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**SFA****BILL ANALYSIS**

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Senate Bill 495 (Substitute S-1 as reported by the Committee of the Whole)  
Sponsor: Senator Philip E. Hoffman  
Committee: Financial Services

## **CONTENT**

The bill would amend the Michigan BIDCO Act to allow licensure under the Act of a limited liability company (LLC). Currently, the Act provides that a Michigan corporation may apply to the Commissioner of the Financial Institutions Bureau for licensure as a BIDCO (or business and industrial development corporation). Under the bill, a Michigan corporation or a Michigan limited liability company could apply for licensure as a BIDCO (or business and industrial development company). The bill would change terminology throughout the Act that is specific to corporations so that the terms would apply to a corporation or an unincorporated company, such as an LLC. (For instance, the term "shareholders" would be replaced with "owners".)

In addition to current BIDCO licensure criteria, if an applicant were or would be an LLC, the applicant's operating agreement and business plan would have to be consistent with the objectives of promoting the applicant's stability and viability and could not impede the applicant's ability to retain any earnings or increases to fund balances and borrow funds to support the applicant's continued operations.

The Act provides that, upon approval of two-thirds of its board of directors and after complying with the Act's notice provisions, a BIDCO licensee may apply to the Commissioner to have the Commissioner accept the surrender of the BIDCO's license. Under the bill, that provision would apply only to a corporation that was a BIDCO licensee. If a BIDCO licensee that was an LLC dissolved and met the Act's notice requirements, it would have to apply to the Commissioner to surrender its BIDCO license. The bill specifies that a corporation BIDCO licensee could not dissolve and a limited liability company BIDCO licensee could not complete the winding up of its affairs until the Commissioner had accepted the surrender of the BIDCO's license.

MCL 487.1102 et al.

Legislative Analyst: P. Affholter

## **FISCAL IMPACT**

This bill would allow a BIDCO to reorganize as a limited liability company in accordance with the Michigan Limited Liability Company Act. There are currently nine licensed BIDCOs in Michigan that would be eligible for this type of reorganization. According to the Department of Consumer and Industry Services, Financial Institutions Bureau, this bill would have no fiscal impact on the State, as the revenue generated from the BIDCO licensing fees would be at a level to cover the administrative costs incurred by the Bureau.

Date Completed: 5-21-97

Fiscal Analyst: M. Tyszkiewicz

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