

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 1418 (as reported without amendment)
Sponsor: Senator Bill Bullard, Jr.
Committee: Financial Services

CONTENT

The bill would amend the Michigan Limited Liability Company Act to do the following:

- Allow a single-member limited liability company (LLC) to have an operating agreement.
- Allow a person to become a member of an LLC without contributing to the company.
- Provide that an LLC would be entitled to a certificate of good standing (subject to a \$10 fee) from the Department of Consumer and Industry Services (DCIS), unless the LLC failed to file its required annual statement for two consecutive years.
- Allow an LLC to obtain a certificate of restoration of good standing by filing its annual statements and unpaid fees, as well as a \$50 fee for the certificate.
- Provide that an LLC that was not entitled to a certificate of good standing could continue to transact business, although its name could be used by another entity.
- Provide for the electronic transmission and filing of documents, and allow the DCIS to charge a \$50 fee for documents filed or transmitted electronically.
- Specify the allocation of voting rights if a membership interest were held by two or more people.
- Specify that a husband and wife could hold a membership interest in joint tenancy in the same manner and subject to the same consequences and conditions that apply to the ownership of real estate held jointly by a husband and wife, with full right of survivorship.
- Provide that if an LLC failed to appoint or maintain a resident agent for service of process, service could be made by delivery or registered mail to the DCIS Director.
- Establish a period of limitations on an action for damages brought by a member of an LLC alleging that acts by the manager or members in control of the company were illegal or fraudulent conduct or constituted willfully unfair and oppressive conduct.

MCL 450.4102 et al.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would establish a \$50 fee for the issuance of a certificate of restoration of good standing. The fee for a certificate of good standing would be \$10, according to a fee schedule established for the Corporation Division. There are currently 110,000 LLCs. Revenue would increase by \$1.1 million if each received a certificate of good standing. This revenue is restricted and used to administer the regulatory responsibilities in this division.

Date Completed: 10-1-02

Fiscal Analyst: Maria Tyszkiewicz