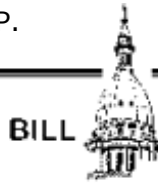




Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5317 (as passed by the House)
Sponsor: Representative Bill Huizenga
House Committee: Commerce
Senate Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 2-21-06

CONTENT

The bill would amend the Business Corporation Act to require that, unless otherwise provided, amendments to a corporation's articles of incorporation would have to be proposed by the board (as well as approved by the shareholders); and to allow a board to condition its submission of an amendment on any basis.

Under the Act, unless the articles of incorporation provide otherwise, the board of a corporation may adopt particular amendments to the corporation's articles without shareholder action (as described below). Other amendments of the articles of incorporation, except as otherwise provided in the Act, must be approved by the shareholders.

Under the bill, other amendments of the articles of incorporation, except as otherwise provided in the Act, would have to be proposed by the board and approved by the shareholders. The board could condition its submission of an amendment to the shareholders on any basis.

(Amendments to do any of the following may be adopted without shareholder action:

- Extend the duration of the corporation if it was incorporated at a time when limited duration was required by law.
- Delete the names and addresses of the initial directors.
- Delete the name and address of the initial resident agent or registered office, if a statement of change is on file with the administrator.
- Change each issued and unissued authorized share of an outstanding class into a greater number of whole shares if the corporation has only shares of that class outstanding.
- Change the corporate name by substituting an abbreviation in the name or by adding, deleting, or changing a geographical attribution for the name.
- Make any other change expressly permitted by the Act to be made without shareholder action.)

MCL 450.1611

Legislative Analyst: J.P. Finet

FISCAL IMPACT

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

Fiscal Analyst: Elizabeth Pratt
Maria Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.