

Legislative Analysis



NONPROFIT CORPORATION AMENDMENTS

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5681 as enrolled

Public Act 222 of 2008

Sponsor: Rep. Steve Tobocman

House Committee: Commerce

Senate Committee: Economic Development and Regulatory Reform

Complete to 12-31-08

A SUMMARY OF HOUSE BILL 5681 AS ENROLLED

The bill would amend the Nonprofit Corporation Act (MCL 450.2105 et al.) in the following ways.

- The board of directors of a nonprofit corporation would need at least three directors. Currently, the act requires "one or more" directors. Under the bill, an existing corporation would need to have at least three directors beginning 180 days after the bill's effective date.
- A corporation that is a "charitable purpose corporation" could not provide loans to or guarantee an obligation of an officer or director of the corporation or a subsidiary, unless the officer or director is also a client of the corporation and the loan or guaranty is necessary to carry out the corporation's charitable purposes.
- A charitable purpose corporation that is dissolved because it failed to file required reports or pay required fees would have to provide notice of the dissolution to the attorney general within 60 days after the date of dissolution and could not dispose of any of its assets without written approval of the attorney general.
- The bill would provide a definition of the term "charitable purpose corporation." The term would refer to a nonprofit corporation that meets any of the following: (1) is exempt or qualifies for an exemption under Section 501(c)(3) of the federal Internal Revenue Code; (2) is a corporation whose purposes, structure, or activities are exclusively those described in Section 501(c)(3); or (3) is a corporation organized or held out to be organized exclusively for one or more charitable purposes.

FISCAL IMPACT:

The bill would have no apparent fiscal impact on the state or on local units of government.

Legislative Analyst: Chris Couch

Fiscal Analyst: Mark Wolf

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.