

AMENDED IN SENATE APRIL 26, 2007

AMENDED IN SENATE APRIL 12, 2007

SENATE BILL

No. 894

Introduced by Senator Ducheny

February 23, 2007

An act to add Sections 5917.6 and 5917.7 to the Corporations Code, relating to nonprofit public benefit corporations.

LEGISLATIVE COUNSEL'S DIGEST

SB 894, as amended, Ducheny. Nonprofit public benefit corporations: health facilities.

Under existing law, the Nonprofit Public Benefit Corporation Law, a nonprofit corporation operating or controlling a health facility, as defined, or operating or controlling a facility that provides similar health care, is required to obtain the Attorney General's consent before entering into any agreement or transaction to sell or transfer its assets or control of a material amount of its assets or operations to a for-profit corporation or another nonprofit corporation.

This bill would ~~prohibit~~ *authorize* the Attorney General ~~from consenting to withhold consent~~ to a health facility agreement or transaction ~~in which if the seller has not allowed for a public offering and exposure in the open market for at least 60 days and thoroughly considered any failed or refused to market the transaction aggressively in an attempt to generate multiple bidders and maximum value, or has failed to consider all competing offers to the sale.~~ The bill would also authorize the Attorney General to ~~elect not to withhold~~ consent to a health facility agreement or transaction ~~if all or a large part the seller fails to set aside a portion of the net sales proceeds of an a health facility~~

agreement or transaction ~~will not be kept in~~ *for the benefit* of the affected community.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 5917.6 is added to the Corporations Code,
2 to read:

3 5917.6. The Attorney General ~~shall not~~ *may withhold* consent
4 to a health facility agreement or transaction pursuant to Section
5 5914 or 5920 ~~in which the seller has not allowed for a public~~
6 ~~offering and exposure in the open market for at least 60 days and~~
7 ~~thoroughly considered any if the seller has failed or refused to~~
8 ~~market the transaction aggressively in an attempt to generate~~
9 ~~multiple bidders and maximum value, or has failed to consider all~~
10 competing offers to the sale, including, but not limited to,
11 not-for-profit ~~alternatives~~ *corporations*.

12 SEC. 2. Section 5917.7 is added to the Corporations Code, to
13 read:

14 5917.7. The Attorney General ~~may elect not to~~ *may withhold* consent
15 to a health facility agreement or transaction pursuant to Section
16 5914 or 5920 ~~if all or a large part of the net proceeds of an the~~
17 ~~seller fails to set aside a portion of the net sales proceeds of a~~
18 ~~health facility agreement or transaction will not be kept in~~ *for the*
19 *benefit* of the affected community.

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