



HOUSE BILL No. 5885

April 25, 2018, Introduced by Reps. Kosowski, Noble and Hammoud and referred to the Committee on Oversight.

A bill to amend 1987 PA 230, entitled
"Municipal health facilities corporations act,"
by amending section 305 (MCL 331.1305), as amended by 2002 PA 484.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 305. Subject to applicable licensing and other regulatory
2 requirements, a local governmental unit may do any or all of the
3 following:

4 (a) Acquire health care facilities by purchase, gift, devise,
5 lease, sublease, installment purchase agreement, land contract,
6 option, or other means; construct, add to, repair, remodel,
7 renovate, equip, and ~~re-equip~~ **REEQUIP** health care facilities for
8 use, in whole or in part, by a corporation or a subsidiary
9 corporation; borrow money and issue bonds in accordance with 1923
10 PA 118, MCL 141.61 to 141.66; enter into contracts of lease under

1 1948 (1st Ex Sess) PA 31, MCL 123.951 to 123.965; or enter into
2 obligations under other applicable laws to acquire health care
3 facilities. However, whether or not otherwise permitted by law, a
4 local governmental unit shall not borrow funds, lease property, or
5 acquire property pursuant to a lease purchase agreement with a
6 local hospital authority incorporated under the hospital finance
7 authority act, 1969 PA 38, MCL 331.31 to 331.84, nor shall a local
8 governmental unit otherwise receive the proceeds of bonds issued by
9 a local hospital authority, except as consideration for property
10 transferred by the local governmental unit to a third party. Any
11 bonding proposal requiring approval of the electors of a local
12 governmental unit may be presented at the same election described
13 in sections 201 and 202 or sections 251 and 252.

14 (b) Transfer or make available health care facilities and
15 other real and personal property to a corporation or a subsidiary
16 corporation by sale, lease, sublease, installment sale agreement,
17 contract, or other means on terms, with or without monetary
18 consideration, approved by the county board of commissioners, city
19 council, or village council. A health care facility owned and
20 operated by a corporation or a subsidiary corporation ~~shall~~**IS** not
21 ~~be~~ considered to be owned or operated by the local governmental
22 unit.

23 (c) Grant mortgages, security interests, and other liens in,
24 pledge or sell and lease back its interests in health care
25 facilities and other real and personal property to secure bonds,
26 notes, or other obligations of a corporation or subsidiary
27 corporation, upon terms approved by the county board of

1 commissioners, city council, or village council. The amount of the
2 bonds, notes, or other obligations ~~shall~~**MUST** not be included in
3 computing the net bonded indebtedness of the local governmental
4 unit for the purposes of debt limitations imposed by any
5 constitutional, statutory, or charter provision, unless the local
6 governmental unit pledges full faith and credit to the payment of
7 the bond, note, or other obligation.

8 (d) Guarantee any corporation obligation, bond, note, or other
9 obligation of a corporation or a subsidiary corporation on terms
10 approved by the county board of commissioners, city council, or
11 village council, and pledge specified revenues or assets of the
12 local governmental unit or the full faith and credit of the local
13 governmental unit to the payment of the guaranty. The resolution of
14 the county board of commissioners, city council, or village council
15 approving any guaranty which pledges the full faith and credit of
16 the local governmental unit ~~shall~~**MUST** contain a proviso that the
17 resolution ~~shall~~**MUST** not become effective and binding upon the
18 local governmental unit until it has been approved by a majority of
19 the electors voting at a special or regular local governmental unit
20 election. The election proceedings under this subdivision ~~shall~~
21 **MUST** be conducted in accordance with the Michigan election law,
22 1954 PA 116, MCL 168.1 to 168.992. The amount of any bonds, notes,
23 or other obligations secured by a guaranty that pledges the full
24 faith and credit of the local governmental unit ~~shall~~**MUST** be
25 included in computing the net bonded indebtedness of the local
26 governmental unit for the purposes of debt limitations imposed by
27 any constitutional, statutory, or charter provision.

1 (e) Loan to a corporation or a subsidiary corporation money
2 from the general fund of the local governmental unit or from funds
3 not raised by taxation available to the local governmental unit for
4 the acquisition of or improvements to health care facilities,
5 operation of health services or for any other purpose of the
6 corporation or subsidiary corporation, and enter into agreements
7 with the borrowing corporation or subsidiary corporation for the
8 repayment of those loans over a term not to exceed 30 years, with
9 or without security.

10 (f) Appropriate money and transfer the money to 1 or more
11 corporations or subsidiary corporations established by the local
12 governmental unit for the acquisition of or improvements to health
13 care facilities, operation of health services, or any other purpose
14 of the corporations or subsidiary corporations. The total sums
15 appropriated for those purposes each year from the general fund of
16 the local governmental unit ~~shall~~**MUST** be in addition to any taxes
17 and appropriations to satisfy local governmental unit indebtedness
18 under bonds, notes, or guaranties described in subdivisions (a) and
19 (d). Money may be appropriated from funds not raised by taxation
20 and available to the local governmental unit for those purposes
21 without limitation.

22 (g) Notwithstanding subdivision (f), a county with a county
23 public hospital organized and operated under 1945 PA 109, MCL
24 331.201 to 331.213, ~~or 1925 PA 177, MCL 332.151 to 332.164,~~ on
25 February 27, 1988 may assess taxes not to exceed in any 1 year 1
26 mill on each dollar of assessed valuation of the county for the
27 purpose of acquisition, construction, and operation of any health

1 care facilities without a vote of county electors, and may
2 appropriate money from its general fund for the acquisition,
3 construction, and operation of any health care facilities without
4 limitation.

5 (h) Enter into agreements or arrangements for a corporation or
6 a subsidiary corporation to provide health services to local
7 governmental unit employees, dependents of local governmental unit
8 employees, indigents, or others, providing for payment for health
9 services in any of the ways described in section 303(g).

10 (i) Sell, contract, or make available to corporations or
11 subsidiary corporations established by the local governmental unit,
12 administrative, management, and other services necessary or
13 convenient to fulfill the purposes of the corporation or subsidiary
14 corporation, and purchase the services from a corporation or
15 subsidiary corporation that may be required for any local
16 governmental unit purpose.

17 Enacting section 1. This amendatory act does not take effect
18 unless Senate Bill No. _____ or House Bill No. 5884 (request no.
19 05296'18) of the 99th Legislature is enacted into law.