

**HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 1172**

A bill to amend 1945 PA 47, entitled

"An act to authorize 2 or more cities, townships, and villages, or any combination of cities, townships, and villages, to incorporate a hospital authority for planning, promoting, acquiring, constructing, improving, enlarging, extending, owning, maintaining, and operating 1 or more community hospitals and related buildings or structures and related facilities; to provide for the sale, lease, or other transfer of a hospital owned by a hospital authority to a nonprofit corporation established under the laws of this state for no or nominal monetary consideration; to define hospitals and community hospitals; to provide for changes in the membership therein; to authorize the cities, townships, and villages to levy taxes for community hospital purposes; to provide for the issuance of bonds; to provide for the pledge of assessments; to provide for borrowing money for operation and maintenance and issuing notes for operation and maintenance; to validate elections heretofore held and notes heretofore issued; to validate bonds heretofore issued; to authorize condemnation proceedings; to grant certain powers of a body corporate; to validate and ratify the organization, existence, and membership of entities acting as hospital authorities under the act and the actions taken by hospital authorities and by the members of the hospital authorities; and to prescribe penalties and provide remedies,"

by amending sections 8 and 8a (MCL 331.8 and 331.8a), section 8a as amended by 1980 PA 104; and to repeal acts and parts of acts.

**SB1172, As Passed House, May 21, 2002**

Senate Bill No. 1172

2

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 8. (1) The hospital authority board may issue  
2 self-liquidating bonds of the authority in accordance with the  
3 provisions of this act, for the purpose of acquiring, purchasing,  
4 constructing, improving, enlarging, or repairing community hospi-  
5 tals or refunding any outstanding bonds ~~theretofore~~ PREVIOUSLY  
6 issued or for the joint purposes of refunding any outstanding  
7 bonds together with the issuance of additional bonds for any of  
8 the other purposes authorized. The bonds shall not impose any  
9 liability upon the cities, villages, and townships included in  
10 the hospital authority, other than on the amounts ~~which~~ THAT  
11 are assessed against the respective municipalities as provided  
12 for ~~herein~~ IN THIS ACT, which amounts or any portion ~~thereof~~  
13 OF THOSE AMOUNTS may be pledged by the governing body of the hos-  
14 pital authority for the payment of the bonds for a period not  
15 exceeding 40 years. The amount ~~herein~~ required to be paid by  
16 any municipality under this act shall be considered to be a part  
17 of the revenues of the hospital authority and shall be first used  
18 to meet the current requirements for the bond and interest  
19 redemption fund, including the reserve requirements, ~~therefor~~,  
20 for outstanding obligations of the hospital authority. The bonds  
21 shall be sold for not less than par and shall bear interest at a  
22 rate not in excess of the maximum rate permitted by ~~Act No. 202~~  
23 ~~of the Public Acts of 1943, as amended, being sections 131.1 to~~  
24 ~~138.2 of the Michigan Compiled Laws~~ THE REVISED MUNICIPAL  
25 FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821.

**SB1172, As Passed House, May 21, 2002**

Senate Bill No. 1172

3

1           (2) BONDS ISSUED FOR CAPITAL IMPROVEMENTS UNDER SECTION 8B  
2   AND BONDS ISSUED UNDER THIS ACT THAT ARE SUPPORTED BY A PLEDGE OF  
3   THE GOVERNING BODY FOR PAYMENT ARE SUBJECT TO THE REVISED MUNICI-  
4   PAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821.

5           (3) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (1) AND (2),  
6   BONDS ISSUED UNDER THIS ACT ARE NOT SUBJECT TO THE REVISED MUNIC-  
7   IPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821.

8           Sec. 8a. (1) The hospital board operating a community hos-  
9   pital under this act may, by a resolution adopted by a majority  
10   vote of the entire governing board, borrow money and issue notes,  
11   which shall mature not more than 1 year from the date of their  
12   issuance, for the purpose of meeting current expenses of opera-  
13   tion and maintenance of the hospital. The resolution shall pro-  
14   vide for the pledging of income and revenues of the hospital  
15   authority for the payment of the notes, and shall also provide  
16   for a special sinking fund into which there shall first be paid,  
17   as collected, a sufficient sum from the revenues of the hospital  
18   authority pledges ~~therefor~~ to retire both the principal and  
19   interest of the notes at maturity. The resolution may also pro-  
20   vide for the pledging of other assets of the hospital authority  
21   as additional security for the payment of the notes. Notes  
22   issued under this section ~~shall~~ AND AMOUNTS ASSESSED UNDER SEC-  
23   TION 8M ARE not ~~be~~ subject to ~~Act No. 202 of the Public Acts~~  
24   ~~of 1943, as amended, being sections 131.1 to 138.2 of the~~  
25   ~~Michigan Compiled Laws~~ THE REVISED MUNICIPAL FINANCE ACT, 2001  
26   PA 34, MCL 141.2101 TO 141.2821. Any notes issued by a hospital  
27   authority before the effective date of this act or an amendment

**SB1172, As Passed House, May 21, 2002**

Senate Bill No. 1172

4

1 to this act are hereby validated, ratified, and confirmed as  
2 though the notes and the proceedings relating to their issuance  
3 had been fully authorized by statutes existing at the time of  
4 their issuance.

5 (2) EXCEPT FOR THE BONDS DESCRIBED IN SECTION 8(2), THE  
6 ISSUANCE OF BONDS AND NOTES UNDER THIS ACT IS SUBJECT TO THE  
7 AGENCY FINANCING REPORTING ACT.

8 Enacting section 1. Section 8q of 1945 PA 47, MCL 331.8q,  
9 is repealed.