

# HOUSE BILL No. 6062

May 9, 2002, Introduced by Reps. LaSata, Stamas, Godchaux, Meyer and Neumann and referred to the Committee on Local Government and Urban Policy.

A bill to amend 1987 PA 230, entitled  
"Municipal health facilities corporations act,"  
by amending section 305 (MCL 331.1305), as amended by 1988 PA  
502.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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

4       (a) Acquire health care facilities by purchase, gift,  
5 devise, lease, sublease, installment purchase agreement, land  
6 contract, option, or other means; construct, add to, repair,  
7 remodel, renovate, equip, and re-equip 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 ~~Act~~  
10 ~~No. 118 of the Public Acts of 1923, being sections 141.61 to~~

**HB6062, As Passed House, May 23, 2002**

2

1 ~~141.66 of the Michigan Compiled Laws~~ 1923 PA 118, MCL 141.61 TO  
2 141.66; enter into contracts of lease ~~pursuant to Act No. 31 of~~  
3 ~~the Public Acts of the First Extra Session of 1948, being sec-~~  
4 ~~tions 123.951 to 123.965 of the Michigan Compiled Laws~~ UNDER  
5 1948 (1ST EX SESS) PA 31, MCL 123.951 TO 123.965; or enter into  
6 obligations ~~pursuant to~~ UNDER other applicable ~~law for such~~  
7 ~~purposes~~ LAWS TO ACQUIRE HEALTH CARE FACILITIES. However,  
8 whether or not otherwise permitted by law, a local governmental  
9 unit shall not borrow funds, ~~from,~~ lease property, ~~from,~~ or  
10 acquire property pursuant to a lease purchase agreement with a  
11 local hospital authority incorporated under the hospital finance  
12 authority act, ~~Act No. 38 of the Public Acts of 1969, being~~  
13 ~~sections 331.31 to 331.84 of the Michigan Compiled Laws~~ 1969 PA  
14 38, MCL 331.31 TO 331.84, nor shall a local governmental unit  
15 otherwise receive the proceeds of bonds issued by ~~such~~ a local  
16 hospital authority, except as consideration for property trans-  
17 ferred by the local governmental unit to a third party. Any  
18 bonding proposal requiring approval of the electors of a local  
19 governmental unit may be presented at the same election described  
20 in sections 201 and 202 or sections 251 and 252.

21 (b) Transfer or make available health care facilities and  
22 other real and personal property to a corporation or a subsidiary  
23 corporation by sale, lease, sublease, installment sale agreement,  
24 contract, or other means on ~~such~~ terms, with or without mone-  
25 tary consideration, ~~as~~ APPROVED BY the county board of commis-  
26 sioners, city council, or village council. ~~approves.~~ A health  
27 care facility owned and operated by a corporation or a subsidiary

**HB6062, As Passed House, May 23, 2002**

1 corporation shall not be considered to be owned or operated by  
2 the local governmental unit.

3 (c) Grant mortgages, security interests, and other liens in,  
4 pledge or sell and lease back its interests in health care facil-  
5 ities and other real and personal property ~~in order~~ to secure  
6 bonds, notes, or other obligations of a corporation or subsidiary  
7 corporation, upon ~~such~~ terms ~~as~~ APPROVED BY the county board  
8 of commissioners, city council, or village council. ~~approves.~~  
9 The amount of the bonds, notes, or other obligations shall not be  
10 included in computing the net bonded indebtedness of the local  
11 governmental unit for the purposes of debt limitations imposed by  
12 any constitutional, statutory, or charter provision, unless the  
13 LOCAL GOVERNMENTAL UNIT PLEDGES full faith and credit ~~of the~~  
14 ~~local governmental unit is pledged~~ to the payment of the bond,  
15 note, or other obligation.

