

# SENATE BILL No. 1285

May 25, 2006, Introduced by Senators STAMAS, KUIPERS, CROPSEY, GARCIA, GOSCHKA, BARCIA, ALLEN and BROWN and referred to the Committee on Education.

A bill to amend 1931 PA 327, entitled

"An act to provide for the organization, regulation and classification of corporations; to provide their rights, powers and immunities; to prescribe the conditions on which corporations may exercise their powers; to provide for the inclusion of certain existing corporations within the provisions of this act; to prescribe the terms and conditions upon which foreign corporations may be admitted to do business within this state; to require certain annual reports to be filed by corporations; to prescribe penalties for the violations of the provisions of this act; and to repeal certain acts and parts of acts relating to corporations,"

by amending sections 171 and 176 (MCL 450.171 and 450.176) and by adding section 177a.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 171. (1) For the purposes of this act, educational  
2 corporations ~~shall be~~ **ARE** classified as ~~follows~~ **1 OF THE**  
3 **FOLLOWING:**

1           (A) ~~-(w) These~~ **CLASS W: THOSE** having a capital of not less  
2 than \$500,000.00. ~~→~~

3           (B) ~~-(x) These~~ **CLASS X: THOSE** having a capital of not less  
4 than \$100,000.00 ~~→~~ and less than \$500,000.00. ~~→~~

5           (C) ~~-(y) These~~ **CLASS Y: THOSE** having a capital of  
6 \$1,000,000.00 or more. ~~→~~

7           (D) ~~-(z) These~~ **CLASS Z: THOSE** instituted and maintained by  
8 ~~any~~ **AN** ecclesiastical or religious order, society, corporation, or  
9 corporations ~~→, retaining~~ **THAT RETAIN** control of ~~such~~ **THE**  
10 institution for denominational purposes.

11           (2) Every educational corporation, before being authorized to  
12 file its articles, ~~shall be~~ **IS** required to present a statement to  
13 the ~~Michigan corporation and securities commission~~ **DEPARTMENT OF**  
14 **LABOR AND ECONOMIC GROWTH** in writing from the state board of  
15 education that ~~-(1) the~~ **CONFIRMS ALL OF THE FOLLOWING:**

16           (A) **THE** housing space and administration facilities ~~which~~  
17 **THAT** it possesses or proposes to provide for its declared field or  
18 fields of education are adequate. ~~→, (2) its~~

19           (B) **ITS** proposed educational program leading to the diplomas  
20 or degrees ~~which~~ **THAT** it proposes to offer is adequate. ~~→, (3)~~  
21 ~~its~~

22           (C) **THE** laboratory, library, and other teaching facilities  
23 ~~which~~ **THAT** it possesses or proposes to provide are adequate. ~~→~~  
24 ~~(4) it~~

25           (D) **IT** has or proposes to employ an adequate staff, fully  
26 trained, for the instruction proposed. ~~→, and (5) at~~

27           (E) **AT** least 50% of its capital, whether **CONSISTING** of stock

1 or in gifts, devises, legacies, bequests or other contributions of  
 2 money or property, has been paid in or ~~reduced to~~ **IS IN ITS**  
 3 possession.

4 (3) In determining whether any educational corporation  
 5 satisfies **THE** conditions specified in ~~classes (w), (x), (y) and~~  
 6 ~~(z) of this section~~ **SUBSECTION (1)**, the state board of education  
 7 may treat as a credit to the capital of ~~such~~ **THE** corporation the  
 8 guaranteed annual income of that corporation to the extent that it  
 9 ~~deems such~~ **CONSIDERS THAT** guaranteed income the equivalent of all  
 10 or any part of the required endowment.

11 (4) ~~The~~ **EXCEPT AS PROVIDED IN SECTION 177A CONCERNING**  
 12 **RELIGIOUS COLLEGES, THE** use of the word "college" or "university"  
 13 in the name of any group, organization, or association ~~hereafter~~  
 14 formed in this state **AFTER SEPTEMBER 18, 1931** is limited to those  
 15 educational corporations complying with the requirements for class  
 16 ~~(w) W~~ or class ~~(y) Y~~ educational corporations or to ~~such~~ **ANY**  
 17 educational corporations of class ~~(z) as shall~~ **Z THAT** satisfy the  
 18 requirements ~~set up~~ **ESTABLISHED** for class ~~(y) Y~~ corporations.  
 19 ~~Provided, however, That the~~ **THE** words "junior college" may be  
 20 used by educational corporations of class ~~(x)~~. ~~Whenever~~ **X. IF**  
 21 this provision is violated, it ~~shall be~~ **IS** the duty of the  
 22 prosecuting attorney, in the county where the ~~organization~~  
 23 **EDUCATIONAL CORPORATION** is located, to bring proceedings to enjoin  
 24 the further use of ~~such~~ **A** name in violation of this ~~act~~  
 25 **SUBSECTION.**

26 (5) ~~No~~ **AN** educational corporation ~~shall be~~ **IS NOT**  
 27 permitted to expand its program beyond that specified in its

1 articles of incorporation until it has presented to the ~~Michigan~~  
 2 ~~corporation and securities commission~~ **DEPARTMENT OF LABOR AND**  
 3 **ECONOMIC GROWTH** a statement in writing from the state board of  
 4 education approving the facilities, equipment, and staff or the  
 5 proposed facilities, equipment, and staff as adequate for the  
 6 offering of the additional educational program.

