

Department of Finance		Fund: 0518
STATE OF CALIFORNIA MANUAL OF STATE FUNDS		PAGE 1 Renumbered From:
<u>Legal Title</u> Health Facility Construction Loan Insurance Fund		
<u>Legal Citation/Authority</u> Chapter 415, Statutes of 1995 Health & Safety Code section 129200		
<u>Fund Classification</u> <u>GAAP Basis</u> Proprietary/Enterprise Funds	<u>Fund Classification</u> <u>Legal Basis</u> Non-Governmental/Public Service Enterprise Funds	
<u>Purpose</u> The purpose of the legislation was to provide an insurance program without cost to the state for health facility construction loans in order to stimulate the flow of private capital into health facilities construction. Generally, the department's authorization to insure loans is limited under Health and Safety Code section 129210 to a total of three billion dollars (\$3,000,000,000). In case of default by the borrower, the state may take over ownership of the facility by exchange for debentures or by making payment directly from the fund. In the case of default by the borrower of any loan insured by the program, the state may take over ownership of the facility from the lender either by exchange for debentures issued or by making payments from the fund directly to the lender for the full amount of obligation. Debentures issued for this purpose shall include provisions for redemption prescribed by the department with the approval of the State Treasurer. This fund is also for the support of the department in carrying out the program, direct payment to lenders for unpaid loan obligations, and for costs incurred in managing property under the program.		
<u>Administering Agency/Organization Code</u> Office of Statewide Health Planning & Development/Org 4140		
<u>Major Revenue Source</u> Fees for applications, inspections, and certification of construction projects. Income from operations or proceeds of sales of property acquired by default of borrowers. Insurance premiums based upon the average amount of the principal obligation.		
<u>Disposition of Fund (upon abolishment)</u> Pursuant to Government Code 16346, in the absence of language that identifies a successor fund, any balance remaining in this fund upon abolishment, shall be transferred to the General Fund.		
<u>Appropriation Authority</u> Continuously appropriated without regard to fiscal years for the purposes of this chapter.		

State Appropriations Limit

Always Excluded—Revenues in this fund are not proceeds of taxes and even after transfer, will never become proceeds of taxes because the major revenue source is derived from fees for applications, inspections, and certification of construction projects going into this Non Governmental Cost Fund (Public Service Enterprise Fund) for the purpose of stimulating health facilities construction.

Comments/Historical Information

Chapter 970, Statutes of 1969 originally created this fund as part of Health and Safety Code sections 436 through 436.28 and the California Health Facility Construction Loan Insurance Law. It also appropriated \$94,754 from the General Fund to this fund as a working capital advance until the program was fully operational. This advance has since been repaid.

The original Health and Safety Codes were repealed and renumbered in Chapter 415, Statutes of 1995.

Chapter 848, Statutes of 1999 (AB 282) amended the appropriation authority for this fund.