



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5681 (Substitute H-4 as reported without amendment)
Sponsor: Representative Steve Tobocman
House Committee: Commerce
Senate Committee: Economic Development and Regulatory Reform

CONTENT

The bill would amend the Nonprofit Corporation Act to do all of the following:

- Prohibit a "charitable purpose corporation" from providing loans or guarantees to an officer or director, unless he or she also was a client and the loan or guarantee was necessary to carry out the corporation's charitable purposes.
- Require a charitable purpose corporation that automatically dissolved because it neglected or failed to file annual reports or pay annual fees to notify the Attorney General of the dissolution within 60 days.
- Prohibit a charitable purpose corporation that automatically dissolved from disposing of its assets without the Attorney General's approval.

"Charitable purpose corporation" would mean a nonprofit corporation that is any of the following:

- Exempt or qualified for exemption under Section 501(c)(3) of the Internal Revenue Code.
- A corporation whose purposes, structure, or activities are exclusively those that are described in Section 501(c)(3).
- A corporation organized or held out to be organized exclusively for one or more charitable purposes.

In addition, the Act requires the board of directors of a nonprofit corporation to have one or more members. Under the bill, a nonprofit corporation's board would have to have at least three directors. Beginning 180 days after the bill's effective date, the board of a corporation that existed on that date would have to consist of three or more directors.

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: 6-12-08

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