

**MUNICIPAL HEALTH FACILITIES CORPORATIONS ACT (EXCERPT)**  
**Act 230 of 1987**

**331.1306 Board of trustees or subsidiary board; sale or transfer of ownership or operation; terms; acceptance of notes, bonds, or obligations; discrimination prohibited; approval of transfer; transfer not to impair corporate obligation, bond, note, or contract.**

Sec. 306.

(1) Subject to applicable licensing and other regulatory requirements, and subject to the requirements of this section, a board of trustees or a subsidiary board may enter into and carry out agreements for the sale or transfer of the ownership of a corporation or subsidiary corporation, or the sale or transfer of ownership or operation of some or all of the health care facilities and related assets or health services of the corporation or subsidiary corporation, to a nonprofit health care organization or to a public authority on behalf of a nonprofit health care organization by sale, installment sales agreement, land contract, lease, lease with an option to purchase, sublease, contract, option, or by any other means.

(2) In establishing the terms of a sale or transfer described in subsection (1), the board of trustees or subsidiary board may take into account, in addition to the monetary consideration for the sale or transfer, if any, 1 or more of the following:

(a) The ability and willingness of the nonprofit health care organization to continue to provide health services to residents of the local governmental unit.

(b) The assumption by the nonprofit health care organization of liabilities, obligations, and risks associated with ownership or operation of the corporation, subsidiary corporation, or health care facilities and health services sold or transferred, including those associated with outstanding bonds, notes and obligations, pension, retirement, and other benefits for employees and employees and conditions attached to public or private grants.

(c) The willingness and ability of the nonprofit health care organization to provide services to those unable to pay fully for their care.

(d) The elimination of or reduction in support required for the corporation, subsidiary corporation, or health care facilities or health services from tax revenues or other public sources.

(e) The ability and willingness of the nonprofit health care corporation to expand or improve the corporation, subsidiary corporation, or health care facilities or health services being sold or transferred.

(f) Any other factors bearing on the health and welfare of the residents of the local governmental unit that the board of trustees or subsidiary board considers appropriate.

(3) A board of trustees or subsidiary board may accept secured or unsecured notes, bonds, or obligations given by or on behalf of a nonprofit health care organization or any other forms of payment that it considers appropriate in full or partial satisfaction of any monetary consideration provided under an agreement for a sale or transfer described in subsection (1).

(4) Any board of trustees or subsidiary board that sells or transfers a corporation, subsidiary corporation, or health facilities under this section shall require, for a term of not less than 30 years, that use of the health care facilities owned by the sold or transferred corporation or subsidiary corporation or the sold or transferred health care facilities shall be open to all regardless of race, religion, color, national origin, sex, age, disability, marital status, sexual preference, or source of payment, and that the nonprofit health care organization acquiring those health care facilities or that corporation or subsidiary corporation shall provide an equal opportunity for employment, without discrimination as to race, religion, color, national origin, sex, age, disability, marital status, or sexual preference.

(5) Any transfer made by a subsidiary board in reliance on this section shall be made only with the prior approval of the board of trustees of its parent corporation.

(6) Any sale or transfer of ownership of a corporation or subsidiary corporation under this section shall be made only with the prior approval of the county board of commissioners, city council, or village council. Any sale or transfer of ownership or operation of health care facilities or health services by a corporation or a subsidiary corporation under this section shall be made only with the prior approval of the county board of commissioners, city council, or village council, if either of the following applies:

(a) The health care facilities or health services to be transferred provided more than 10% of the gross revenues of the corporation or subsidiary corporation making the transfer, determined in accordance with generally accepted accounting principles, in either of the 2 full fiscal years of the corporation or subsidiary corporation completed immediately preceding the date of the transfer.

(b) A majority of the governing body of the nonprofit health care organization acquiring the health care facilities or health services is composed of persons who are also serving as trustees of the corporation or the subsidiary corporation making the transfer.

(7) Notwithstanding any other provision of this section, no sale or transfer under this section shall be made in

such a way as to impair the obligation of the corporation or the subsidiary corporation with respect to any outstanding corporation obligation, bond, note, or contract.

**History:** 1987, Act 230, Eff. Feb. 27, 1988 ;-- Am. 1988, Act 502, Eff. Jan. 1, 1989 ;-- Am. 1998, Act 62, Imd. Eff. Apr. 20, 1998 ;-- Am. 2010, Act 331, Imd. Eff. Dec. 21, 2010