be used to issue the Revenue Bonds. 1969  
R.S. Mo. 205.375 or 1972 (S.C.H.B.) 1262  
which can be found on page 840 Laws of Mis-  
souri 1971-1972."

You also state that:

"Madison Memorial Hospital, a County Hospital  
organized under 1969 R. S. Mo. 205.160 de-  
sires to build on to the existing hospital  
partly to expand the existing hospital and  
also provide for Nursing home care as defined  
in 1969 R.S. Mo. 205.375. The estimated cost

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will be 3/4 of a Million Dollars. The proposed method to finance the cost of the construction is through Revenue Bonds pursuant to 1969 R.S. Mo. 205.375 (3) or pursuant to 1972 (S.C.H.B.) 1262 which can be found on page 840 Laws of Missouri 1971-1972."

The provisions for county hospitals are found in Sections 205.160, RSMo et seq., as amended by Senate Committee Substitute for House Bill No. 1262, 76th General Assembly, and the provisions for county nursing homes are found in Section 205.375, RSMo. Both contain separate provisions respecting the issuance of revenue bonds. Subsection 3 of Section 205.375 with respect to county nursing homes provides:

"For the purpose of providing funds for the construction and equipment of nursing homes the county courts or township boards may issue bonds as authorized by the general law governing the incurring of indebtedness by counties, provided however that no such tax shall be levied upon property which is within a nursing home district as provided in chapter 198, RSMo, and is taxed for nursing home purposes under the provisions of that chapter, or may provide for the issuance and payment of revenue bonds in the manner provided by and in all respects subject to chapter 176, RSMo, which provides for the issuance of revenue bonds of state educational institutions." (emphasis added)

On the other hand House Bill No. 1262 added four new sections to the laws relating to county hospitals, Section 1 thereof providing that:

"In addition to the bonds authorized by section 205.160, RSMo, the county court in any county exercising the rights conferred by sections 205.160 to 205.340, RSMo, may issue and sell revenue bonds for the purpose of providing funds for the acquisition, construction, equipment, improvement, extension and repair, and furnishing of hospitals and related facilities, and of providing a site therefor, including offstreet parking space for motor vehicles. Such revenue bonds shall be payable, both as to principal and interest,

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solely from the net income and revenues arising from the operation of the hospital or the related facility or facilities, or of the hospital and the related facility or facilities, after providing for the costs of operation and maintenance thereof, or from other funds made available from sources other than from proceeds of taxation." (emphasis added)

In answer to the question as to whether or not revenue bonds issued under House Bill No. 1262 may be used for the cost of construction of nursing homes to be operated in conjunction with the operation of the hospital organized pursuant to Section 205.160, it is our view that such use is proper. This is because the Supreme Court of Missouri in State ex rel. Phelps County v. Holman, 461 S.W.2d 689 (Mo. banc 1971) with respect to the vice of double-ness in a bond issue election stated at l.c. 691:

". . . We are aware that in these times a hospital in an area of the location and population size of Phelps County and a nursing home (which, generally speaking, in the main is for the aging) are rather closely and naturally related. Geriatrics is a branch of medicine and in these days medical care is closely connected to the hospital. The proposed nursing home is for the public, as is Phelps County Memorial Hospital, and it is entirely logical and reasonable for the two to be connected and operated together. . . ."

Thus, the court has recently held that such hospital and nursing home facilities are "related" and the 76th General Assembly by House Bill No. 1262 authorized the issuance of revenue bonds for "hospitals and related facilities."

We note that in the Phelps County case the nursing home was operated as a part of the hospital. However, it appears that the revenue bonds for a nursing home which is governed by the county court under Section 205.375 as a separate institution should be issued under the provisions of Section 205.375.

#### CONCLUSION

It is the opinion of this office that a nursing home operated by hospital trustees in conjunction with a hospital organized under Section 205.160, RSMo, is a "related facility" within the provisions of Section 1 of House Bill No. 1262, 76th General Assembly, and revenue bonds issued under such bill may be used for the construction,

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improvement, and repair of such combined hospital and nursing facility. Nursing homes which are governed by the county court under Section 205.375, RSMo, may be constructed and equipped by the issuance of revenue bonds under that section but not under House Bill No. 1262.

The foregoing opinion, which I hereby approve, was prepared by my assistant, John C. Klaffenbach.

Yours very truly,

A handwritten signature in cursive script that reads "John C. Danforth". The signature is written in black ink and is positioned above the printed name.

JOHN C. DANFORTH  
Attorney General