seeable result of the Law. The court reasoned that the state legislature could have readily anticipated an anticompetitive effect, given

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lowing substate governmental entities to participate in a competitive marketplace are typically used without raising federal antitrust con

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courts should err on the side of recognizing immunity to avoid improper interference with state policy choices. But the Law here is not ambiguous, and respondents' suggestion is inconsistent with the principle that "state-action immunity is disfavored," , 504 U. S., at 636. Pp. 14–19.

663 F. 3d 1369, reversed and remanded.

SOTOMAYOR, J., delivered the opinion for a unanimous Court.

reasonable reserves. §31–7–77.

B

In the same year that the Law was adopted, the city of Albany and Dougherty County established the Hospital Authority of Albany-Dougherty County (Authority) and the Authority promptly acquired Phoebe Putney Memorial Hospital (Memorial), which has been in operation in Albany since 1911. In 1990, the Authority restructured its operations by forming two private nonprofit corporations to manage Memorial: Phoebe Putney Health System, Inc. (PPHS), and its subsidiary, Phoebe Putney Memorial Hospital, Inc. (PPMH). The Authority leased Memorial to PPMH for $1 per year for 40 years. Under the lease, PPMH has exclusive authority over the operation of Memorial, including the ability to set rates for services. Consistent with §31–7–75(7), PPMH is subject to lease conditions that require provision of care to the indigent sick and limit its rate of return.

Memorial is one of two hospitals in Dougherty County. The second, Palmyra Medical Center (Palmyra), was established in Albany in 1971 and is located just two miles from Memorial. At the time suit was brought in this case, Palmyra was operated by a national for-profit hospital

unanimously approved the transaction.

The Federal Trade Commission (FTC) shortly thereafter issued an administrative complaint alleging that the proposed purchase-and-lease transaction would create a virtual monopoly and would substantially reduce competition in the market for acute-care hospital services, in violation of §5 of the Federal Trade Commission Act, 38 Stat. 719, 15 U. S. C. §45, and §7 of the Clayton Act, 38 Stat. 731, 15 U. S. C. §18. The FTC, along with the State of Georgia,[1] subsequently filed suit against the Authority, HCA, Palmyra, PPHS, PPMH, and the new PPHS subsidiary created to manage Palmyra (collectively respondents), seeking to enjoin the transaction pending administrative proceedings. See 15 U. S. C. §§26, 53(b).

The United States District Court for the Middle District of Georgia denied the request for a preliminary injunction and granted respondents' motion to dismiss. 793 F. Supp. 2d 1356 (2011). The District Court held that respondents are immune from antitrust liability under the state-action doctrine. See at 1366–1381.

The United States Court of Appeals for the Eleventh Circuit affirmed. 663 F. 3d 1369 (2011). As an initial matter, the court "agree[d] with the [FTC] that, on the facts alleged, the joint operation of Memorial and Palmyra would substantially lessen competition or tend to create, if not create, a monopoly." at 1375. But the court concluded that the transaction was immune from antitrust liability. See at 1375–1378. The Court of Appeals explained that as a local governmental entity, the Authority was entitled to state-action immunity if the challenged anticompetitive conduct was a "'foreseeable result'" of Georgia's legislation. , at 1375. According to the court, anticompetitive conduct is foreseeable if it could have been

[1] Georgia did not join the notice of appeal filed by the FTC and is no longer a party in the case.

"'reasonably anticipated'" by the state legislature; it is not necessary, the court reasoned, for an anticompetitive effect to "be 'one that ordinarily occurs, routinely occurs, or is inherently likely to occur as a result of the empowering legislation.'" at 1375–1376 (quoting v. , 38 F. 3d 1184, 1188, 1190–1191 (CA11 1994)). Applying that standard, the Court of Appeals concluded that the Law contemplated the anti-competitive conduct challenged by the FTC. The court noted the "impressive breadth" of the powers given to hospital authorities, which include traditional powers of private corporations and a few additional capabilities, such as the power to exercise eminent domain. See 663 F. 3d, at 1376. More specifically, the court reasoned that the Georgia Legislature must have anticipated that the grant of power to hospital authorities to acquire and lease projects would produce anticompetitive effects because "[f]oreseeably, acquisitions could consolidate ownership of competing hospitals, eliminating competition between them." at 1377.[2]

The Court of Appeals also rejected the FTC's alternative argument that state-action immunity did not apply because the transaction in substance involved a transfer of control over Palmyra from one private entity to another, with the Authority acting as a mere conduit for the sale to evade antitrust liability. See at 1376, n. 12.