16 (d) Guarantee any corporation obligation, bond, note, or  
17 other obligation of a corporation or a subsidiary corporation on  
18 ~~such~~ terms ~~as~~ APPROVED BY the county board of commissioners,  
19 city council, or village council, ~~approves,~~ and pledge speci-  
20 fied revenues or assets of the local governmental unit or the  
21 full faith and credit of the local governmental unit to the pay-  
22 ment of ~~such~~ THE guaranty. The resolution of the county board  
23 of commissioners, city council, or village council approving any  
24 guaranty which pledges the full faith and credit of the local  
25 governmental unit shall contain a proviso that ~~it~~ THE  
26 RESOLUTION shall not become effective and binding upon the local  
27 governmental unit until it has been approved by a majority of the

**HB6062, As Passed House, May 23, 2002**

4

1 electors voting at a special or regular local governmental unit  
2 election. The election proceedings under this subdivision shall  
3 be conducted in accordance with the Michigan election law, ~~Act~~  
4 ~~No. 116 of the Public Acts of 1954, being sections 168.1 to~~  
5 ~~168.992 of the Michigan Compiled Laws~~ 1954 PA 116, MCL 168.1 TO  
6 168.992. The amount of any ~~such~~ bonds, notes, or other obliga-  
7 tions secured by a guaranty ~~which~~ THAT pledges the full faith  
8 and credit of the local governmental unit shall be included in  
9 computing the net bonded indebtedness of the local governmental  
10 unit for the purposes of debt limitations imposed by any consti-  
11 tutional, statutory, or charter provision.

12 (e) Loan to a corporation or a subsidiary corporation ~~such~~  
13 ~~amounts of~~ money from the general fund of the local governmental  
14 unit or from funds not raised by taxation available to ~~it~~ THE  
15 LOCAL GOVERNMENTAL UNIT for ~~such purposes as are necessary for~~  
16 THE acquisition of or improvements to health care facilities,  
17 operation of health services or for any other purpose of ~~such~~  
18 THE corporation or subsidiary corporation, and enter into agree-  
19 ments with the borrowing corporation or subsidiary corporation  
20 for the repayment of ~~such~~ THOSE loans over a term not to exceed  
21 30 years, with or without security.

22 (f) Appropriate money and transfer ~~such~~ THE money to 1 or  
23 more corporations or subsidiary corporations established by the  
24 local governmental unit for the acquisition of or improvements to  
25 health care facilities, operation of health services, or any  
26 other purpose of the corporations or subsidiary corporations.  
27 ~~However, the~~ THE total sums appropriated for ~~such~~ THOSE

**HB6062, As Passed House, May 23, 2002**

5

1 purposes each year from the general fund of the local  
2 governmental unit ~~shall not exceed 5% of the general fund, but~~  
3 ~~the 5%~~ shall be in addition to any taxes and appropriations to  
4 satisfy local governmental unit indebtedness under bonds, notes,  
5 or guaranties described in subdivisions (a) and (d). Money may  
6 be appropriated from funds not raised by taxation and available  
7 to the local governmental unit for ~~such~~ THOSE purposes without  
8 limitation.

9 (g) Notwithstanding subdivision (f), a county with a county  
10 public hospital organized and operated under ~~Act No. 109 of the~~  
11 ~~Public Acts of 1945, being sections 331.201 to 331.213 of the~~  
12 ~~Michigan Compiled Laws, or Act No. 177 of the Public Acts of~~  
13 ~~1925, being sections 332.151 to 332.164 of the Michigan Compiled~~  
14 ~~Laws~~ 1945 PA 109, MCL 331.201 TO 331.213, OR 1925 PA 177, MCL  
15 332.151 TO 332.164, on February 27, 1988 may assess taxes not to  
16 exceed in any 1 year 1 mill on each dollar of assessed valuation  
17 of the county for the purpose of acquisition, construction, and  
18 operation of any health care facilities without a vote of county  
19 electors, and may appropriate money from its general fund for  
20 ~~such purposes~~ THE ACQUISITION, CONSTRUCTION, AND OPERATION OF  
21 ANY HEALTH CARE FACILITIES without limitation.

22 (h) Enter into agreements or arrangements for a corporation  
23 or a subsidiary corporation to provide health services to local  
24 governmental unit employees, dependents of local governmental  
25 unit employees, indigents, or others, providing for payment for  
26 ~~such~~ health services in any of the ways described in section  
27 303(g).

**HB6062, As Passed House, May 23, 2002**

6

1           (i) Sell, ~~to,~~ contract, ~~for,~~ or make available to  
2 corporations or subsidiary corporations established by the local  
3 governmental unit, administrative, management, and other services  
4 necessary or convenient to ~~the fulfillment of~~ FULFILL the pur-  
5 poses of the corporation or subsidiary corporation, and purchase  
6 ~~such~~ THE services from a corporation or subsidiary corporation  
7 ~~as~~ THAT may be required for any local governmental unit  
8 purpose.