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**BILL ANALYSIS**

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House Bill 5316 (as reported without amendment)  
Sponsor: Representative Lorence Wenke  
House Committee: Commerce  
Senate Committee: Economic Development, Small Business and Regulatory Reform

**CONTENT**

The bill would amend the Business Corporation Act to allow a corporation to be dissolved by a circuit court judgment upon proof that the shareholders were unable to agree by the requisite vote on material matters respecting management of the corporation's affairs, if the shareholders had entered into an agreement governing the exercise of corporate powers or the management of corporate business.

Under the Act, a corporation may be dissolved by a judgment entered in a circuit court action brought by one or more directors or shareholders. There must be proof that the directors, or its shareholders if a provision in the articles authorized by Section 463(1) is in effect, cannot agree by the requisite vote on material matters respecting management of the corporation's affairs, or the shareholders are so divided in voting power that they have failed to elect successors to any director whose term has expired or would have expired upon the election and qualification of his or her successor.

The bill would delete reference to a provision in the articles authorized by Section 463(1). (Under that section, which was repealed in 1997, a corporation's articles could restrict the board in its management of the business of the corporation, or delegate to shareholders or others, any part of the management otherwise within the board's authority.)

Under the bill, if an agreement among the shareholders authorized by Section 488 were in effect, the dissolution could be granted upon proof that the shareholders were unable to agree by the requisite vote on material matters respecting the management of the corporation's affairs. (Under Section 488, the shareholders of a corporation may enter into an agreement that may be inconsistent with the Act in particular ways, including eliminating the board of directors or restricting its powers, transferring to one or more shareholders or others all or part of the authority to exercise the corporate powers or to manage the business of the corporation, or otherwise governing the exercise of the corporate powers or the management of the business and affairs of the corporation.)

MCL 450.1823

Legislative Analyst: J.P. Finet

**FISCAL IMPACT**

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

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