

SENATE BILL No. 1304

May 7, 2008, Introduced by Senators STAMAS, GARCIA and BIRKHOLZ and referred to the Committee on Health Policy.

A bill to amend 1969 PA 38, entitled "Hospital finance authority act," by amending section 3 (MCL 331.33), as amended by 1994 PA 428.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. As used in this act:

2 (a) "State authority" means the hospital finance authority
3 created by this act.

4 (b) "Local authority" means a public municipal corporation
5 incorporated under this act.

6 (c) "Incorporating unit" means a county, city, village, or
7 township or a combination thereof **OF 1 OR MORE COUNTIES, CITIES,**
8 **VILLAGES, OR TOWNSHIPS** incorporating a local authority pursuant to
9 this act.

10 (d) "Governing body" means the board charged with the

1 governing of the incorporating unit.

2 (e) Except as provided in subdivision (f) (iii), "hospital" means
 3 a **PUBLIC OR** nonpublic corporation, association, institution, or
 4 establishment located within this state for the care of the sick or
 5 wounded or of those who require medical treatment or nursing care
 6 or home for the aged or which provides retirement housing
 7 facilities described in subdivision (f) (iii) operated without profit
 8 to an individual, corporation, or association. ~~It~~**HOSPITAL** includes
 9 **A** nonprofit ~~corporations~~**CORPORATION** or other nonprofit
 10 ~~organizations~~**ORGANIZATION** engaged in some phase of hospital,
 11 nursing care, home for the aged, or, to the extent described in
 12 subdivision (f) (iii), retirement housing activity or in owning,
 13 controlling, or providing a supporting service to ~~hospitals~~**A**
 14 **HOSPITAL** or public ~~corporations~~**CORPORATION** that ~~operate or own~~
 15 **OPERATES OR OWNS A** hospital ~~facilities~~**FACILITY**. **HOSPITAL DOES NOT**
 16 **INCLUDE A HEALTH FACILITY OR AGENCY LOCATED IN A CORRECTIONAL**
 17 **INSTITUTION, A VETERANS FACILITY OPERATED BY THIS STATE OR THE**
 18 **FEDERAL GOVERNMENT, OR A FACILITY OWNED AND OPERATED BY THE**
 19 **DEPARTMENT OF COMMUNITY HEALTH.**

20 (f) "Hospital facilities" means any of the following:

21 (i) A building or structure suitable and intended for, or
 22 incidental or ancillary to, use by a hospital and includes nursing
 23 homes, homes for the aged, outpatient clinics, laboratories,
 24 laundries, nurses', doctors', or interns' residences,
 25 administration buildings, facilities for research directly involved
 26 with hospital care, maintenance, storage, or utility facilities,
 27 parking lots, and garages and all necessary, useful, or related

1 equipment, furnishings, and appurtenances and all lands necessary
2 or convenient as a site for these facilities.

3 (ii) An office facility not less than 80% of which is intended
4 for lease to direct providers of health care, and that has been
5 determined by the department of public health to meet a
6 demonstrated need and to be geographically or functionally related
7 to 1 or more other hospital facilities, if the authority that is
8 issuing the bonds determines the financing of the office facility
9 is necessary to accomplish the purposes and objectives of this act.

10 (iii) For the purpose of refinancing or refunding debt described
11 in this subdivision only, retirement housing facilities owned by a
12 nonpublic, nonprofit organization on September 1, 1994, placed in
13 service on or before September 1, 1994, and for which there was
14 outstanding on September 1, 1994 debt incurred for the construction
15 or acquisition of the retirement housing facilities, which debt is
16 not eligible for refinancing by the Michigan state housing
17 development authority solely by reason of the provisions of section
18 44c(2) of the state housing development authority act **OF 1966, Act**
19 ~~No. 346 of the Public Acts of 1966, being section 125.1444e of the~~
20 ~~Michigan Compiled Laws 1966 PA 346, MCL 125.1444C~~; provided that
21 the refinancing debt, incurred with an authority created by or
22 incorporated under this act to refinance the retirement housing
23 facilities, is debt that a nonprofit hospital or nonprofit nursing
24 home or a nonprofit entity which owns or controls or is owned or
25 controlled by a nonprofit hospital or nonprofit nursing home is
26 obligated to repay and that no allocation of the state volume
27 limitation on tax exempt obligations is required with respect to

1 the refinancing debt or obligations issued by an authority created
2 by or incorporated under this act to fund that refinancing debt. As
3 used in this subparagraph:

4 (A) "Hospital" means that term as defined in section 20106 of
5 the public health code, ~~Act No. 368 of the Public Acts of 1978,~~
6 ~~being section 333.20106 of the Michigan Compiled Laws 1978 PA 368,~~
7 **MCL 333.20106.**

8 (B) "Nursing home" means that term as defined in section 20109
9 of ~~Act No. 368 of the Public Acts of 1978, being section 333.20109~~
10 ~~of the Michigan Compiled Laws~~ **THE PUBLIC HEALTH CODE, 1978 PA 368,**
11 **MCL 333.20109.**

12 (g) "Hospital loan" means a loan made by the state authority
13 or a local authority to a hospital.

14 (h) "Project costs" means the total of the reasonable or
15 necessary costs incurred for carrying out the works and
16 undertakings for the acquisition or construction of hospital
17 facilities under this act. These include the costs of studies and
18 surveys; plans and specifications; architectural and engineering
19 services; legal, organization, marketing, or other special
20 services; financing, acquisition, demolition, construction,
21 equipment, and site development of new and rehabilitated buildings;
22 rehabilitation, reconstruction, repair, or remodeling of existing
23 buildings; interest and carrying charges during construction and
24 before full earnings are achieved and operating expenses before
25 full earnings are achieved or a period of 1 year following the
26 completion of construction, whichever occurs first; and a
27 reasonable reserve for payment of principal and interest on bonds

1 or notes of the authority. Project costs include reimbursement of a
2 hospital for the costs described in this subdivision expended by a
3 hospital either from its own funds or from money borrowed by the
4 hospital for such purposes before issuance and delivery of bonds by
5 the authority for the purpose of providing funds to pay the project
6 costs. Project costs also includes the refinancing of any existing
7 debt of a hospital necessary in order to permit the hospital to
8 borrow or lease from the authority and give adequate security for
9 the loan or lease. The determination of the authority with respect
10 to the necessity of refinancing and adequate security for a loan or
11 lease is conclusive except with respect to the approval of the
12 municipal finance commission or its successor agency when prior
13 approval is required.

14 (i) "Direct provider of health care" means a person or
15 organization whose primary current activity is the provision of
16 health care to individuals, and includes a licensed or certified
17 physician, dentist, nurse, podiatrist, physician's assistant, or an
18 organization comprised of these health professionals or employing
19 these health professionals.