

MICHIGAN LIMITED LIABILITY COMPANY ACT (EXCERPT)

Act 23 of 1993

ARTICLE 9

450.4901 Limited liability company; rendering professional services; applicability of article.

Sec. 901. (1) A limited liability company formed to render 1 or more professional services, as defined in section 902 may be organized under this article as a professional limited liability company.

(2) A limited liability company formed as a professional limited liability company and its members and managers are subject to this article and this act. This article takes precedence over any other provision of this act in the event of conflict.

History: 1993, Act 23, Eff. June 1, 1993;—Am. 1997, Act 52, Imd. Eff. July 1, 1997.

450.4902 Definitions.

Sec. 902. As used in this article:

(a) "Licensed person" means an individual who is licensed or otherwise legally authorized to practice a professional service by a court, department, board, commission, or an agency of this state or another jurisdiction, any corporation or professional services corporation all of whose shareholders are licensed persons, any partnership all of whose partners are licensed persons, or any limited liability company all of whose members and managers are licensed persons.

(b) "Professional service" means a type of personal service to the public that requires as a condition precedent to the rendering of the service the obtaining of a license or other legal authorization. Professional service includes, but is not limited to, services rendered by a certified or other public accountant, chiropractor, dentist, optometrist, veterinarian, osteopathic physician, physician, surgeon, podiatrist, chiroprapist, physician's assistant, architect, professional engineer, land surveyor, or attorney-at-law.

(c) "Professional services corporation" means a corporation formed under former 1962 PA 192 or a corporation incorporated under and governed by chapter 2A of the business corporation act, 1972 PA 284, MCL 450.1101 to 450.2098.

History: 1993, Act 23, Eff. June 1, 1993;—Am. 1997, Act 52, Imd. Eff. July 1, 1997;—Am. 2010, Act 126, Imd. Eff. July 19, 2010;—Am. 2012, Act 568, Imd. Eff. Jan. 2, 2013.

450.4903 Professional limited liability company; purpose stated in articles of organization; name.

Sec. 903. (1) One or more licensed persons may organize and become members of a professional limited liability company.

(2) The articles of organization of a professional limited liability company shall state, as its purposes, that the company is formed to render specified professional services.

(3) The name of the limited liability company shall contain the words "professional limited liability company" or the abbreviation "P.L.L.C." or "P.L.C." with or without periods or other punctuation.

History: 1993, Act 23, Eff. June 1, 1993;—Am. 1997, Act 52, Imd. Eff. July 1, 1997.

450.4904 Rendering professional services; organization of professional liability company or professional limited liability company; license or legal authorization of persons required.

Sec. 904. (1) Except as provided in this section or otherwise prohibited, a professional limited liability company may render 1 or more professional services, and each member and manager must be a licensed person in 1 or more of the professional services rendered by the company.

(2) Except as provided in subsection (3) or (4), if a professional limited liability company renders a professional service that is included within the public health code, 1978 PA 368, MCL 333.1101 to 333.25211, then all members and managers of the company must be licensed or legally authorized in this state to render the same professional service.

(3) One or more individuals licensed to engage in the practice of chiropractic under part 164, the practice of medicine under part 170, the practice of osteopathic medicine and surgery under part 175, or the practice of podiatric medicine and surgery under part 180 of article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838, may organize a professional limited liability company under this article with 1 or more other individuals licensed to engage in the practice of chiropractic under part 164, the practice of medicine under part 170, the practice of osteopathic medicine and surgery under part 175, or the practice of podiatric medicine and surgery under part 180 of article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838.

(4) Subject to section 17048 of the public health code, 1978 PA 368, MCL 333.17048, 1 or more individuals licensed to engage in the practice of chiropractic under part 164, the practice of medicine under part 170, the practice of osteopathic medicine and surgery under part 175, or the practice of podiatric medicine and surgery under part 180 of article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838, may organize a professional limited liability company under this article with 1 or more physician's assistants licensed under article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838. Beginning on July 19, 2010, 1 or more physician's assistants may not organize a professional limited liability company under this act that will have only physician's assistants as members. Subject to section 17048 of the public health code, 1978 PA 368, MCL 333.17048, 1 or more physician's assistants shall not form a professional limited liability company with a chiropractic physician unless a physician licensed under part 170 or 175 of article 15 of the public health code, 1978 PA 368, MCL 333.16101 to 333.18838, is also a member in the company.

