

SUBSTITUTE FOR
SENATE BILL NO. 298

A bill to amend 1972 PA 284, entitled
"Business corporation act,"
by amending section 1062 (MCL 450.2062), as amended by 1997 PA 118.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1062. (1) A domestic corporation or cooperative
2 association, organized for profit, and a domestic regulated
3 investment company, at the time of filing its articles of
4 incorporation, shall pay to the administrator, as an initial
5 organization fee and as an initial admission fee, a sum equal to
6 \$50.00 for the first 60,000 authorized shares and, **EXCEPT AS**
7 **PROVIDED IN SUBSECTIONS (5) AND (6)**, \$30.00 for each additional
8 20,000 authorized shares or portion of 20,000 authorized shares, up

1 to a maximum fee of \$5,000.00 for the first 10,000,000 authorized
2 shares. The fee is \$30.00 for each 20,000 authorized shares or
3 portion of 20,000 authorized shares in excess of 10,000,000 shares
4 up to a maximum of \$200,000.00 for the filing.

5 (2) The initial admission franchise fee of a foreign
6 corporation for profit and foreign regulated investment company
7 applying for admission to do business in this state is \$50.00 and
8 60,000 shares are considered initially attributable to this state
9 at the time of admission.

10 (3) ~~Every~~ **EXCEPT AS PROVIDED IN SUBSECTIONS (5) AND (6),**
11 **EVERY** corporation incorporated under the laws of this state that
12 increases its authorized shares, at the time of filing its
13 amendment to the articles of incorporation, shall pay an additional
14 organization fee of \$30.00 for each increase of 20,000 authorized
15 shares or portion of 20,000 authorized shares. The maximum
16 additional fee on the increase shall not exceed \$5,000.00 if the
17 corporation's total authorized shares after the increase is
18 10,000,000 shares or fewer. The corporation shall pay an additional
19 fee of \$30.00 for each 20,000 additional shares or portion of
20 20,000 additional shares to the extent that the total authorized
21 shares after the increase exceeds 10,000,000 shares up to a maximum
22 of \$200,000.00 for each filing.

23 (4) ~~A~~ **EXCEPT AS PROVIDED IN SUBSECTIONS (5) AND (6), A**
24 foreign corporation authorized to transact business in this state
25 that increases the number of authorized shares attributable to this
26 state shall file an amended application in accordance with section
27 1021 and shall pay an additional admission franchise fee of \$30.00

1 for each increase of 20,000 authorized shares or portion of 20,000
2 authorized shares attributable to this state. The maximum
3 additional fee shall not exceed \$5,000.00 if the corporation's
4 total authorized shares attributable to this state after the
5 increase is 10,000,000 shares or fewer. The corporation shall pay
6 an additional fee of \$30.00 for each 20,000 additional shares or
7 portion of 20,000 additional shares to the extent that the total
8 authorized shares attributable to this state after the increase
9 exceeds 10,000,000 shares up to a maximum of \$200,000.00 for each
10 filing.

11 (5) A CORPORATION THAT IS A QUALIFIED HIGH-TECHNOLOGY BUSINESS
12 MAY APPLY TO THE DEPARTMENT FOR CERTIFICATION THAT IT IS EXEMPT
13 FROM THE FEES UNDER SUBSECTIONS (1), (3), (4), AND (11) FOR
14 ADDITIONAL AUTHORIZED SHARES. THE CERTIFICATION UNDER THIS SECTION
15 MUST BE ISSUED ANNUALLY AND SEPARATELY FOR EACH TAX YEAR IN WHICH
16 THE EXEMPTION IS CLAIMED. IF THE DEPARTMENT APPROVES THE
17 APPLICATION AND ISSUES A CERTIFICATION TO THE CORPORATION, THE
18 CORPORATION IS EXEMPT FROM THE FEES UNDER SUBSECTIONS (1), (3),
19 (4), AND (11) FOR ADDITIONAL AUTHORIZED SHARES FOR EITHER OF THE
20 FOLLOWING PERIODS OF TIME FOR WHICH A CERTIFICATE IS ISSUED,
21 WHICHEVER OCCURS FIRST:

22 (A) THE 8 CONSECUTIVE TAX YEARS, INCLUDING THE TAX YEAR IN
23 WHICH THE CORPORATION FILES ITS ARTICLES OF INCORPORATION,
24 FOLLOWING THE TAX YEAR IN WHICH THE CORPORATION FILES ITS ARTICLES
25 OF INCORPORATION.

26 (B) THE TAX YEARS INCLUDING AND FOLLOWING THE TAX YEAR IN
27 WHICH THE CORPORATION FILES ITS ARTICLES OF INCORPORATION, IN WHICH

1 THE CORPORATION HAS LESS THAN \$10,000,000.00 IN GROSS REVENUES.

2 (6) FOR THE FIRST TAX YEAR IN WHICH A CORPORATION THAT WAS
3 EXEMPT UNDER SUBSECTION (5) DOES NOT QUALIFY FOR EXEMPTION UNDER
4 SUBSECTION (5) AND FOR EACH SUBSEQUENT TAX YEAR, THE CORPORATION
5 SHALL PAY THE FEES UNDER SUBSECTION (1), (3), (4), OR (11) FOR ANY
6 ADDITIONAL SHARES AUTHORIZED AFTER THE TERMINATION OF THE
7 EXEMPTION.

8 (7) ~~—(5)—~~ The number of authorized shares attributable to this
9 state shall be determined by multiplying the total number of
10 authorized shares by the most recent apportionment percentage used
11 in the computation of the tax required by the single business tax
12 act, 1975 PA 228, MCL 208.1 to 208.145. If the business activities
13 are confined solely to this state, the total number of authorized
14 shares are considered attributable to this state.

15 (8) ~~—(6)—~~ The administrator is authorized to require the
16 corporation to furnish detailed and exact information relating to
17 the determination of fees before making a final determination of
18 the organization or admission franchise fee to be paid by the
19 corporation.

20 (9) ~~—(7)—~~ As used in this section: ~~—, "corporation"~~

21 (A) **"CORPORATION"** includes partnership associations limited,
22 cooperative associations, joint associations having any of the
23 powers of corporations, and common law trusts created by a statute
24 of this state, another state, or a country exercising common law
25 powers in the nature of corporations, whether domestic or foreign,
26 in addition to other corporations as are referred to in this act.

27 (B) **"QUALIFIED HIGH-TECHNOLOGY BUSINESS"** MEANS THAT TERM AS

1 **DEFINED IN THE MICHIGAN ECONOMIC GROWTH AUTHORITY ACT, 1995 PA 24,**
2 **MCL 207.801 TO 207.810.**

3 (10) ~~—(8)—~~ If the capital of a corporation is not divided into
4 shares, the fee for purposes of this section is determined as if
5 the corporation had 60,000 shares.

6 (11) ~~—(9)— If~~ **EXCEPT AS PROVIDED IN SUBSECTIONS (5) AND (6),**
7 **IF** a foreign corporation authorized to transact business in this
8 state merges into a domestic corporation or consolidates with 1 or
9 more corporations into a domestic corporation by complying with
10 this act, the resulting domestic corporation shall pay franchise
11 fees for any increase in authorized shares or for any authorized
12 shares as provided in this section, less the amount that the
13 merging or consolidating foreign corporation previously paid to
14 this state under this section as an initial or additional admission
15 franchise fee.

16 Enacting section 1. This amendatory act takes effect January
17 1, 2005.