



Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bills 5319 and 5320 (as passed by the House)
Sponsor: Representative Tonya Schuitmaker (H.B. 5319)
Representative Kevin Elsenheimer (H.B. 5320)
House Committee: Commerce
Senate Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 2-22-06

CONTENT

The bills would amend the Business Corporation Act to provide that a shareholder's abstention from a vote or submission of a ballot marked "abstain" would not be a vote cast, unless otherwise provided in the articles of incorporation.

The bills are tie-barred to each other.

House Bill 5319

Under the Act, if an action, other than the election of directors, is to be taken by vote of the shareholders, it must be authorized by a majority of the votes cast by the holders of shares entitled to vote on the action, unless a greater vote is required by the articles of incorporation or another section of the Act. Except as otherwise provided in the articles, directors must be elected by a plurality of the votes cast at an election.

Under the bill, unless otherwise provided in the articles of incorporation, abstaining from a vote or submitting a ballot marked "abstain" with respect to an action would not be a vote cast on that action.

House Bill 5320

Under the Act, if voting as a class or series is required to authorize an action, the action must be authorized by a majority of the votes cast by the holders of shares of each class or series entitled to vote on the action, unless a greater vote is required by the articles of incorporation or the Act.

Under the bill, unless otherwise provided in the articles of incorporation, abstaining from a vote or submitting a ballot marked "abstain" with respect to an action that required authorization by a vote of a class or series would not be a vote cast on that action.

MCL 450.1441 (H.B. 5319)
450.1442 (H.B. 5320)

Legislative Analyst: J.P. Finet

FISCAL IMPACT

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

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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.