

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: Original
POSITION: Neutral
SPONSOR: Office of Statewide Health Planning and Development

BILL NUMBER: SB 1272
AUTHOR: D. Cox

BILL SUMMARY

This bill would allow loans made under the California Health Facility Construction Loan Insurance Program (Cal-Mortgage) in the amount of \$10 million or less, to be insured up to 95 percent of the total construction cost. Current law limits loans insured up to 95 percent to those at \$5 million or less.

FISCAL SUMMARY

According to the Office of Statewide Health Planning and Development (OSHPD), this bill would have no fiscal impact upon the state.

COMMENTS

Finance is neutral on this bill.

The Cal-Mortgage Program operates under the OSHPD to provide loan insurance to assist nonprofit and public entities in constructing, improving, and expanding health care facilities. Existing law provides for loans of \$5 million or less to be insured up to 95 percent of total construction costs. This bill would increase the threshold from \$5 million to \$10 million.

According to the author's office, between 2002 and 2008, only 14 percent of loans executed by the Cal Mortgage Program were below \$5 million, compared to 54 percent between 1996 and 2001. Fewer loans qualify to be insured at the 95 percent level due to escalating costs in the construction industry. Under this bill, an additional 27 percent of loans would become eligible for the 95 percent loan guarantee.

Code/Department Agency or Revenue Type	SO		(Fiscal Impact by Fiscal Year)						Fund Code
	LA	CO	(Dollars in Thousands)						
	RV	PROP	FC	2007-2008	FC	2008-2009	FC	2009-2010	
4140/Stwd Hth Pln	SO	No		-----	No/Minor	Fiscal Impact	-----		0518
<u>Fund Code</u>	<u>Title</u>								
0518	Health Facility Const Loan Insurance Fd								

Analyst/Principal (0512) J. Wordlaw	Date	Program Budget Manager Michael Wilkening	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)