We granted certiorari on two questions: whether the

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[2] In tension with the Court of Appeals' decision, other Circuits have held in analogous circumstances that substate governmental entities exercising general corporate powers were not entitled to state-action immunity. See v. 647 F. 3d 1039, 1043, 1045–1047 (CA10 2011); v. , 480 F. 3d 438, 456–457 (CA6 2007); v. , 171 F. 3d 231, 235–236 (CA5 1999) (en banc); v. , 940 F. 2d 397, 402–403 (CA9 1991).

Georgia Legislature, through the powers it vested in hospital authorities, clearly articulated and affirmatively expressed a state policy to displace competition in the market for hospital services; and if so, whether state-action immunity is nonetheless inapplicable as a result of the Authority's minimal participation in negotiating the terms of the sale of Palymra and the Authority's limited supervision of the two hospitals' operations. See 567 U. S. ___ (2012). Concluding that the answer to the first question is "no," we reverse without reaching the second question.[3]

II

In v. , 317 U. S. 341 (1943), this Court held that because "nothing in the language of the Sherman Act [15 U. S. C. §1] or in its history" suggested that Congress intended to restrict the sovereign capacity of the States to regulate their economies, the Act should not be read to bar States from imposing market restraints "as an act of government." at 350, 352. Following , we have held that under certain circumstances, immunity from the federal antitrust laws may extend to nonstate actors carrying out the State's regulatory program. See v. , 486 U. S. 94, 99–100 (1988); v. , 471 U. S. 48, 56–57 (1985).

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[3] After issuing its decision, the Court of Appeals dissolved the temporary injunction that it had granted pending appeal and the transaction closed. The case is not moot, however, because the District Court on remand could enjoin respondents from taking actions that would disturb the status quo and impede a final remedial decree. See v. , 567 U. S. ___, ___ (2012) (slip op., at 7) ("A case becomes moot only when it is impossible for a court to grant any effectual relief whatever to the prevailing party" (i

But given the fundamental national values of free enterprise and economic competition that are embodied in the federal antitrust laws, "state-action immunity is disfavored, much as are repeals by implication." v. , 504 U. S. 621, 636 (1992). Consistent with this preference, we recognize state-action immunity only when it is clear that the challenged anticompetitive conduct is undertaken pursuant to a regulatory scheme that "is the State's own." at 635. Accordingly, "[c]loser analysis is required when the activity at issue is not directly that of" the State itself, but rather "is carried out by others pursuant to state authorization." v. , 466 U. S. 558, 568 (1984) When determining whether the anticompetitive acts of private parties are entitled to immunity, we employ a two-part test, requiring first that "the challenged restraint . . . be one clearly articulated and affirmatively expressed as state policy," and second that "the policy . . . be actively supervised by the State." v. , 445 U. S. 97, 105 (1980) (internal quotation marks omitted).

This case involves allegedly anticompetitive conduct undertaken by a substate governmental entity. Because municipalities and other political subdivisions are not themselves sovereign, state-action immunity under does not apply to them directly. See v. , 499 U. S. 365, 370 (1991); v. , 435 U. S. 389, 411–413 (1978) (plurality opinion). At the same time, however, substate governmental entities do receive immunity from antitrust scrutiny when they act "pursuant to state policy to displace competition with regulation or monopoly public service." , at 413.[4] This rule "preserves to the States

[4] An contends that we should recognize and apply a "market participant" exception to state-action immunity because

principle in , where we concluded that the clear-articulation test was satisfied because the suppression of competition in the billboard market was the foreseeable result of a state statute authorizing municipalities to adopt zoning ordinances regulating the construction of buildings and other structures. 499 U. S., at 373.

III

A

Applying the clear-articulation test to the Law before us, we conclude that respondents' claim for state-action immunity fails because there is no evidence the State affirmatively contemplated that hospital authorities would displace competition by consolidating hospital ownership. The acquisition and leasing powers exercised by the Authority in the challenged transaction, which were the principal powers relied upon by the Court of Appeals in finding state-action immunity, see 663 F. 3d, at 1377, mirror general powers routinely conferred by state law upon private corporations.[6] Other powers possessed by hospital authorities that the Court of Appeals characterized as having "impressive breadth," , at 1376, also fit this pattern, including the ability to make and execute contracts, §31–7–75(3), to set rates for services, §31–7–75(10), to sue and be sued, §31–7–75(1), to borrow money, §31–7–75(17), and the residual authority to exercise any or all powers possessed by private corporations, §31–7–75(21).

