

# Legislative Analysis



## PROVIDE FOR SUMMER RESORT ASSOCIATION TO BECOME NONPROFIT

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 5508 as introduced**  
**House Bill 5509 as introduced**  
**Sponsor: Rep. Larry C. Inman**  
**Committee: Commerce and Trade**  
**Complete to 3-5-18**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

**House Bill 5508** would amend Public Act 230 of 1897, one of the acts that allows for the incorporation of summer resort associations, to allow an association formed under the act to convert into a domestic nonprofit corporation, as long as the association meets the conversion requirements applicable to business organizations under the Nonprofit Corporation Act.

Proposed MCL 455.19

**House Bill 5509** would amend the Nonprofit Corporation Act to add a summer resort association formed under Public Act 230 of 1897 to the list of *corporations* to which the Nonprofit Corporation Act applies. The summer resort association would have to adopt bylaws consistent with the act's requirements. Currently there are eight types of corporations which generally fall under the provisions of the act, to the extent not inconsistent with the statute under which the corporation was formed.

*Corporation* is defined in the Nonprofit Corporation Act as a nonprofit corporation that is formed under the act or that is formed under any other Michigan statute and subject to the act under particular sections.

MCL 450.2123

The bills are tie-barred to one another, meaning that neither could take effect unless both were enacted into law. The bills would each take effect 90 days after being enacted.

### FISCAL IMPACT:

House Bills 5508 and 5509 could result in minimal revenue increase for the Department of Licensing and Regulatory Affairs. If summer resort associations were to convert to nonprofit corporations, as allowed under these bills, they would be required to file an annual report with the department's Corporation, Securities and Commercial Licensing Bureau. A \$20 fee is assessed with the filing of annual reports and is deposited to the Corporation Fees Fund, a restricted fund that supports departmental activities. The department indicated that, as of October 2017, there are 68 entities incorporated under 1897 PA 230 that would be eligible to convert to nonprofit corporations under these bills.

Therefore, if all of those entities were to convert to nonprofit associations, the maximum amount of additional revenue that the department would expect to receive under these bills would be \$1,360 annually.

Legislative Analyst: Patrick Morris  
Fiscal Analyst: Marcus Coffin

---

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.