

**SFA**

BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

(517) 373-5383

House Bill 5546 (as passed by the Senate)  
Sponsor: Representative Pat Gagliardi  
House Committee: Public Health  
Senate Committee: Health Policy

RECEIVED

MAY 16 1990

Mackinac Straits Hospital

Date Completed: 4-9-90

**RATIONALE**

The Mackinac Straits Hospital is owned and operated under a joint municipal hospital authority made up of the City of St. Ignace and three adjacent townships. Like many small rural hospitals, this hospital has encountered financial difficulties in recent years. In order to keep the hospital operating, Mackinac County offered financial assistance to the hospital by entering into a contract with the hospital authority under which the county pays the authority annually for up to five years to provide health care to all county residents. To meet its contractual obligations, the county voters approved a millage to fund the contract. In return, the county sought a means by which the county either can recoup its money once the hospital is on sound financial footing, or will have some form of security in the event the hospital fails. Under the contract, the hospital authority has agreed to convey its buildings to the county for a nominal amount of money, and the county then will rent the buildings to the hospital, if and when the hospital authority can afford the rental payments. If the hospital fails, the county will have these buildings to show for the funding it advanced under the contract. Under present law, a joint municipal authority may sell, exchange, or transfer property owned by the hospital board for a nominal amount of money, but only if the transfer is to a nonprofit corporation and only with voter approval. It has been suggested that the joint hospital authority that operates the Mackinac Straits

Hospital be allowed to convey hospital real estate to the county in order to fulfill its contractual obligations.

**CONTENT**

The bill would amend the municipal hospital authority Act to permit a hospital authority, whose jurisdiction had a member population under 5,000, to provide for the sale, lease, or other transfer of real property owned by the hospital board to the county in which the member units of the hospital authority were located. The sale, lease, or transfer would have to be by resolution adopted by a majority vote of the hospital board, and could be on any terms and conditions considered reasonable by the board, including sale, lease, or transfer for no or nominal monetary consideration.

MCL 331.9

**SENATE COMMITTEE ACTION**

The Senate Committee on Health Policy adopted amendments to make it clear that the property that could be sold, leased, or transferred by the hospital authority to the county would be only real property

**FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

H.B. 5546 (4-9-90)

## ARGUMENTS

### Supporting Argument

Mackinac Straits Hospital has encountered severe financial difficulties. The Mackinac County Board of Commissioners has entered into a contract with the hospital authority whereby the hospital will provide services to all Mackinac County residents, including indigents, in exchange for the annual payments by the county to the hospital for contracted services. To recover the money paid by the county to the authority, the county board of commissioners has proposed that the hospital authority convey to the county the three buildings used by the hospital, including one that the county originally conveyed to the authority, which the county then would lease back to the hospital authority. Under present law, however, the authority cannot convey the buildings to the county, since the county is not a nonprofit corporation, nor can it transfer the property without first holding a public referendum. The county board of commissioners and the hospital board both agree to the transfer, which the bill would permit. Furthermore, the population limit in the bill would restrict the bill's applicability to the Mackinac Straits Hospital Authority.

Legislative Analyst: L. Arasim  
Fiscal Analyst: P. Graham  
J. Walker

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