

Act No. 48
Public Acts of 1998
Approved by the Governor
March 27, 1998
Filed with the Secretary of State
March 30, 1998
EFFECTIVE DATE: March 30, 1998

STATE OF MICHIGAN
89TH LEGISLATURE
REGULAR SESSION OF 1998

Introduced by Senator Bouchard

ENROLLED SENATE BILL No. 775

AN ACT to amend 1962 PA 192, entitled "An act authorizing the creation of professional service corporations; providing definitions; providing exceptions; providing the manner and method of creating such corporations; providing for individual liability of officers, employees and agents of such corporations in certain instances; authorizing certain investments of corporate funds; regulating the issuance and transfer of capital stock; providing forfeiture of corporate franchise in certain instances; and requiring identification as a corporation," by amending sections 2, 8, and 10 (MCL 450.222, 450.228, and 450.230), sections 2 and 10 as amended by 1990 PA 166.

The People of the State of Michigan enact:

Sec. 2. As used in this act:

(a) "Licensed person" means an individual who is duly licensed or otherwise legally authorized to practice a professional service by a court, department, board, commission, an agency of this state or another jurisdiction, or any corporation all of whose shareholders are licensed persons.

(b) "Professional corporation" means a corporation that is organized under this act for the sole and specific purpose of rendering 1 or more professional services and has as its shareholders only licensed persons, the personal representatives or estates of individuals, or other persons as provided in section 10.

(c) "Professional service" means a type of personal service to the public that requires as a condition precedent to the rendering of the service the obtaining of a license or other legal authorization. Professional service includes, but is not limited to, services rendered by certified or other public accountants, chiropractors, dentists, optometrists, veterinarians, osteopaths, physicians and surgeons, doctors of medicine, doctors of dentistry, podiatrists, chiropodists, architects, professional engineers, land surveyors, and attorneys at law.

Sec. 8. A corporation organized under the provisions of this act may not issue any of its capital stock to anyone other than an individual who is duly licensed or otherwise legally authorized to render the same specific professional services as those for which the corporation was incorporated. The provisions of the uniform securities act, 1964 PA 265, MCL 451.501 to 451.818, shall not apply to the issuance or transfer by that corporation of securities issued by it. A shareholder of a corporation organized under this act shall not enter into a voting trust agreement or any other type agreement vesting another person with the authority to exercise the voting power of any or all of his or her stock, unless that other person is duly licensed or otherwise legally authorized to render the same specific professional services as those for which the corporation was incorporated or as otherwise provided in section 10.

Sec. 10. Shares of a corporation organized under this act shall not be sold or transferred except to an individual who is eligible to be a shareholder of the corporation or to the personal representative or estate of a deceased or legally incompetent shareholder or to a trust or split interest trust, in which the trustee and the current income beneficiary are both licensed persons in a professional corporation. The personal representative or estate of the shareholder may continue to own shares for a reasonable period but shall not be authorized to participate in any decisions concerning the rendering of professional service. The articles of incorporation or bylaws may provide specifically for additional restrictions on the transfer of shares and may provide for the redemption or purchase of the shares by the corporation or its shareholders at prices and in a manner specifically set forth.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate.

Mary R. Bell

Clerk of the House of Representatives.

Approved _____

Governor.