

Senate Bill No. 198

CHAPTER 37

An act to amend Section 32130.6 of the Health and Safety Code, relating to health care districts.

[Approved by Governor August 5, 2009. Filed with Secretary of State August 6, 2009.]

LEGISLATIVE COUNSEL'S DIGEST

SB 198, Cogdill. Health care districts: John C. Fremont Health Care District.

Existing law, the Local Health Care District Law, provides for the formation of local health care districts and specifies district powers. Existing law authorizes health care districts to enter into a secured line of credit with a commercial lender, as specified, and requires any money borrowed under this line of credit to be repaid within 5 years from each separate borrowing or draw.

This bill would exempt from the above-described repayment requirement, the repayment of any money borrowed under a line of credit established on or after January 1, 2010, for the purpose of consolidating certain debts and that is to be repaid within 20 years from each separate borrowing or draw.

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

SECTION 1. Section 32130.6 of the Health and Safety Code is amended to read:

32130.6. Notwithstanding any other provision of law, a district may do any of the following by resolution adopted by a majority of the district board:

(a) Enter into a line of credit with a commercial lender that is secured, in whole or in part, by the accounts receivable or other intangible assets of the district, including anticipated tax revenues, and thereafter borrow funds against the line of credit to be used for any district purpose.

(1) Any money borrowed under this line of credit shall be repaid within five years from each separate borrowing or draw upon the line of credit, except that any money borrowed under a line of credit established on or after January 1, 2010, for the sole purpose of consolidating debts incurred by a district prior to January 1, 2010, shall be repaid within 20 years from each separate borrowing or draw upon the line of credit. The total amount of debt that a district may have outstanding at any one time under this line of credit shall not exceed the amount of two million dollars (\$2,000,000).

(2) The district may enter into a new and separate line of credit to repay a previous line of credit, provided that the district complies with this section in entering into a new line of credit.

(b) Enter into capital leases for the purchase by the district of equipment to be used for any district purpose.

(1) The term of any capital lease shall not be longer than 10 years.

(2) The district may secure the purchase of equipment by a capital lease by giving the lender a security interest in the equipment leased under the capital lease.

(c) Enter into lease-purchase agreements for the purchase by the district of real property, buildings, and facilities to be used for any district purpose. The term of any lease-purchase agreement shall not exceed 10 years.

(d) Nothing in this section shall provide the district with the authority to increase taxes in order to repay a line of credit established pursuant to subdivision (a) unless the tax is passed pursuant to Article 4.6 (commencing with Section 53750) of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code.