

HOUSE BILL No. 5978

March 23, 2010, Introduced by Reps. Roy Schmidt, Byrnes, Liss, Wayne Schmidt, Stanley, Constan, Robert Jones, Bauer, Tlaib, Gonzales, Gregory and Smith and referred to the Committee on Intergovernmental and Regional Affairs.

A bill to amend 1969 PA 38, entitled
"Hospital finance authority act,"
by amending section 3 (MCL 331.33), as amended by 2008 PA 294.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. As used in this act:

2 (a) "State authority" means the hospital finance authority
3 created by this act.

4 (b) "Local authority" means a public municipal corporation
5 incorporated under this act.

6 (c) "Incorporating unit" means a county, city, village, or
7 township or a combination of 1 or more counties, cities, villages,
8 or townships incorporating a local authority pursuant to this act.

9 (d) "Governing body" means the board charged with the

1 governing of the incorporating unit.

2 (e) Except as provided in subdivision (f) (iii), "hospital" means
3 a public or nonpublic corporation, association, institution, or
4 establishment located within this state for the care of the sick or
5 wounded or of those who require medical treatment or nursing care
6 or home for the aged or which provides retirement housing
7 facilities described in subdivision (f) (iii) operated without profit
8 to an individual, corporation, or association. Hospital includes a
9 nonprofit corporation or other nonprofit organization engaged in
10 some phase of hospital, nursing care, home for the aged, or, to the
11 extent described in subdivision (f) (iii), retirement housing activity
12 or in owning, controlling, or providing a supporting service to a
13 hospital or public corporation that operates or owns a hospital
14 facility. Hospital does not include a health facility or agency
15 located in a correctional institution, a veterans facility operated
16 by this state or the federal government, or a facility owned and
17 operated by the department of community health.

18 (f) "Hospital facilities" means any of the following:

19 (i) A building or structure suitable and intended for, or
20 incidental or ancillary to, use by a hospital and includes nursing
21 homes, homes for the aged, outpatient clinics, laboratories,
22 laundries, nurses', doctors', or interns' residences,
23 administration buildings, facilities for research directly involved
24 with hospital care, maintenance, storage, or utility facilities,
25 parking lots, and garages and all necessary, useful, or related
26 equipment, furnishings, and appurtenances and all lands necessary
27 or convenient as a site for these facilities.

1 (ii) An office facility not less than 80% of which is intended
2 for lease to direct providers of health care, and that has been
3 determined by the department of public health to meet a
4 demonstrated need and to be geographically or functionally related
5 to 1 or more other hospital facilities, if the authority that is
6 issuing the bonds determines the financing of the office facility
7 is necessary to accomplish the purposes and objectives of this act.

8 (iii) For the purpose of refinancing or refunding debt described
9 in this subdivision only, retirement housing facilities owned by a
10 nonpublic, nonprofit organization on September 1, 1994, placed in
11 service on or before September 1, 1994, and for which there was
12 outstanding on September 1, 1994 debt incurred for the construction
13 or acquisition of the retirement housing facilities, which debt is
14 not eligible for refinancing by the Michigan state housing
15 development authority solely by reason of the provisions of section
16 44c(2) of the state housing development authority act of 1966, 1966
17 PA 346, MCL 125.1444c; provided that the refinancing debt, incurred
18 with an authority created by or incorporated under this act to
19 refinance the retirement housing facilities, is debt that a
20 nonprofit hospital or nonprofit nursing home or a nonprofit entity
21 which owns or controls or is owned or controlled by a nonprofit
22 hospital or nonprofit nursing home is obligated to repay and that
23 no allocation of the state volume limitation on tax exempt
24 obligations is required with respect to the refinancing debt or
25 obligations issued by an authority created by or incorporated under
26 this act to fund that refinancing debt. As used in this
27 subparagraph:

1 (A) "Hospital" means that term as defined in section 20106 of
2 the public health code, 1978 PA 368, MCL 333.20106.

3 (B) "Nursing home" means that term as defined in section 20109
4 of the public health code, 1978 PA 368, MCL 333.20109.

5 **(iv) A TRANSIT-ORIENTED FACILITY.**

6 (g) "Hospital loan" means a loan made by the state authority
7 or a local authority to a hospital.

8 (h) "Project costs" means the total of the reasonable or
9 necessary costs incurred for carrying out the works and
10 undertakings for the acquisition or construction of hospital
11 facilities under this act. These include the costs of studies and
12 surveys; plans and specifications; architectural and engineering
13 services; legal, organization, marketing, or other special
14 services; financing, acquisition, demolition, construction,
15 equipment, and site development of new and rehabilitated buildings;
16 rehabilitation, reconstruction, repair, or remodeling of existing
17 buildings; interest and carrying charges during construction and
18 before full earnings are achieved and operating expenses before
19 full earnings are achieved or a period of 1 year following the
20 completion of construction, whichever occurs first; and a
21 reasonable reserve for payment of principal and interest on bonds
22 or notes of the authority. Project costs include reimbursement of a
23 hospital for the costs described in this subdivision expended by a
24 hospital either from its own funds or from money borrowed by the
25 hospital for such purposes before issuance and delivery of bonds by
26 the authority for the purpose of providing funds to pay the project
27 costs. Project costs also includes the refinancing of any existing

1 debt of a hospital necessary in order to permit the hospital to
2 borrow or lease from the authority and give adequate security for
3 the loan or lease. The determination of the authority with respect
4 to the necessity of refinancing and adequate security for a loan or
5 lease is conclusive except with respect to the approval of the
6 municipal finance commission or its successor agency when prior
7 approval is required.

8 (i) "Direct provider of health care" means a person or
9 organization whose primary current activity is the provision of
10 health care to individuals, and includes a licensed or certified
11 physician, dentist, nurse, podiatrist, physician's assistant, or an
12 organization comprised of these health professionals or employing
13 these health professionals.

14 (J) **"TRANSIT-ORIENTED FACILITY" MEANS A FACILITY THAT HOUSES A**
15 **TRANSIT STATION IN A MANNER THAT PROMOTES TRANSIT RIDERSHIP OR**
16 **PASSENGER RAIL USE.**