

SENATE BILL NO. 513

September 20, 2023, Introduced by Senators MCBROOM, KLINEFELT and DAMOOSE and referred to the Committee on Health Policy.

A bill to amend 1987 PA 230, entitled "Municipal health facilities corporations act," by amending section 305a (MCL 331.1305a), as amended by 2017 PA 148.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 305a. (1) Subject to applicable licensing and other
2 regulatory requirements, the requirements of the nonprofit act, and
3 the requirements of this section, the board of trustees or the
4 subsidiary board may restructure a corporation or subsidiary
5 corporation as a nonprofit corporation subject to the nonprofit act

1 if all of the following are met:

2 (a) The corporation or subsidiary corporation is located in a
3 county that had a population of more than ~~45,000~~**5,000** and less
4 than ~~60,000~~**7,500** as of the most recent **federal** decennial census.

5 (b) The restructuring is completed before June 30, ~~2018~~**2025**.

6 (2) A board of trustees or subsidiary board proposing to
7 restructure a corporation or subsidiary corporation under this
8 section must adopt a restructuring plan that includes all of the
9 following:

10 (a) The terms and conditions of the proposed restructuring.

11 (b) The proposed articles of incorporation and bylaws that are
12 to govern the restructured corporation or restructured subsidiary
13 corporation. The articles and bylaws must comply with the
14 requirements of the nonprofit act.

15 (3) If a restructuring plan described in subsection (2) is
16 approved under this section, the corporation or subsidiary
17 corporation shall file the articles of incorporation described in
18 subsection (2)(b) with the administrator, in the manner provided in
19 the nonprofit act.

20 (4) The effective date of a restructuring under this section
21 is the effective date of the articles of incorporation under the
22 nonprofit act. All of the following apply when a restructuring
23 under this section takes effect:

24 (a) The restructured corporation or restructured subsidiary
25 corporation is considered a continuation of the restructuring
26 corporation or subsidiary corporation.

27 (b) The restructured corporation or restructured subsidiary
28 corporation has all of the liabilities of the restructuring
29 corporation or subsidiary corporation and the restructuring does

1 not affect any obligations or liabilities of the corporation or
2 subsidiary corporation incurred before the restructuring or the
3 personal liability of any person incurred before the restructuring.

4 (c) The title to all real estate and other property and rights
5 owned by the corporation or subsidiary corporation remain vested in
6 the restructured corporation or restructured subsidiary corporation
7 without reversion or impairment.

8 (d) The rights, privileges, powers, and interests in property
9 of the corporation or subsidiary corporation, as well as the debts,
10 liabilities, and duties of the corporation or subsidiary
11 corporation, ~~shall~~**must** not be considered, as a consequence of the
12 restructuring, to have been transferred to the restructured
13 corporation or restructured subsidiary corporation for any purpose
14 of the laws of this state.

15 (e) A proceeding pending against the corporation or subsidiary
16 corporation may be continued as if the restructuring had not
17 occurred, or the restructured corporation or restructured
18 subsidiary corporation may be substituted in the proceeding for the
19 corporation or subsidiary corporation.

20 (f) The restructured corporation or restructured subsidiary
21 corporation is considered to be the same entity that existed before
22 the restructuring and is considered to be incorporated on the date
23 that the corporation or subsidiary corporation was originally
24 incorporated.

25 (g) The restructured corporation or restructured subsidiary
26 corporation is subject to the nonprofit act and, except as
27 otherwise provided in this act, is subject to ~~the provisions of~~
28 this act.

29 (h) The articles of incorporation of the corporation or the

1 subsidiary corporation filed with the county clerk under section
2 207 or the city clerk or village clerk under section 256 are
3 considered terminated and the articles of incorporation filed under
4 the nonprofit act apply to the corporation or subsidiary
5 corporation. The corporation or subsidiary corporation shall
6 deliver a copy of the articles of incorporation of the restructured
7 corporation or restructured subsidiary corporation to that county
8 clerk, city clerk, or village clerk, and the county clerk, city
9 clerk, or village clerk will indicate in ~~his or her~~ **the county**
10 **clerk's, city clerk's, or village clerk's** records that the
11 corporation or subsidiary corporation has restructured under this
12 section and that the articles of incorporation previously filed
13 with ~~him or her~~ **the county clerk, city clerk, or village clerk**
14 under section 207 or 256 are no longer in effect.

15 (i) The corporation or subsidiary corporation shall deliver a
16 copy of the articles of incorporation of the restructured
17 corporation or restructured subsidiary corporation to the secretary
18 of state and notify the secretary of state that the articles of
19 incorporation previously filed with ~~him or her~~ **the secretary of**
20 **state** by the county clerk, city clerk, or village clerk under
21 section 207 or 256 are no longer in effect.

22 (5) A subsidiary board may not restructure a subsidiary
23 corporation as a nonprofit corporation under this section without
24 the prior approval of the board of trustees of its parent
25 corporation to the restructuring.

26 (6) A board of trustees or subsidiary board may not
27 restructure a corporation or subsidiary corporation under this
28 section without the prior majority approval of the county board of
29 commissioners, city council, or village council, as applicable.

1 (7) A board of trustees or subsidiary board may not
2 restructure a corporation or subsidiary corporation under this
3 section if the restructuring in any manner impairs the obligation
4 of the corporation or subsidiary corporation with respect to any
5 outstanding obligation, bond, note, or contract of that
6 corporation.

7 (8) As used in this section:

8 (a) "Administrator" means that term as defined in section 105
9 of the nonprofit act, MCL 450.2105.

10 (b) "Nonprofit act" means the nonprofit corporation act, 1982
11 PA 162, MCL 450.2101 to 450.3192.

12 (c) "Nonprofit corporation" means a domestic corporation, as
13 that term is defined in section 106 of the nonprofit act, MCL
14 450.2106.