

MAINE STATE LEGISLATURE

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Reg

L.D. 716

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HEALTH AND HUMAN SERVICES

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
120TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 561, L.D. 716, Bill, "An Act to Convert Hospital Administrative District No. 1 to a Nonprofit, Nonstock Private Corporation"

Amend the bill by striking out the title and substituting the following:

'An Act to Provide for the Transfer of Assets of Hospital Administrative District No. 1 to a Nonprofit, Nonstock Private Corporation'

Further amend the bill by striking out everything after the title and before the summary and inserting in its place the following:

'Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, it is in the public interest for Hospital Administrative District No. 1 to be able to transfer its assets to a nonprofit, nonstock private corporation promptly and to begin the process during the summer; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Be it enacted by the People of the State of Maine as follows:

COMMITTEE AMENDMENT

Ref 6

2 **Sec. 1. P&SL 1967, c. 58**, as amended by P&SL 1999, c. 84, Pt.
A, §§1 to 14 and affected by §15; and amended by Pt. B, §1 and
4 affected by §2, is repealed.

6 **Sec. 2. Transfer.** Notwithstanding any provision of Private
and Special Law 1967, chapter 58, Hospital Administrative
8 District No. 1, which currently operates Penobscot Valley
Hospital, is authorized to transfer its assets to a newly formed
10 nonprofit, nonstock private corporation, without members,
referred to in this Act as the "transferee corporation," which
12 shall continue to serve the health care needs of the communities
served by the district on the effective date of this section.

14 1. The transfer may occur only if the directors of the
district approve the transfer and if all the indebtedness of the
16 district is paid, or adequate provision for the payment of that
indebtedness is made, by the assumption of liabilities and
18 indebtedness of the district by the transferee corporation, by
defeasance of any outstanding bonds of the district or
20 otherwise. Notwithstanding any provision of Private and Special
Law 1967, chapter 58, no other vote of the district or of any
22 town that is a member of the district or the inhabitants of
either is required to authorize the transactions contemplated by
24 this section.

26 2. The Maine Revised Statutes, Title 13, section 3062 does
not apply to the transfer authorized in this section.

28 3. In the transfer:

30 A. The assets and liabilities of the district are assumed
32 by and become assets and liabilities of the transferee
corporation unless such liabilities are paid, defeased or
34 otherwise provided for. The assets transferred include all
endowment funds held by the district, which the transferee
36 corporation takes subject to any restrictions on use
applicable to those funds; and

38 B. All employees of the district become employees of the
40 transferee corporation and may not be terminated solely by
virtue of the transfer.

42 4. In order to ensure the ability of the transferee
44 corporation to issue tax exempt bonds to refinance or defease
outstanding bonds of the district, a majority of the directors of
46 the transferee corporation must be persons who were not directors
of the district.

48 5. Immediately on the effective date of the transfer, the
50 transferee corporation shall confirm that it continues to

recognize the union that represents the district's employees immediately prior to the transfer. After the transfer is effected, the union and the transferee corporation shall negotiate to replace or modify the existing contract as they may mutually agree to reflect the status of the transferee corporation as a private nonprofit entity.

6. Immediately following the transfer of assets and assumption, payment or defeasance of liabilities of the district as authorized by this section, the district is liquidated and dissolved without further action by the directors of the district or vote of the district, of any town that is a member of the district or of the inhabitants of either. The board of directors of the district shall file a certificate of dissolution with the Secretary of State upon completion of the process set forth in this section.

Emergency clause; effective date. In view of the emergency cited in the preamble, this Act takes effect when approved, except that that section of this Act that repeals Private and Special Law 1967, chapter 58 takes effect on the date on which the Board of Directors of Hospital Administrative District No. 1 files the certificate of dissolution with the Secretary of State pursuant to section 2 of this Act.'

SUMMARY

This amendment replaces the bill. It allows Hospital Administrative District No. 1, which operates Penobscot Valley Hospital, to transfer its assets to a nonprofit, nonstock private corporation. The transfer will relieve the current towns in the district from potential liabilities of the hospital and enable the hospital to improve its facilities to better serve the people located in its service area without any financial obligations for the towns formerly comprising the district. The amendment provides for the transfer process.