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BILL ANALYSIS

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Senate Bill 123 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator Alan Sanborn
Committee: Economic Development and Regulatory Reform

CONTENT

The bill would amend the Nonprofit Corporation Act to permit the use of electronic communication. The bill would do the following:

- Specify that, when a notice was required or permitted by the Act to be given in writing, electronic transmission would be written notice.
- Allow notice of meetings to be electronically transmitted.
- Allow a board of directors to conduct a meeting of shareholders or members solely by means of remote communication.
- Specify conditions under which a shareholder or member could participate in a meeting and vote by means of remote communication.
- Specify methods, including electronic transmission, by which a shareholder or member could grant authority to another person to act as his or her proxy.
- Allow a corporation's bylaws to permit voting by electronic transmission.
- Describe conditions under which shareholders and members could consent by electronic transmission to actions taken without a meeting.
- Allow a board or committee to consent by electronic transmission to action taken without a meeting.
- Allow a corporation to distribute its annual financial report by electronic transmission.

The bill would define "electronic transmission" or "electronically transmitted" as any form of communication that meets all of the following:

- It does not directly involve the physical transmission of paper.
- It creates a record that may be retained and retrieved by the recipient.
- It may be directly reproduced in paper form by the recipient through an automated process.

MCL 450.2106 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

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

Date Completed: 4-18-07

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