7       Sec. 176. ~~Same, privileges of holders of diplomas, or~~  
 8 ~~certificates. Every~~ **A** diploma, certificate of graduation, or other  
 9 evidence of attendance at ~~such institution, shall entitle~~ **AN**  
 10 **EDUCATIONAL CORPORATION OR A RELIGIOUS COLLEGE DESCRIBED IN SECTION**  
 11 **177A ENTITLES** the lawful recipient ~~thereof~~ to all the privileges  
 12 and immunities ~~which~~ **THAT** by custom or usage are allowed to  
 13 holders of similar diplomas or certificates granted by similar  
 14 institutions in this country. ~~Provided, That as to any~~ **HOWEVER,**  
 15 **IF AN** occupation or profession **IS** regulated by statute as to the  
 16 requirements and qualifications necessary to the practice ~~thereof,~~  
 17 ~~no such~~ **OF THAT OCCUPATION OR PROFESSION, THE** diploma or  
 18 certificate of graduation ~~shall~~ **DOES NOT** entitle the recipient to  
 19 any ~~such~~ privilege or immunity ~~where such~~ **IF THOSE** statutory  
 20 requirements or qualifications ~~have not been~~ **ARE NOT** complied  
 21 with.

22       **SEC. 177A. (1) A CHURCH TRUSTEE CORPORATION OR ECCLESIASTICAL**  
 23 **CORPORATION MAY ORGANIZE AND OPERATE A POSTSECONDARY RELIGIOUS**  
 24 **COLLEGE. A RELIGIOUS COLLEGE ORGANIZED AND OPERATED UNDER THIS**  
 25 **SECTION MUST MEET ALL OF THE FOLLOWING CRITERIA:**

26       **(A) THE RELIGIOUS COLLEGE IS ORGANIZED AND OPERATED BY THE**  
 27 **CHURCH TRUSTEE CORPORATION OR ECCLESIASTICAL CORPORATION AS AN**

1 UNINCORPORATED PROGRAM OF THE CHURCH TRUSTEE CORPORATION OR  
2 ECCLESIASTICAL CORPORATION.

3 (B) THE CHURCH TRUSTEE CORPORATION OR ECCLESIASTICAL  
4 CORPORATION RETAINS CONTROL OF THE RELIGIOUS COLLEGE FOR  
5 DENOMINATIONAL PURPOSES.

6 (C) THE EDUCATIONAL PROGRAMS OF THE RELIGIOUS COLLEGE ARE  
7 PRIMARILY DESIGNED FOR, DIRECTED TOWARD, AND ATTENDED BY STUDENTS  
8 WHO SEEK TO LEARN THE PARTICULAR RELIGIOUS FAITH OR BELIEFS OF THE  
9 CHURCH TRUSTEE CORPORATION OR ECCLESIASTICAL CORPORATION.

10 (D) THE PURPOSE OF THE EDUCATIONAL PROGRAMS OF THE RELIGIOUS  
11 COLLEGE IS TO PREPARE STUDENTS TO ASSUME LEADERSHIP POSITIONS IN,  
12 OR ENTER INTO SOME OTHER VOCATION CLOSELY RELATED TO, THE  
13 PARTICULAR FAITH OF THE CHURCH TRUSTEE CORPORATION OR  
14 ECCLESIASTICAL CORPORATION.

15 (2) A CHURCH TRUSTEE CORPORATION OR ECCLESIASTICAL CORPORATION  
16 MAY USE THE WORD "COLLEGE" IN THE NAME OF THE RELIGIOUS COLLEGE.  
17 THE CHURCH TRUSTEE CORPORATION OR ECCLESIASTICAL CORPORATION MAY  
18 FILE A CERTIFICATE OF ASSUMED NAME FOR THE NAME OF THE RELIGIOUS  
19 COLLEGE WITH THE DEPARTMENT OF LABOR AND ECONOMIC GROWTH.

20 (3) A RELIGIOUS COLLEGE THAT PROVIDES ITS STUDENTS WITH  
21 COLLEGE-LEVEL EDUCATIONAL PROGRAMS OF SIMILAR DURATION TO THE  
22 ASSOCIATE OR BACHELOR'S DEGREE PROGRAMS OFFERED BY OTHER COLLEGES  
23 OR UNIVERSITIES IN THIS STATE MAY AWARD AN ASSOCIATE OR BACHELOR'S  
24 DEGREE TO A STUDENT WHO SUCCESSFULLY COMPLETES HIS OR HER  
25 EDUCATIONAL PROGRAM. HOWEVER, THE RELIGIOUS COLLEGE SHALL STATE THE  
26 RELIGIOUS NATURE OF THE DEGREE ON THE STUDENT'S DIPLOMA OR  
27 CERTIFICATE OF GRADUATION.

1           (4) A CHURCH TRUSTEE CORPORATION OR ECCLESIASTICAL CORPORATION  
2 IS NOT REQUIRED TO OBTAIN THE APPROVAL OF OR A LICENSE FROM THE  
3 DEPARTMENT OF LABOR AND ECONOMIC GROWTH TO OPERATE A RELIGIOUS  
4 COLLEGE UNDER THIS SECTION IN THIS STATE AND THE OPERATION OF THE  
5 RELIGIOUS COLLEGE AND ITS EDUCATIONAL PROGRAMS IS NOT SUBJECT TO  
6 THE SUPERVISION OF THAT DEPARTMENT. A CHURCH TRUSTEE CORPORATION OR  
7 ECCLESIASTICAL CORPORATION ORGANIZING OR OPERATING A RELIGIOUS  
8 COLLEGE SHALL SUBMIT A SWORN CERTIFICATION TO THE DEPARTMENT OF  
9 LABOR AND ECONOMIC GROWTH THAT CERTIFIES THAT THE RELIGIOUS COLLEGE  
10 COMPLIES WITH THE REQUIREMENTS OF THIS SECTION.