

Act No. 319
Public Acts of 2023
Approved by the Governor
December 13, 2023
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December 14, 2023
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**STATE OF MICHIGAN
102ND LEGISLATURE
REGULAR SESSION OF 2023**

Introduced by Senators McBroom, Klinefelt and Damoose

ENROLLED SENATE BILL No. 513

AN ACT to amend 1987 PA 230, entitled “An act to authorize certain local governmental units to incorporate municipal health facilities corporations and subsidiary municipal health facilities corporations for establishing, modifying, operating, and managing health services and acquiring, constructing, adding to, repairing, remodeling, renovating, equipping, and re-equipping hospitals and other health care facilities and related purposes; to provide for the application of this act to existing municipal hospitals and for the transfer of ownership of hospital funds and personal property; to validate and ratify the existence, organization, actions, proceedings, and board membership of existing organizations acting as county public hospitals; to provide for the appointment of trustees; to grant certain powers of a public body corporate to health facilities corporations and subsidiary health facilities corporations; to empower certain local governmental units to encumber property for the benefit of, transfer or make property available to, issue bonds to construct facilities to be used by, appropriate funds for, and levy a tax for, municipal health facilities corporations and subsidiary municipal health facilities corporations; to empower certain local governmental units to guarantee obligations of municipal health facilities corporations and subsidiary municipal health facilities corporations and to permit certain local governmental units to pledge their full faith and credit to pay such guaranties; to provide for transfer of ownership or operation of health care facilities and health services to nonprofit health care organizations; to authorize municipal health facilities corporations and subsidiary municipal health facilities corporations to borrow money and issue notes for the purposes of meeting expenses of operation and to issue corporation obligations for the purpose of acquisition, construction, repair, remodeling, equipping or re-equipping of health care facilities and for the refinancing, refunding, or refunding in advance of indebtedness of the municipal health facilities corporations or the subsidiary municipal health facilities corporations or of indebtedness of certain local governmental units undertaken on their behalf; to authorize municipal health facilities corporations and subsidiary municipal health facilities corporations to enter into mortgages, deeds of trust, and other agreements for security which may include provisions for the appointment of receivers; to exempt obligations and property of municipal health facilities corporations and subsidiary municipal health facilities corporations from taxation; and to provide other rights, powers, and duties of municipal health facilities corporations and subsidiary municipal health facilities corporations,” by amending section 305a (MCL 331.1305a), as amended by 2017 PA 148.

The People of the State of Michigan enact:

Sec. 305a. (1) Subject to applicable licensing and other regulatory requirements, the requirements of the nonprofit act, and the requirements of this section, the board of trustees or the subsidiary board may restructure a corporation or subsidiary corporation as a nonprofit corporation subject to the nonprofit act if all of the following are met:

(a) The corporation or subsidiary corporation is located in a county that had a population of more than 5,000 and less than 7,500 as of the most recent federal decennial census.

(b) The restructuring is completed before June 30, 2025.

(2) A board of trustees or subsidiary board proposing to restructure a corporation or subsidiary corporation under this section must adopt a restructuring plan that includes all of the following:

(a) The terms and conditions of the proposed restructuring.

(b) The proposed articles of incorporation and bylaws that are to govern the restructured corporation or restructured subsidiary corporation. The articles and bylaws must comply with the requirements of the nonprofit act.

(3) If a restructuring plan described in subsection (2) is approved under this section, the corporation or subsidiary corporation shall file the articles of incorporation described in subsection (2)(b) with the administrator, in the manner provided in the nonprofit act.

(4) The effective date of a restructuring under this section is the effective date of the articles of incorporation under the nonprofit act. All of the following apply when a restructuring under this section takes effect:

(a) The restructured corporation or restructured subsidiary corporation is considered a continuation of the restructuring corporation or subsidiary corporation.

(b) The restructured corporation or restructured subsidiary corporation has all of the liabilities of the restructuring corporation or subsidiary corporation and the restructuring does not affect any obligations or liabilities of the corporation or subsidiary corporation incurred before the restructuring or the personal liability of any person incurred before the restructuring.

(c) The title to all real estate and other property and rights owned by the corporation or subsidiary corporation remain vested in the restructured corporation or restructured subsidiary corporation without reversion or impairment.

(d) The rights, privileges, powers, and interests in property of the corporation or subsidiary corporation, as well as the debts, liabilities, and duties of the corporation or subsidiary corporation, must not be considered, as a consequence of the restructuring, to have been transferred to the restructured corporation or restructured subsidiary corporation for any purpose of the laws of this state.

(e) A proceeding pending against the corporation or subsidiary corporation may be continued as if the restructuring had not occurred, or the restructured corporation or restructured subsidiary corporation may be substituted in the proceeding for the corporation or subsidiary corporation.

(f) The restructured corporation or restructured subsidiary corporation is considered to be the same entity that existed before the restructuring and is considered to be incorporated on the date that the corporation or subsidiary corporation was originally incorporated.

(g) The restructured corporation or restructured subsidiary corporation is subject to the nonprofit act and, except as otherwise provided in this act, is subject to this act.

(h) The articles of incorporation of the corporation or the subsidiary corporation filed with the county clerk under section 207 or the city clerk or village clerk under section 256 are considered terminated and the articles of incorporation filed under the nonprofit act apply to the corporation or subsidiary corporation. The corporation or subsidiary corporation shall deliver a copy of the articles of incorporation of the restructured corporation or restructured subsidiary corporation to that county clerk, city clerk, or village clerk, and the county clerk, city clerk, or village clerk will indicate in the county clerk's, city clerk's, or village clerk's records that the corporation or subsidiary corporation has restructured under this section and that the articles of incorporation previously filed with the county clerk, city clerk, or village clerk under section 207 or 256 are no longer in effect.

(i) The corporation or subsidiary corporation shall deliver a copy of the articles of incorporation of the restructured corporation or restructured subsidiary corporation to the secretary of state and notify the secretary of state that the articles of incorporation previously filed with the secretary of state by the county clerk, city clerk, or village clerk under section 207 or 256 are no longer in effect.

(5) A subsidiary board may not restructure a subsidiary corporation as a nonprofit corporation under this section without the prior approval of the board of trustees of its parent corporation to the restructuring.

(6) A board of trustees or subsidiary board may not restructure a corporation or subsidiary corporation under this section without the prior majority approval of the county board of commissioners, city council, or village council, as applicable.

(7) A board of trustees or subsidiary board may not restructure a corporation or subsidiary corporation under this section if the restructuring in any manner impairs the obligation of the corporation or subsidiary corporation with respect to any outstanding obligation, bond, note, or contract of that corporation.

(8) As used in this section:

(a) "Administrator" means that term as defined in section 105 of the nonprofit act, MCL 450.2105.

(b) "Nonprofit act" means the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192.

(c) "Nonprofit corporation" means a domestic corporation, as that term is defined in section 106 of the nonprofit act, MCL 450.2106.

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved _____

Governor