



Senate Fiscal Agency  
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BILL ANALYSIS

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Senate Bill 991 (as passed by the Senate)  
Sponsor: Senator Jason E. Allen  
Committee: Health Policy

Date Completed: 3-25-04

### **RATIONALE**

In 1954, three townships and the City of St. Ignace formed a hospital authority to operate Mackinac Straits Hospital. The authority is applying for a grant from the United States Department of Agriculture (USDA) Rural Development Fund to build a new outpatient facility at the hospital; the application is on hold, however, because the authority cannot provide documentation that it was formed under the requirements of Public Act 47 of 1945, the State law that governs hospital authorities.

The statute was amended in 1978 to recognize a hospital authority in Kalkaska, after its documentation was destroyed by a fire. It has been suggested that similar action should be taken in the case of the Mackinac Straits Hospital.

### **CONTENT**

**The bill would amend Public Act 47 of 1945 to recognize as a hospital authority an entity that had owned and operated a hospital for at least 40 years and was acting as a hospital authority.**

Under the Act, two or more cities, villages, or townships may join to form a hospital authority and issue bonds for the purpose of planning, promoting, acquiring, constructing, improving, enlarging, extending, owning, maintaining, and operating one or more community hospitals and related buildings or structures and related facilities, subject to the tax limitation provided in the Act.

The municipalities may form a hospital authority by resolution of their respective legislative bodies, approved by a majority vote of the qualified electors of each

municipality. The resolution must designate the municipalities to be included in the authority and must set forth the fact that a sum of money not to exceed the tax limitation may be requested and certified by the hospital board annually for the activities listed above, and that the sum or a portion of that sum must first be pledged by the authority's governing body for the payment of bonds issued under the Act.

An entity that was unable to document compliance with these provisions and was acting or purporting to act as a hospital authority, and that continuously owned and operated a hospital for at least 15 years before February 6, 1978, is considered a hospital authority duly organized and existing under the Act, and is fully empowered to exercise any power granted to a hospital authority. Within 30 days after February 6, 1978, the entity was required to file with the clerk of each municipality included in the authority a written notice stating that the entity, being unable to document compliance with these provisions, was recognized as a hospital authority pursuant to the Act.

The bill also would recognize as a hospital authority an entity that continuously owned and operated a hospital for at least 40 years before the bill's effective date, acted or was purporting to act as a hospital authority, and was unable to document compliance with the resolution requirements. Within 30 days after the bill took effect, the entity would have to file a notice with the clerk of each city, village, or township included in the authority.

MCL 331.2

## **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

### **Supporting Argument**

The Mackinac Straits Hospital is a critical facility serving the St. Ignace area. In recognizing the hospital authority as such in the law, the bill would enable the authority to provide the documentation needed to apply for the Federal grant and proceed with the necessary expansion of the hospital.

Legislative Analyst: Julie Koval

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

This estimate is preliminary and will be revised as new information becomes available.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.