(5) A licensed person of another jurisdiction may become a member, manager, employee, or agent of a professional limited liability company, but shall not render any professional services in this state until the person is licensed or otherwise legally authorized to render the professional service in this state.

(6) A limited liability company may engage in the practice of architecture, professional engineering, or professional surveying in this state if not less than 2/3 of the members or managers of the limited liability company are licensed in this state to render 1 or more of the professional services offered. A professional limited liability company organized under this article may engage in the practice of architecture, professional engineering, or professional surveying in this state if all of the members and managers of the professional limited liability company organized under this article are licensed in this state to render 1 or more of the professional services offered.

(7) A professional limited liability company organized under this article may engage in the practice of public accounting, as defined in section 720 of the occupational code, 1980 PA 299, MCL 339.720, in this state if more than 50% of the equity and voting rights of the professional limited liability company are held directly or beneficially by individuals who are licensed or otherwise authorized to engage in the practice of public accounting under article 7 of the occupational code, 1980 PA 299, MCL 339.720 to 339.736.

History: 1993, Act 23, Eff. June 1, 1993;—Am. 1997, Act 52, Imd. Eff. July 1, 1997;—Am. 1997, Act 123, Imd. Eff. Nov. 3, 1997;—Am. 2000, Act 333, Imd. Eff. Dec. 20, 2000;—Am. 2010, Act 126, Imd. Eff. July 19, 2010;—Am. 2013, Act 131, Imd. Eff. Oct. 15, 2013;—Am. 2022, Act 31, Imd. Eff. Mar. 15, 2022.

450.4905 Professional limited liability company; license required; “employee” explained; effect of act on laws applicable to professional relationship and liabilities; liability for negligent or wrongful acts.

Sec. 905. (1) A professional limited liability company shall not render professional services within this state except through its members, managers, employees, and agents who are licensed or otherwise legally authorized to render the professional services within this state. The term employee does not include secretaries, bookkeepers, technicians, and other assistants who are not usually and ordinarily considered by custom and practice to be rendering professional services to the public for which a license or other legal authorization is required.

(2) This act shall not be construed to abolish, repeal, modify, restrict, or limit the law now in effect applicable to the professional relationship and liabilities between the person furnishing the professional services and the person receiving such professional services and to the standards for professional conduct. A member, manager, employee, or agent of a professional limited liability company shall remain personally and fully liable and accountable for any negligent or wrongful acts or misconduct committed by him or her, or by any person under his or her direct supervision and control, while rendering professional services on behalf of the company to the person for whom the professional services were being rendered.

(3) The limited liability company shall be liable up to the full value of its property for any negligent or wrongful acts or misconduct committed by any of its members, managers, employees, or agents while they are engaged on behalf of the company in the rendering of professional services.

History: 1993, Act 23, Eff. June 1, 1993.

450.4906 Disqualification, restriction, or limitation on persons rendering professional service; severing employment and financial interest; noncompliance.

Sec. 906. If a member, manager, employee, or agent of a professional limited liability company becomes legally disqualified to render the professional services rendered by the company or accepts employment that, pursuant to existing law, places restrictions or limitations on his or her continued rendering of the professional services, he or she shall sever within a reasonable period all employment with and financial interests in the

company. A company's failure to require compliance with this section constitutes a ground for the forfeiture of its articles of organization and its dissolution. If a company's failure to comply with this section is brought to the attention of the administrator, he or she shall certify that fact to the attorney general for appropriate action to dissolve the company.

History: 1993, Act 23, Eff. June 1, 1993.

450.4907 Professional limited liability company; prohibited activities; exception.

Sec. 907. (1) A professional limited liability company shall not engage in any business other than the rendering of the professional services for which it was specifically organized.

