

Bond Case Briefs

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POLITICAL SUBDIVISIONS - NORTH CAROLINA

Benitez v. Charlotte-Mecklenburg Hospital Authority

United States Court of Appeals, Fourth Circuit - March 23, 2021 - F.3d - 2021 WL 1100661

Patient brought action against hospital authority, alleging violations of Sherman Act.

The United States District Court granted judgment on the pleadings. Patient appealed.

The Court of Appeals held that:

- Hospital authority was “special function governmental unit” under Local Government Antitrust Act, and
- Mere growth of hospital authority did not prevent it from continuing to be considered “special function governmental unit.”

Hospital authority with authority to acquire real property by eminent domain and power to issue revenue bonds under North Carolina’s Local Government Revenue Bond Act for purpose of acquiring, constructing, or operating hospital facilities was “special function governmental unit” under Local Government Antitrust Act; although private corporations had some of same powers as hospital authority, some of authority’s powers were uniquely governmental powers.

Although ultimate answer of whether hospital authority qualified as a “special function governmental unit” under Local Government Antitrust Act was function of federal law, Congress’ pairing of term “special function governmental unit” with phrase “established by State law in one or more States” required court to consider state law.

Quasi-municipal corporations are commonly used in North Carolina to perform ancillary functions in government more easily and perfectly by devoting to them, because of their character, special personnel, skill and care; in such instances, for purposes of government and for the benefit and service of the public, the State delegates portions of its sovereignty, to be exercised within particular portions of its territory, or for certain well-defined public purposes.

Mere growth of hospital authority did not prevent it from continuing to be considered “special function governmental unit” under the Local Government Antitrust Act, since Act only asked only whether organization qualified as a “local government,” as defined by Act, and that determination required examining state law applicable to entity’s creation, which did not contain any such limitation.