



STATE OF ARKANSAS
OFFICE OF THE ATTORNEY GENERAL
JUSTICE BUILDING, LITTLE ROCK 72201

May 28, 1985

(501) 371-2007

STEVE CLARK
ATTORNEY GENERAL

OPINION NO. 85-126

Honorable Jodie Mahony
State Representative
406 Armstrong Building
El Dorado, AR 71730

Dear Representative Mahony:

This is in response to your request for an opinion on the following questions:

1. May Calhoun and Union Counties enter into an inter-local agreement pursuant to Ark. Stat. Ann. §17-4007 for the purpose of managing and operating the Calhoun County Hospital?
2. Whether the inter-local entity can lease the property from Calhoun County.
3. Whether the entity can then legally sublease the hospital to a private partnership and continue to provide funds and management support until the hospital is self-supporting.
4. Whether Calhoun County can continue to collect millage for maintenance and operation after the hospital is subleased to a private partnership.

Calhoun and Union Counties may enter into an inter-local agreement pursuant to §17-4007. The entity may then lease the hospital from Calhoun County pursuant to §17-1504. The inter-local entity may then sublease the hospital to a private partnership but may not continue to provide funds for the management of the hospital. These funds would include money already collected from the millage and money to be collected in the future. Any funding would benefit the private partnership which would be in violation of the language of Ark. 12, §5 of the Arkansas Constitution. Art. 12, §5 reads:

No county, city, town or other municipal corporation shall become a stockholder in any company, association or corporation; or obtain or appropriate money for, or loan its credit to, any corporation, association, institution or individual.

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For the foregoing reasons it is my opinion that Calhoun and Union Counties may enter into an inter-local agreement, lease the Calhoun County Hospital and sublease it to a private partnership, but may not continue to fund the hospital after it has been sublet.

The foregoing opinion, which I hereby approve, was prepared by Assistant Attorney General E. Jeffery Story.

Sincerely,

A handwritten signature in dark ink, appearing to read "Steve Clark", is written over the typed name.

STEVE CLARK
Attorney General

SC/pw