Our case law makes clear that state-law authority to act is insufficient to establish state-action immunity; the

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[6] Compare Ga. Code Ann. §§31–7–75(4), (7) (2012) (authorizing hospital authorities to acquire projects and enter lease agreements), with §14–2–302 (outlining general powers of private corporations in Georgia, which include the ability to acquire and lease property), §14–2–1101 (allowing corporate mergers), and §§14–2–1201, 14–2–1202 (allowing sales of corporate assets to other corporations).

substate governmental entity must also show that it has been delegated authority to act or regulate anticompetitively. See , 499 U. S., at 372. In , we held that Colorado's Home Rule Amendment allowing municipalities to govern local affairs did not satisfy the clear-articulation test. 455 U. S., at 55–56. There was no doubt in that case that the city had authority as a matter of state law to pass an ordinance imposing a moratorium on a cable provider's expansion of service. at 45–46. But we rejected the proposition that "the general grant of power to enact ordinances necessarily implies state authorization to enact specific anticompetitive ordinances" because such an approach "would wholly eviscerate the concepts of 'clear articulation and affirmative expression' that our precedents require." at 56. We explained that when a State's position "is one of mere respecting the municipal actions challenged as anticompetitive," the State cannot be said to have "'contemplated'" those anticompetitive actions. at 55.

The principle articulated in controls this case. Grants of general corporate power that allow substate governmental entities to participate in a competitive marketplace should be, can be, and typically are used in ways that raise no federal antitrust concerns. As a result, a State that has delegated such general powers "can hardly be said to have 'contemplated'" that they will be used anticompetitively. . See also 1A P. Areeda & H. Hovenkamp, Antitrust Law ¶225a, p. 131 (3d ed. 2006) (hereinafter Areeda & Hovenkamp) ("When a state grants power to an inferior entity, it presumably grants the power to do the thing contemplat

effects were affirmatively contemplated by the State because it was "clear" that they "logically would result" from the grant of authority. , at 42. As described by the Wisconsin Supreme Court, the state legislature "'viewed annexation by the city of a surrounding unincorporated area as a reasonable that a city could require before extending sewer services to the area.'" , at 44–45, n. 8 (quoting v. , 105 Wis. 2d 533, 540–541, 314 N. W. 2d 321, 325 (1982)). Without immunity, federal antitrust law could have undermined that arrangement and taken completely off the table the policy option that the State clearly intended for cities to have.

Similarly, in , where the respondents alleged that the city had used its zoning power to protect an incumbent billboard provider against competition, we found that the clear-articulation test was easily satisfied even though the state statutes delegating zoning authority to the city did not explicitly permit the suppression of competition. We explained that "[t]he very purpose of zoning regulation is to displace unfettered business freedom in a manner that regularly has the effect of preventing normal acts of competition" and that a zoning ordinance regulating the size, location, and spacing of billboards "necessarily protects existing billboards against some competition from newcomers." 499 U. S., at 373. Other cases in which we have found a "clear articulation" of the State's intent to displace competition without an explicit statement have also involved authorizations to act or regulate in ways that were inherently anticompetitive.[7]

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[7] See v. , 471 U. S. 48, 64, 65, and n. 25 (1985) (finding that a state commission's decision to encourage collective ratemaking by common carriers was entitled to state-action immunity where the legislature had left "[t]he details of the inherently anticompetitive rate-setting process . . . to the agency's discretion"); v. , 471 U. S. 34, 42 (1985)

By contrast, "simple permission to play in a market" does not "foreseeably entail permission to roughhouse in that market unlawfully." v. , 647 F. 3d 1039, 1043 (CA10 2011). When a State grants some entity general power to act, whether it is a private corporation or a public entity like the Authority, it does so against the backdrop of federal antitrust law. See , 504 U. S., at 632. Of course, both private parties and local governmental entities conceivably may transgress antitrust requirements by exercising their general powers in anticompetitive ways. But a reasonable legislature's ability to anticipate that (potentially undesirable) possibility falls well short of clearly articulating an affirmative state policy to displace competition with a regulatory alternative.

Believing that this case falls within the scope of the foreseeability standard applied in and , the Court of Appeals stated that "[i]t defies imagination to suppose the [state] legislature could have believed that every geographic market in Georgia was so replete with hospitals that authorizing acquisitions by the authorities could have no serious anticompetitive consequences." 663 F. 3d, at 1377. Respondents echo this argument, noting that each of Georgia's 159 counties covers a small geographical area and that most of them are sparsely populated, with nearly three-quarters having fewer than 50,000 residents as of the 2010 Census. Brief for Respondents 46.

