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SFA**BILL ANALYSIS**

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House Bill 5680 (Substitute H-1 as passed by the House)
Sponsor: Representative Patricia Birkholz
House Committee: Local Government and Urban Policy
Senate Committee: Health Policy

Date Completed: 11-12-02

CONTENT

The bill would amend Public Act 47 of 1945 (which allows two or more local units of government to incorporate a hospital authority for the purpose of owning and operating one or more community hospitals) to allow a hospital authority board to declare that it had no material assets, under certain conditions, and provide that it would not have to comply with certain meeting and budgeting requirements.

Under the bill, if an annual audit showed that a hospital authority had gross assets, without accounting for any liabilities, of less than \$20,000, and if the authority were not then directly or indirectly engaged in the operation of a hospital, the hospital authority board could adopt a resolution stating that the authority had no material assets. The adoption of the resolution would have to be made at a public meeting held in compliance with the Act and with the Open Meetings Act. The board would have to continue to function in compliance with Public Act 47 as provided in the bill, except that the board would not have to meet at regular times, as required by the Act, and would not have to complete an annual budget.

The bill would allow the board to take action by written consent of the board members, signed by a number of members equal to the number necessary to approve such action at a meeting that all of the board members attended, but only for the purpose of electing members at large to the board and not for the purpose of removing members at large. The written action would have to be made available to the public in compliance with the Freedom of Information Act.

Under Public Act 47, a hospital board must consist of both members appointed by the local units' legislative bodies (one member for the first 20,000 population and one for each additional 40,000 or fraction thereof) and seven at large members selected by the appointed members. For a hospital authority whose member jurisdiction has a population of 300,000 or more, the legislative bodies of local units whose representation constitutes a majority of the board's members (excluding the members at large) may adopt a resolution to remove the members at large. The resolution must be transmitted to the secretary of the hospital board, who is required to notify the members at large that they have been removed from office and to notify the full hospital board by its next regularly scheduled meeting. The bill specifies that if a board were not scheduled to hold a regularly scheduled meeting within 90 days after the secretary received the local units' resolution, the secretary would have to notify the other members of the board, in writing, of the removal of the members at large, within 30 days after receiving the resolution.

The Act requires a board to file a report with the Secretary of State within 30 days after the formation of a new hospital authority and annually on July 1 thereafter. The report must include the date of the authority's formation, the names of the member communities, and other

information "as the report may require". The bill instead would refer to other information required by the Secretary of State.

MCL 331.5-331.7

Legislative Analyst: George Towne

FISCAL IMPACT

The bill would have no impact on State revenues or expenditures. The bill would not affect local unit revenues but would reduce expenditures by local hospital authorities affected by the bill by an unknown and minimal amount.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.