

SENATE BILL No. 298

March 10, 2005, Introduced by Senators KUIPERS, BISHOP, GEORGE, STAMAS,
GARCIA, CROPSEY, JELINEK, GOSCHKA and SANBORN and referred to the
Committee on Economic Development, Small Business and Regulatory Reform.

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
9 to a maximum fee of \$5,000.00 for the first 10,000,000 authorized

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

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

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

22 (4) ~~A~~ **EXCEPT AS PROVIDED IN SUBSECTIONS (5) AND (6), A**
23 foreign corporation authorized to transact business in this state
24 that increases the number of authorized shares attributable to this
25 state shall file an amended application in accordance with section
26 1021 and shall pay an additional admission franchise fee of \$30.00
27 for each increase of 20,000 authorized shares or portion of 20,000

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

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

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

24 (B) THE TAX YEARS INCLUDING AND FOLLOWING THE TAX YEAR IN
25 WHICH THE CORPORATION FILES ITS ARTICLES OF INCORPORATION, IN WHICH
26 THE CORPORATION HAS LESS THAN \$10,000,000.00 IN GROSS REVENUES.

27 (6) FOR THE FIRST TAX YEAR IN WHICH A CORPORATION THAT WAS

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

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

12 (8) ~~—(6)—~~ The administrator is authorized to require the
13 corporation to furnish detailed and exact information relating to
14 the determination of fees before making a final determination of
15 the organization or admission franchise fee to be paid by the
16 corporation.

17 (9) ~~—(7)—~~ As used in this section: ~~—, "corporation"~~

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

24 (B) "QUALIFIED HIGH-TECHNOLOGY BUSINESS" MEANS THAT TERM AS
25 DEFINED IN THE MICHIGAN ECONOMIC GROWTH AUTHORITY ACT, 1995 PA 24,
26 MCL 207.801 TO 207.810.

27 (10) ~~—(8)—~~ If the capital of a corporation is not divided into

1 shares, the fee for purposes of this section is determined as if
2 the corporation had 60,000 shares.

3 (11) ~~—(9)— If~~ **EXCEPT AS PROVIDED IN SUBSECTIONS (5) AND (6),**
4 **IF** a foreign corporation authorized to transact business in this
5 state merges into a domestic corporation or consolidates with 1 or
6 more corporations into a domestic corporation by complying with
7 this act, the resulting domestic corporation shall pay franchise
8 fees for any increase in authorized shares or for any authorized
9 shares as provided in this section, less the amount that the
10 merging or consolidating foreign corporation previously paid to
11 this state under this section as an initial or additional admission
12 franchise fee.

13 Enacting section 1. This amendatory act takes effect January
14 1, 2005.