

Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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House Bill 6062 (as discharged)  
Sponsor: Representative Charles LaSata  
House Committee: Local Government and Urban Policy  
Senate Committee: Local, Urban and State Affairs

### **CONTENT**

The bill would amend the Municipal Health Facilities Corporation Act to delete the 5% limit on the amount of money that a local governmental unit may appropriate from its general fund to municipal health facilities corporations or subsidiary corporations.

Under the Act, a local governmental unit may appropriate money and transfer the money to one or more municipal health facilities corporations or subsidiary corporations established by the local unit for the acquisition of or improvements to health care facilities, operation of health services, or any other purpose of the corporations or subsidiaries. The total sums appropriated for those purposes each year from the local unit's general fund must not exceed 5% of the general fund, but the 5% must be in addition to any taxes and appropriations to satisfy local governmental unit indebtedness under bonds, notes, or guaranties authorized under the Act. The bill would delete this 5% limit on local appropriations to corporations or subsidiaries.

MCL 331.1305

Legislative Analyst: Nobuko Nagata

### **FISCAL IMPACT**

The bill would have a minimal impact on local unit revenues and no impact on State revenues. It is unknown how many hospitals currently receive appropriations equal to 5% of the local unit's general fund. Presumably, removing the appropriation cap would have no effect on those local units that do not yet appropriate the currently allowed 5% to hospitals covered by the Act. In local units that currently appropriate the full 5% of the general fund to a hospital under the Act, the bill would allow the local unit to appropriate more. It is unknown how many local units would choose to increase the appropriation if the 5% cap were lifted. Given the expected level of growth in revenue sharing payments (which comprise a significant share of many local units' general fund revenues) in the next few years, it is unlikely that a sizable number of local units would substantially increase appropriations to any budget items. Any increases in the general fund appropriations of a local unit would need to be offset by reduced spending in other areas, either in the local unit's general fund or restricted funds.

Date Completed: 6-5-02

Fiscal Analyst: David Zin