

**SUBSTITUTE FOR
SENATE BILL NO. 450**

A bill to amend 1987 PA 230, entitled
"Municipal health facilities corporations act,"
by amending section 305a (MCL 331.1305a), as amended by 2016 PA 45.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 305a. (1) Subject to applicable licensing and other
2 regulatory requirements, the requirements of the nonprofit act, and
3 the requirements of this section, the board of trustees or the
4 subsidiary board may restructure a corporation or subsidiary
5 corporation as a nonprofit corporation subject to the nonprofit act
6 if all of the following are met:

7 (a) The corporation or subsidiary corporation is located in a
8 county that had a population of more than ~~24,000~~**45,000** and less
9 than ~~30,000~~**60,000** as of the ~~2010~~**MOST RECENT** decennial census.

10 (b) The restructuring is completed before June 30, ~~2017~~**2018**.

1 (2) A board of trustees or subsidiary board proposing to
2 restructure a corporation or subsidiary corporation under this
3 section must adopt a restructuring plan that includes all of the
4 following:

5 (a) The terms and conditions of the proposed restructuring.

6 (b) The proposed articles of incorporation and bylaws that are
7 to govern the restructured corporation or restructured subsidiary
8 corporation. The articles and bylaws must comply with the
9 requirements of the nonprofit act.

10 (3) If a restructuring plan described in subsection (2) is
11 approved under this section, the corporation or subsidiary
12 corporation shall file the articles of incorporation described in
13 subsection (2) (b) with the administrator, in the manner provided in
14 the nonprofit act.

15 (4) The effective date of a restructuring under this section
16 is the effective date of the articles of incorporation under the
17 nonprofit act. All of the following apply when a restructuring
18 under this section takes effect:

19 (a) The restructured corporation or restructured subsidiary
20 corporation is considered a continuation of the restructuring
21 corporation or subsidiary corporation.

22 (b) The restructured corporation or restructured subsidiary
23 corporation has all of the liabilities of the restructuring
24 corporation or subsidiary corporation and the restructuring does
25 not affect any obligations or liabilities of the corporation or
26 subsidiary corporation incurred before the restructuring or the
27 personal liability of any person incurred before the restructuring.

1 (c) The title to all real estate and other property and rights
2 owned by the corporation or subsidiary corporation remain vested in
3 the restructured corporation or restructured subsidiary corporation
4 without reversion or impairment.

5 (d) The rights, privileges, powers, and interests in property
6 of the corporation or subsidiary corporation, as well as the debts,
7 liabilities, and duties of the corporation or subsidiary
8 corporation, shall not be considered, as a consequence of the
9 restructuring, to have been transferred to the restructured
10 corporation or restructured subsidiary corporation for any purpose
11 of the laws of this state.

12 (e) A proceeding pending against the corporation or subsidiary
13 corporation may be continued as if the restructuring had not
14 occurred, or the restructured corporation or restructured
15 subsidiary corporation may be substituted in the proceeding for the
16 corporation or subsidiary corporation.

17 (f) The restructured corporation or restructured subsidiary
18 corporation is considered to be the same entity that existed before
19 the restructuring and is considered to be incorporated on the date
20 that the corporation or subsidiary corporation was originally
21 incorporated.

22 (g) The restructured corporation or restructured subsidiary
23 corporation is subject to the nonprofit act and, except as
24 otherwise provided in this act, is subject to the provisions of
25 this act.

26 (h) The articles of incorporation of the corporation or the
27 subsidiary corporation filed with the county clerk under section

1 207 or the city clerk or village clerk under section 256 are
2 considered terminated and the articles of incorporation filed under
3 the nonprofit act apply to the corporation or subsidiary
4 corporation. The corporation or subsidiary corporation shall
5 deliver a copy of the articles of incorporation of the restructured
6 corporation or restructured subsidiary corporation to that county
7 clerk, city clerk, or village clerk, and the county clerk, city
8 clerk, or village clerk will indicate in his or her records that
9 the corporation or subsidiary corporation has restructured under
10 this section and that the articles of incorporation previously
11 filed with him or her under section 207 or 256 are no longer in
12 effect.

13 (i) The corporation or subsidiary corporation shall deliver a
14 copy of the articles of incorporation of the restructured
15 corporation or restructured subsidiary corporation to the secretary
16 of state and notify the secretary of state that the articles of
17 incorporation previously filed with him or her by the county clerk,
18 city clerk, or village clerk under section 207 or 256 are no longer
19 in effect.

20 (5) A subsidiary board may not restructure a subsidiary
21 corporation as a nonprofit corporation under this section without
22 the prior approval of the board of trustees of its parent
23 corporation to the restructuring.

24 (6) A board of trustees or subsidiary board may not
25 restructure a corporation or subsidiary corporation under this
26 section without the prior majority approval of the county board of
27 commissioners, city council, or village council, as applicable.

1 (7) A board of trustees or subsidiary board may not
2 restructure a corporation or subsidiary corporation under this
3 section if the restructuring in any manner impairs the obligation
4 of the corporation or subsidiary corporation with respect to any
5 outstanding obligation, bond, note, or contract of that
6 corporation.

7 (8) As used in this section:

8 (a) "Administrator" means that term as defined in section 105
9 of the nonprofit act, MCL 450.2105.

10 (b) "Nonprofit act" means the nonprofit corporation act, 1982
11 PA 162, MCL 450.2101 to 450.3192.

12 (c) "Nonprofit corporation" means a domestic corporation, as
13 that term is defined in section 106 of the nonprofit act, MCL
14 450.2106.