

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

**331.1305 Powers of local governmental unit generally.**

Sec. 305. Subject to applicable licensing and other regulatory requirements, a local governmental unit may do any or all of the following:

(a) Acquire health care facilities by purchase, gift, devise, lease, sublease, installment purchase agreement, land contract, option, or other means; construct, add to, repair, remodel, renovate, equip, and reequip health care facilities for use, in whole or in part, by a corporation or a subsidiary corporation; borrow money and issue bonds in accordance with 1923 PA 118, MCL 141.61 to 141.66; enter into contracts of lease under 1948 (1st Ex Sess) PA 31, MCL 123.951 to 123.965; or enter into obligations under other applicable laws to acquire health care facilities. However, whether or not otherwise permitted by law, a local governmental unit shall not borrow funds, lease property, or acquire property pursuant to a lease purchase agreement with a local hospital authority incorporated under the hospital finance authority act, 1969 PA 38, MCL 331.31 to 331.84, nor shall a local governmental unit otherwise receive the proceeds of bonds issued by a local hospital authority, except as consideration for property transferred by the local governmental unit to a third party. Any bonding proposal requiring approval of the electors of a local governmental unit may be presented at the same election described in sections 201 and 202 or sections 251 and 252.

(b) Transfer or make available health care facilities and other real and personal property to a corporation or a subsidiary corporation by sale, lease, sublease, installment sale agreement, contract, or other means on terms, with or without monetary consideration, approved by the county board of commissioners, city council, or village council. A health care facility owned and operated by a corporation or a subsidiary corporation is not considered to be owned or operated by the local governmental unit.

(c) Grant mortgages, security interests, and other liens in, pledge or sell and lease back its interests in health care facilities and other real and personal property to secure bonds, notes, or other obligations of a corporation or subsidiary corporation, upon terms approved by the county board of commissioners, city council, or village council. The amount of the bonds, notes, or other obligations must not be included in computing the net bonded indebtedness of the local governmental unit for the purposes of debt limitations imposed by any constitutional, statutory, or charter provision, unless the local governmental unit pledges full faith and credit to the payment of the bond, note, or other obligation.

(d) Guarantee any corporation obligation, bond, note, or other obligation of a corporation or a subsidiary corporation on terms approved by the county board of commissioners, city council, or village council, and pledge specified revenues or assets of the local governmental unit or the full faith and credit of the local governmental unit to the payment of the guaranty. The resolution of the county board of commissioners, city council, or village council approving any guaranty which pledges the full faith and credit of the local governmental unit must contain a proviso that the resolution must not become effective and binding upon the local governmental unit until it has been approved by a majority of the electors voting at a special or regular local governmental unit election. The election proceedings under this subdivision must be conducted in accordance with the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992. The amount of any bonds, notes, or other obligations secured by a guaranty that pledges the full faith and credit of the local governmental unit must be included in computing the net bonded indebtedness of the local governmental unit for the purposes of debt limitations imposed by any constitutional, statutory, or charter provision.

(e) Loan to a corporation or a subsidiary corporation money from the general fund of the local governmental unit or from funds not raised by taxation available to the local governmental unit for the acquisition of or improvements to health care facilities, operation of health services or for any other purpose of the corporation or subsidiary corporation, and enter into agreements with the borrowing corporation or subsidiary corporation for the repayment of those loans over a term not to exceed 30 years, with or without security.

(f) Appropriate money and transfer the money to 1 or more corporations or subsidiary corporations established by the local governmental unit for the acquisition of or improvements to health care facilities, operation of health services, or any other purpose of the corporations or subsidiary corporations. The total sums appropriated for those purposes each year from the general fund of the local governmental unit must be in addition to any taxes and appropriations to satisfy local governmental unit indebtedness under bonds, notes, or guaranties described in subdivisions (a) and (d). Money may be appropriated from funds not raised by taxation and available to the local governmental unit for those purposes without limitation.

(g) Notwithstanding subdivision (f), a county with a county public hospital organized and operated under 1945 PA 109, MCL 331.201 to 331.213, on February 27, 1988 may assess taxes not to exceed in any 1 year 1 mill on each dollar of assessed valuation of the county for the purpose of acquisition, construction, and

operation of any health care facilities without a vote of county electors, and may appropriate money from its general fund for the acquisition, construction, and operation of any health care facilities without limitation.

(h) Enter into agreements or arrangements for a corporation or a subsidiary corporation to provide health services to local governmental unit employees, dependents of local governmental unit employees, indigents, or others, providing for payment for health services in any of the ways described in section 303(g).

(i) Sell, contract, or make available to corporations or subsidiary corporations established by the local governmental unit, administrative, management, and other services necessary or convenient to fulfill the purposes of the corporation or subsidiary corporation, and purchase the services from a corporation or subsidiary corporation that may be required for any local governmental unit purpose.

**History:** 1987, Act 230, Eff. Feb. 27, 1988;—Am. 1988, Act 497, Imd. Eff. Dec. 29, 1988;—Am. 1988, Act 502, Eff. Jan. 1, 1989;—Am. 2002, Act 484, Imd. Eff. June 27, 2002;—Am. 2018, Act 312, Imd. Eff. June 29, 2018.