(2) This act does not prohibit the company from investing its funds in real estate, mortgages, stocks, bonds, or any other type of investments, owning real or personal property necessary for the rendering of professional services, becoming a partner in a partnership formed under Act No. 72 of the Public Acts of 1917, being sections 449.1 to 449.43 of the Michigan Compiled Laws, if the partnership performs the same professional services as the professional limited liability company, or forming or becoming a member or manager of another professional limited liability company organized under this act if both professional limited liability companies perform the same professional services.

History: 1993, Act 23, Eff. June 1, 1993.

450.4908 Sale or transfer of membership interest; restrictions.

Sec. 908. (1) A membership interest in a professional limited liability company shall not be sold or transferred except to a person who is eligible to be a member of the company or to the personal representative or estate of a deceased or legally incompetent member. The personal representative or estate of the member may continue to hold a membership interest for a reasonable period but shall not be authorized to participate in any decisions concerning the rendering of professional service.

(2) The articles of organization or an operating agreement may provide specifically for additional restrictions on the transfer of membership interests.

History: 1993, Act 23, Eff. June 1, 1993.

450.4909 Annual report; filing fee; penalty for late filing.

Sec. 909. (1) In addition to the annual statement required in section 207(3), a professional limited liability company shall file with the administrator an annual report, together with a \$50.00 filing fee, listing the names and addresses of all members and managers and certifying that each member and manager is a licensed person in 1 or more of the professional services rendered by the company. The report shall also certify that any member or manager not licensed or otherwise legally authorized to render professional services in this state does not render professional services in this state.

(2) The professional limited liability company shall file the annual report not later than February 15 of each year, and a penalty of \$50.00 shall be added to the fee if the annual report is not filed or the fee is not paid by February 15, except that if a professional limited liability company is formed after September 30, it need not file an annual report on the February 15 immediately succeeding its formation.

(3) If a professional limited liability company fails to file an annual report required by this section for 2 consecutive years, the administrator shall notify the company of the consequences of the failure to file under subsection (4).

(4) If a professional limited liability company does not file all annual reports it has failed to file, the applicable fees, and the penalty described in subsection (2) within 60 days after the administrator's notice under subsection (3) is sent, the professional limited liability company is not in good standing. A professional limited liability company that is not in good standing is not entitled to issuance by the administrator of a certificate of good standing described in section 207a, the name of the company is available for use by another entity filing with the administrator, and the administrator shall not accept for filing any document submitted by the professional limited liability company other than a certificate of restoration of good standing provided for in subsection (5). A professional limited liability company that is not in good standing remains in existence and may continue to transact business in this state.

(5) A professional limited liability company that is not in good standing under subsection (4) may file a certificate of restoration of good standing, accompanied by the annual reports and fees for all of the years for which they were not filed and paid, the penalty described in subsection (2), and the fee for filing the certificate of restoration of good standing. The certificate shall include all of the following:

(a) The name of the professional limited liability company at the time it ceased to be in good standing. If that name is not available when the certificate of restoration of good standing is filed, the professional limited liability company shall select a new name that complies with this act. The new name shall be the name of the

professional limited liability company from the date of filing of the certificate.

(b) The name of the professional limited liability company's current resident agent and the address of the current registered office in this state.

(c) A statement that the certificate is accompanied by the annual reports and applicable fees for all of the years for which reports were not filed and fees were not paid and the penalty described in subsection (2).

(6) A professional limited liability company that fails to file annual statements under section 207 as well as annual reports under this section must comply with section 207a and this section to maintain or restore its good standing.

History: 1993, Act 23, Eff. June 1, 1993;—Am. 1997, Act 52, Imd. Eff. July 1, 1997;—Am. 2002, Act 686, Imd. Eff. Dec. 30, 2002.

450.4910 Merger; limitation.

Sec. 910. A professional limited liability company may merge only with other limited liability companies whose members and managers are licensed persons permitted to be members or managers under this article or other entities that are licensed persons or whose shareholders, partners, or other owners, members, or managers are licensed persons permitted to be members or managers under this article.

History: 1993, Act 23, Eff. June 1, 1993;—Am. 1997, Act 52, Imd. Eff. July 1, 1997.