

Act No. 152
Public Acts of 2021
Approved by the Governor
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**STATE OF MICHIGAN
101ST LEGISLATURE
REGULAR SESSION OF 2021**

Introduced by Reps. Hornberger, Tate, Posthumus, Meerman, Manoogian, Breen, Tyrone Carter,
Bolden, Rogers, Sowerby, Lasinski, Cavanagh, Scott and Stone

ENROLLED HOUSE BILL No. 5448

AN ACT 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 section 171 (MCL 450.171), as amended by 2006 PA 420.

The People of the State of Michigan enact:

Sec. 171. (1) For the purposes of this act, educational corporations are classified as 1 of the following:

- (a) Class w: those having a capital of not less than \$500,000.00.
- (b) Class x: those having a capital of not less than \$100,000.00 and less than \$500,000.00.
- (c) Class y: those having a capital of \$1,000,000.00 or more.

(d) Class z: those instituted and maintained by an ecclesiastical or religious order, society, corporation, or corporations that retain control of the institution for denominational purposes.

(2) For purposes of this act, educational corporation does not include a religious college described in section 184a.

(3) When submitting its articles of incorporation for filing with the department of licensing and regulatory affairs, an educational corporation conducting an elementary or secondary instructional program must include a written statement from the state board of education with the articles of incorporation and an educational corporation conducting a postsecondary educational program must include a written statement from the postsecondary schools unit within the department of labor and economic opportunity with the articles of incorporation. A written statement submitted with the articles of incorporation of an educational institution under this subsection must confirm all of the following concerning the educational corporation:

- (a) The housing space and administration facilities that it possesses or proposes to provide for its declared field or fields of education are adequate.
- (b) Its proposed educational program leading to the diplomas or degrees that it proposes to offer is adequate.
- (c) The laboratory, library, and other teaching facilities that it possesses or proposes to provide are adequate.
- (d) It has or proposes to employ an adequate staff, fully trained, for the instruction proposed.

(e) At least 50% of its capital, whether consisting of stock or in gifts, devises, legacies, bequests, or other contributions of money or property, has been paid in or is in its possession.

(4) In determining whether any educational corporation satisfies the conditions specified in subsection (1), the department of labor and economic opportunity may treat as a credit to the capital of the corporation the guaranteed annual income of that corporation to the extent that it considers that guaranteed income the equivalent of all or any part of the required endowment.

(5) The use of the word “college” or “university” in the name of any group, organization, or association formed in this state after September 18, 1931 is limited to those educational corporations complying with the requirements for class w or class y educational corporations or to any educational corporations of class z that satisfy the requirements established for class y corporations. The word “college” may be used by ecclesiastical corporations in the name of religious colleges complying with the requirements of section 184a. The words “junior college” may be used by educational corporations of class x. If this subsection is violated, it is the duty of the prosecuting attorney, in the county where the educational corporation is located, to bring proceedings to enjoin the further use of a name in violation of this subsection.

(6) An educational corporation shall not expand its program beyond that specified in its articles of incorporation until it obtains a written statement approving the facilities, equipment, and staff or the proposed facilities, equipment, and staff as adequate for the offering of the additional educational program and submits it to the department of labor and economic opportunity. The educational corporation shall obtain the written statement described in this subsection from the state board of education if it is conducting an elementary or secondary instructional program or from the postsecondary schools unit within the department of labor and economic opportunity if it is conducting a postsecondary educational program.

(7) A private college may apply to the department of labor and economic opportunity to reopen an educational corporation that ceased operations if both of the following apply:

(a) The private college is located in a city with a population of 500,000 or more.

(b) Before ceasing operations, the educational corporation to be reopened was designated by the United States Department of Education as a historically black college.

(8) An application under subsection (7) must include all of the following:

(a) An attestation from an officer of the educational corporation to be reopened that the educational corporation to be reopened has capital of not less than \$500,000.00.

(b) A list of the proposed field or fields of study to be offered by the educational corporation to be reopened.

(c) An attestation from the private college that includes both of the following:

(i) That the educational corporation to be reopened will be managed and operated by the private college in accordance with an operating agreement between the private college and the educational corporation to be reopened or as an affiliate or subsidiary of the private college.

(ii) That the proposed facilities, equipment, and staff of the educational corporation to be reopened are adequate for the educational corporation’s proposed field or fields of study.

(9) In determining whether the educational corporation to be reopened meets the requirements under this section, the department of labor and economic opportunity may consider the proposed facilities, equipment, and staff of the educational corporation to be reopened that are provided by the private college under the private college’s affiliation or operating agreement with the educational corporation to be reopened.

(10) Not more than 30 days after receipt of the information required in an application to reopen an educational corporation that ceased operations under subsection (8), the department of labor and economic opportunity shall approve the educational corporation to be reopened to conduct business in this state for the purpose of operating as a private postsecondary educational institution, including offering bachelor’s and associate’s degree programs and certificate and diploma programs.

(11) An officer who signs the attestation described in subsection (8)(a) on behalf of the educational corporation to be reopened must be elected as an officer of the educational corporation before August 4, 2021, by at least 1 member of the board of the educational corporation who was a board member at the time the educational corporation ceased operating.

(12) An educational corporation that received approval under subsection (10) is considered by this state as this state’s first historically black college or university.

(13) As used in this section:

(a) “Educational corporation to be reopened” means an educational corporation for which an application under subsection (7) was submitted.

(b) “Historically black college or university” means a college or university that is a part B institution as that term is defined under 20 USC 1061.

(c) "Private college" means a class y educational corporation authorized by the department of labor and economic opportunity to offer degrees.

Enacting section 1. This amendatory act does not take effect unless House Bill No. 5447 of the 101st Legislature is enacted into law.



Clerk of the House of Representatives



Secretary of the Senate

Approved _____

Governor

Compiler's note: House Bill No. 5447, referred to in enacting section 1, was filed with the Secretary of State December 27, 2021, and became 2021 PA 151, Eff. Mar. 30, 2022.