



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bills 142 and 143
Sponsor: Senator Glenn D. Steil
Committee: Financial Services

Date Completed: 2-14-95

SUMMARY OF SENATE BILLS 142 and 143 as introduced 1-17-95:

Senate Bills 142 and 143 would amend the Nonprofit Corporation Act and the Business Corporation Act, respectively, to repeal requirements that corporations file an annual report and pay a filing fee. The bills also would repeal provisions that specify sanctions for failing to file a report or pay the filing fee or willfully making a false statement in a report. In addition, the bills would delete references to the annual report.

Currently, the Nonprofit Corporation Act requires that each domestic corporation and each foreign corporation authorized to conduct affairs in Michigan file a report with the administrator (the Director of the Department of Commerce) on or before October 1 of each year. The report must contain all of the following:

- The corporation's name.
- The name of the corporation's resident agent and address of its registered office in Michigan.
- The date of incorporation, term of corporate existence, if other than perpetual, and, if a foreign corporation, the date when authorized to conduct affairs in Michigan.
- The act under which the corporation is incorporated or reincorporated.
- The names and residence addresses of the corporation's officers and directors.
- The purpose of the corporation.
- The amount of the corporation's authorized capital stock, if any, and number of shares of each class authorized.
- The value of the property owned by the corporation at the time of the report's filing.
- The nature and kind of business in which the corporation has engaged during the year covered by the report.
- What, if any, distribution of funds has been made to any members or shareholders during the year covered by the report.
- A statement of the aggregate amount of any loans, advances, overdrafts, or withdrawals and repayments made to or by officers, directors, members, or shareholders of the corporation other than in the ordinary and usual course of business and on the ordinary and usual terms of payment and security.
- Other information as the administrator reasonably requires.

The Business Corporation Act currently requires that each domestic corporation and each foreign corporation file a report with the administrator no later than May 15 of each year. The report must contain all of the following:

- The corporation's name.
- The name of the corporation's resident agent and address of its registered office in Michigan.
- The date of incorporation, term of corporate existence, if other than perpetual; and, if a foreign corporation, the date when authorized to transact business in Michigan.
- The names and address of the corporation's president, secretary, treasurer, and directors.
- The general nature and kind of business in which the corporation is engaged.
- The total number of authorized shares.
- For each foreign corporation authorized to transact business in Michigan, the most recent percentage used in computing the tax required by the Single Business Tax Act.
- The nature and book value of the property owned and used by the corporation listed separately as to property within and outside of Michigan.
- A complete and detailed statement of the corporation's assets and liabilities as shown by its books, at the close of business on December 31 or upon the date of the close of its latest fiscal year.
- Other information as the administrator reasonably requires.

MCL 450.2131 et al. (S.B. 142)
450.1131 et al. (S.B. 143)

Legislative Analyst: P. Affholter

FISCAL IMPACT

This bill would reduce annual General Fund revenue by \$3,900,000.

Filing fees are collected from each corporate entity with its annual report. These fees provide funding for the administration of the program and revenue to the General Fund. Total fee collections from this source amounted to \$4,500,000 in FY 1993-94. Nonprofit corporations paid \$500,000 and the remaining \$4,000,000 was collected from for-profit entities.

Eleven individuals are involved in the processing of these documents. If it is suggested that the annual cost of administering these filing requirements is between \$600,000 and \$650,000, the remaining \$3,900,000 in non-earmarked revenue is credited to the General Fund each year.

Fiscal Analyst: K. Lindquist

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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.