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Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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Senate Bill 414 (Substitute S-1 as reported)  
Sponsor: Senator Michael J. Bouchard  
Committee: Financial Services

### **CONTENT**

The bill would amend the Business Corporation Act to make a number of revisions. Among other issues addressed, the bill would do all of the following:

- Allow shareholders of certain corporations to contract among themselves without restrictions under the Act. An agreement authorized under the bill would cease to be effective if shares of the corporation were listed on a national securities exchange or were regularly traded in a market maintained by one or more members of a national or affiliated securities association.
- Revise the Act's provisions limiting directors' liability.
- Specify procedures for other types of business organizations, such as a limited liability company (LLC) or limited partnership, to combine with a corporation.
- Specify methods by which a shareholder could authorize another person to act as proxy.
- Repeal a section of the Act commonly referred to as the "greenmail" provision, which prohibits a corporation from purchasing, directly or indirectly, any of its shares that are listed on a national securities exchange from any person who holds 3% or more of its shares, unless certain conditions apply.

MCL 450.1132 et al.

Legislative Analyst: P. Affholter

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Date Completed: 5-20-97

Fiscal Analyst: M. Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.