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BILL ANALYSIS



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Senate Bill 333 (as introduced 4-26-17)
Sponsor: Senator Rick Jones
Committee: Judiciary

Date Completed: 5-1-17

CONTENT

The bill would amend the Revised Judicature Act to do the following:

- Specify that a business court would have jurisdiction over business and commercial disputes in which equitable or declaratory relief was sought or in which the matter otherwise met circuit court jurisdictional requirements.**
- Modify the definition of "business and commercial dispute".**

Currently, a business court has jurisdiction over business and commercial disputes in which the amount in controversy exceeds \$25,000. Under the bill, a business court would have jurisdiction over business and commercial disputes in which equitable or declaratory relief was sought or in which the matter otherwise met circuit court jurisdictional requirements.

"Business or commercial dispute" means any of the following: a) an action in which all of the parties are business enterprises; b) an action in which one or more of the parties is a business enterprise and the other parties are its or their present or former owners, managers, shareholders, members, directors, officers, agents, employees, suppliers, or competitors, and the claims arise out of those relationships; c) an action in which one of the parties is a nonprofit organization, and the claims arise out of that party's organizational structure, governance, or finances; or d) an action involving the sale, merger, purchase, combination, dissolution, liquidation, organizational structure, governance, or finances of a business enterprise.

Under the bill, "business or commercial dispute" would mean any of the following: a) an action in which all of the parties are business enterprises, unless the only claims asserted are expressly excluded under the Act; b) an action in which one or more of the parties is a business enterprise and the other parties are its or their present or former owners, managers, shareholders, members of a limited liability company or similar business organization, directors, officers, agents, employees, suppliers, guarantors of a commercial loan, or competitors, and the claims arise out of those relationships; or c) an action in which one of the parties is a nonprofit organization, and the claims arise out of that party's organizational structure, governance, or finances.

Business or commercial disputes include a variety of types of actions, including those arising out of commercial transactions, or involving commercial real property or the internal organization of business entities. Under the bill, business or commercial disputes also would include actions involving the sale, merger, purchase, combination, dissolution, liquidation, organizational structure, governance, or finances of a business enterprise.

Notwithstanding the above, business or commercial disputes expressly exclude certain actions, including proceedings to enforce judgments of any kind. Under the bill, this would include supplementary hearings. The Act also excludes from business or commercial disputes land contracts or mortgage foreclosure matters involving residential property. Under the bill, this exclusion would extend to construction and condominium lien foreclosure matters. In addition, business or commercial disputes do not include actions related to motor vehicle insurance coverage under the Insurance Code, except where two or more parties to the action are insurers. The bill would remove that exception.

The bill would apply to actions commenced on or after its effective date.

MCL 600.8031 & 600.8035

Legislative Analyst: Jeff Mann

FISCAL IMPACT

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

Fiscal Analyst: Ryan Bergan

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