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## HOSPITAL AUTHORITY BOARD AMENDMENTS

**House Bill 5680**

**Sponsor: Rep. Patricia Birkholz**

**Committee: Local Government and  
Urban Policy**

**Complete to 2-22-02**

### **A SUMMARY OF HOUSE BILL 5680 AS INTRODUCED 2-19-02**

Public Act 47 of 1945 authorizes two or more cities, townships, or villages to incorporate a hospital authority for the purpose of constructing, acquiring, and/or operating community hospitals and related facilities. A hospital authority must be directed and governed by a hospital board, and the act provides for the composition, organization, powers, and duties of the board.

House Bill 5680 would amend Public Act 47 of 1945 to allow an authority that had gross assets of less than \$20,000 and that was not engaged in the operation of a hospital to adopt a resolution stating that the authority had no material assets. A board that adopted such a resolution would be subject to special provisions. The bill would also impose special notification requirements in the case of a board whose members at large were removed by a resolution of local units' legislative bodies, as permitted under the act. Finally, the bill would clarify a reporting requirement of the hospital board. More specifically the bill would make the following changes:

Notification requirements. Currently a hospital board must be composed of both members appointed by the local units' legislative bodies (one member for the first 20,000 population and one for each additional 40,000 or fraction thereof) and seven at large members selected by the appointed members. In the case of a hospital authority whose member jurisdiction has a population of 300,000 or more, the legislative bodies of local units whose representation constitutes a majority of the board's members (excluding the members at large) may adopt a resolution to remove the members at large. The resolution must be transmitted to the secretary of the hospital board, and the secretary is required to notify the members at large that they have been removed from office and to notify the full hospital board not later than the next regularly scheduled meeting of the board. The bill would specify that if a hospital authority board was not scheduled to hold a regularly scheduled meeting within 90 days after the secretary received the local unit's resolutions to remove the members at large, the secretary would have to notify the other members of the removal of the members at large within 30 days after receipt of the resolutions.

Report to secretary of state. The act requires the hospital board to file a report with the secretary of state within 30 days after the formation of a new hospital authority and annually on July 1 thereafter. Currently, the act states that the report is to include the date of the authority's formation, the names of the member communities, and other information "as the report may require." The bill would specify instead that the report is to include the listed information and other information as the *secretary of state* may require.

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Authority with no material assets. Under the act, a hospital board must provide for an annual auditing of the accounts of the authority's treasurer by a certified public accountant. The bill would allow a hospital board to adopt a resolution stating that the authority had no material assets if an audit showed that the authority had gross assets, without accounting for any liabilities, of less than \$20,000, as long as the authority was not directly or indirectly engaged in the operation of a hospital. The resolution would have to be adopted at a public meeting held in compliance both with Public Act 47's requirements for board meetings and with the Open Meetings Act. Moreover, any residual value resulting from an authority's potential right to retake possession of a hospital or other property previously sold or transferred, pursuant to the act, would not be included as part of the authority's assets for making a determination of no material assets.

In general, the board would be required to continue to function in compliance with the act, but some special provisions would apply. First, the board would not be required to meet at the regular times previously established by the board. Second, the board would not need to complete an annual budget, as is otherwise required by the act. Third, the board could take action by a written consent of the board members if the written consent was signed by a number of board members equal to the number of members necessary to approve such action at a meeting at which all the board members attended. However, the board could only take action for the purpose of electing members at large to the board, and the written action would have to be made available to the public in compliance with the Freedom of Information Act.

A determination that the authority had no material assets would remain in effect until the authority began to engage in the operation of a hospital or until the authority's gross assets increased to \$20,000. As soon as one of these conditions was met, or at the board's discretion, the determination of no material assets would cease and the board would be required to resume all of the actions required of it before the determination of no material assets was made.

Analyst: J. Caver

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