Even accepting, , the premise that facts about a market could make the anticompetitive use of general

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(describing v. , 439 U. S. 96 (1978), as a case where there was not an "express intent to displace the antitrust laws" but where the regulatory structure at issue restricting the establishment or relocation of automobile dealerships "inherently displaced unfettered business freedom" (internal quotation marks and brackets omitted)).

corporate powers "foreseeable," we reject the Court of Appeals' and respondents' conclusion because only a relatively small subset of the conduct permitted as a matter of state law by Ga. Code Ann. §31–7–75(4) has the potential to negatively affect competition. Contrary to the Court of Appeals' and respondents' characterization, §31–7–75(4) is not principally concerned with hospital authorities' ability to acquire multiple hospitals and consolidate their operations. Section 31–7–75(4) allows authorities to acquire "projects," which includes not only "hospitals," but also housing accommodationtt nursing homAtt rehabilitation iAtt and other public pewith ket for hospital services, the power to acquire hospitals still does not ordinarily produce anticompetitive effects. newly formed hospital authorities to acquire a hospital in the first instance—a transaction that was unlikely to raise any antitrust concerns even in small markets because the transfer of ownership from private to public hands does not increase market concentration. See 1A Areeda & Hovenkamp ¶224e(c), at 126 (4)p[S]ubstitution of one monopolist for another is not an antitrust violation"). While subsequent acquisitions by authorities have the potential to reduce competition, they will raise federal antitrust concerns only in markets that irtilarge enough to support more than one hospital but sufficiently small that the merger of competitors would lead to a significant increase in market concentration. This is too slender a reed to support the Court of Appeals' and respondents' inference.

IV

A

Taking a somAwhat different ipproach than the Court of Appeals, respondents insist that the Law should not be

operate after determining that doing so will promote the community's public health needs and that the lessee will not receive more than a reasonable rate of return on its investment, §31–7–75(7). Moreover, hospital authorities operate within a broader regulatory context in which Georgia requires any party seeking to establish or significantly expand certain medical facilities, including hospitals, to obtain a certificate of need from state regulators. See §31–6–40 .[9]

We have no doubt that Geor

restrictions should be read to reflect more modest aims. The legislature may have viewed profit generation as incompatible with its goal of providing care for the indigent sick. In addition, the legislature may have believed that some hospital authorities would operate in markets with characteristics of natural monopolies, in which case the legislature could not rely on competition to control prices. See v. , 428 U. S. 579, 595–596 (1976).

We recognize that Georgia, particularly through its certificate of need requirement, does limit competition in the market for hospital services in some respects. But regulation of an industry, and even the authorization of discrete forms of anticompetitive conduct pursuant to a regulatory structure, does not establish that the State has affirmatively contemplated other forms of anticompetitive conduct that are only tangentially related. Thus, in v. , 421 U. S. 773 (1975), we rejected a state-action defense to price-fixing claims where a state bar adopted a compulsory minimum fee schedule. Although the State heavily regulated the practice of law, we found no evidence that it had adopted a policy to displace price competition among lawyers. , at 788–792. And in , we concluded that a state commission's regulation of rates for electricity charged by a public utility did not confer state-action immunity for a claim that the utility's free distribution of light bulbs restrained trade in the light-bulb market. 428 U. S., at 596.

In this case, the fact that Georgia imposes limits on entry into the market for medical services, which apply to both hospital authorities and private corporations, does not clearly articulate a policy favoring the consolidation of existing hospitals that are engaged in active competition. Accord, v. , 938 F. 2d 1206, 1213, n. 13 (CA11 1991). As to the Authority's eminent domain power, it was not exercised here and we do not

find it relevant to the question whether the State authorized hospital authorities to consolidate market power through potentially anticompetitive acquisitions of existing hospitals.

B

Finally, respondents contend that to the extent there is any doubt about whether the clear-articulation test is satisfied in this context, federal courts should err on the side of recognizing immunity to avoid improper interference with state policy choices. See Brief for Respondents

decline to set such a trap for unwary state legislatures.

* * *

We hold that Georgia has not clearly articulated and affirmatively expressed a policy to allow hospital authorities to make acquisitions that substantially lessen competition. The judgment of the Court of Appeals is reversed, and the case is remanded for further proceedings consistent with this opinion.