

# Legislative Analysis



## MUNICIPAL HEALTH FACILITY CORPORATIONS: APPOINTMENT OF BOARD OF TRUSTEES

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**Senate Bill 374 (Substitute S-1)**  
**Sponsor: Sen. John Moolenaar**  
**House Committee: Health Policy**  
**Senate Committee: Health Policy**

**Complete to 9-14-11**

### A SUMMARY OF SENATE BILL 374 AS PASSED BY THE SENATE 6-22-11

The bill would revise the manner in which expired terms or vacant positions on a board of trustees of a public hospital or health facility are filled and revise the manner in which the initial members of a subsidiary board are appointed. In both cases, positions would be filled by the board of trustees of the parent corporation with the advice and consent of the appropriate local governing body.

Senate Bill 374 would amend the Municipal Health Facilities Corporations Act. Currently, a local governmental unit (a county, city, or village) may incorporate a public hospital or other health facility. If a local governmental unit does so, the county board of commissioners, or the city or village council, as applicable, must appoint trustees to all positions on the corporation's board. When a local governmental unit incorporates a *subsidiary*, the board of trustees of the parent corporation must submit the names of subsidiary board nominees to the applicable governing body. Also, to fill *a vacancy* on the board of a corporation or subsidiary corporation, the remaining board members must submit the names of three nominees to the applicable governing body. In both cases, the governing body is required to consider the nominations and make appointments to the board of the corporation or subsidiary.

Senate Bill 374 would retain the requirement that the applicable governing body appoint the members of the *initial* board of trustees of a municipal health facilities corporation, but would delete the process involving the nomination of members to serve on the initial *subsidiary* board or fill *a vacancy*.

Instead, under the bill, when a term of office of a trustee expires or is otherwise vacant, the remaining board members would fill the vacancy with the advice and consent of the applicable local governing body. The bill would also require the board of trustees of a parent corporation to appoint an initial subsidiary board with the local governing body's advice and consent. (Vacancies on a subsidiary board would be handled the same way.) These requirements would not apply to an ex officio member who was appointed by a chief executive officer.

MCL 331.1209 and 331.1258

**FISCAL IMPACT:**

The bill would appear to have no significant fiscal impact on state or local government.

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