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REVISE MUNICIPAL HEALTH FACILITY INVESTMENT RESTRICTIONS

House Bill 5515

Sponsor: Rep. Dale Sheltrown

**Committee: Local Government and Urban
Policy**

Complete to 3-21-00

A SUMMARY OF HOUSE BILL 5515 AS INTRODUCED 3-16-00

House Bill 5515 would amend the Municipal Health Facilities Corporations Act (MCL 331.1304) to remove some investment restrictions.

Under current law a municipality may own and operate its own health care facilities, and may own interests in health care facilities. If it does so, the act governs the manner in which the facility's board of trustees may do the following: a) construct or remodel the facilities with respect to competitive bidding and awarding contracts; b) dispose of its real and personal property; c) purchase or sell management services and other services; d) apply for, negotiate, or receive gifts or grants of money, property, or services; e) provide insurance, reinsurance, or self-insurance; f) invest its funds; g) borrow money; h) grant mortgages, security interests, and other liens in its real and personal property to further its purposes (including a pledge of its property or revenues); i) guarantee bonds, notes, and other obligations of the local governmental unit that are undertaken for its benefit (including a pledge of its property or revenues); j) transfer real or personal property; k) guarantee corporation obligations; and, l) grant mortgages, security interest, or other liens in its real and personal property to secure the corporation's obligations (including a pledge of its property or revenue).

The law currently allows the board of the health facility to pledge its property or revenues in three instances: when it grants mortgages to further its purposes; when it grants mortgages to secure its obligations; or, when it guarantees bonds, notes, and other obligations of the local governmental unit undertaken for its benefit. In each of these instances House Bill 5515 would allow the board to pledge its "real and personal" property or revenues.

In addition and under the law, a board can invest a) its funds that are not immediately required, b) its funds accumulated to provide retirement or pension benefits, c) its endowment funds created for charitable or education purposes, and d) other funds in any manner in which a local governmental unit may lawfully invest such property; it also can loan its funds to further its purposes. House Bill 5515 would allow such investments and loans but remove the restriction "in any manner in which a local governmental unit may lawfully invest such property".

Analyst: J. Hunault

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.