

Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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Senate Bill 218 (as reported without amendment)  
Sponsor: Senator Jason E. Allen  
Committee: Commerce and Labor

**CONTENT**

The bill would amend the Business Corporation Act to do the following:

- Prohibit a corporation, if its board were divided into classes with staggered terms of office, from amending its articles of incorporation to reduce the term of a director, amend or repeal a provision dividing the board into classes, or change the number of directors, without the prior approval of a majority of the directors then serving, unless the corporation's articles provided otherwise.
- Specify that, for a corporation whose board was divided into classes, shareholders could remove directors only for cause, unless the articles allowed removal without cause. (Currently, shareholders may remove directors with or without cause, unless the articles allow removal only for cause, regardless of whether the board is divided into classes.)
- Provide that, if a corporation had publicly traded stock, a proposed amendment to its articles would have to be adopted by the board of directors.
- Allow the directors of a corporation (as well as the shareholders, as currently provided) to grant control shares acquired in a control share acquisition the same voting rights as the shares had before the control share acquisition.

MCL 450.1506 et al.

Legislative Analyst: Patrick Affholter

**FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Date Completed: 3-7-03

Fiscal Analyst: Maria Tyszkiewicz