

# 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.