

MICHIGAN GENERAL CORPORATION STATUTE (EXCERPT)
Act 327 of 1931

450.98 Applicability of act to corporations limiting dividends or voting rights, and conducting not more than 50% of business with nonstockholders or nonmembers; classification of corporations organized under MCL 450.98 to 450.109 as profit and nonprofit.

Sec. 98. (1) Corporations organized to conduct a lawful business which limits the dividends payable upon stock investment in the case of corporations with capital stock and membership investment in the case of membership corporations without capital stock to not in excess of 8% per annum or which limits the voting rights of stockholders or members to 1 vote regardless of the number of shares of stock or membership held, and in any case do not conduct more than 50% of their business or services with nonstockholders or nonmembers, shall be governed by this act, except as specifically otherwise provided and except for cooperatives organized under chapter 11 of Act No. 162 of the Public Acts of 1982, being sections 450.3100 to 450.3192 of the Michigan Compiled Laws, as to the mode of corporate management, manner of distribution of earnings and profits, their powers, and optional principles of doing business.

(2) Corporations organized under and operated in accordance with sections 98 to 109, which pay limited dividends upon the stock or membership investment or which do not make distribution of earnings to nonstockholders or nonmembers upon the same basis as to stockholders or members shall, for purposes of making reports and payment of privilege fees or other taxes to the state, be classified as profit corporations. Corporations which do not pay dividends or interest upon stock or membership investment and which distribute all earnings to stockholders or members and other persons doing business with the corporation or provide for the allocation of such earnings to stockholders or members and other persons doing business with the corporation for future distribution shall, for the purposes of making reports and payments of privilege fees or other taxes to this state, be classified as nonprofit corporations.

History: 1931, Act 327, Eff. Sept. 18, 1931;—Am. 1941, Act 327, Eff. Jan. 10, 1942;—CL 1948, 450.98;—Am. 1978, Act 121, Imd. Eff. Apr. 25, 1978;—Am. 1984, Act 298, Eff. Jan. 1, 1985.

Former law: See section 1 of Ch. IV of Pt. II of Act 84 of 1921, being CL 1929, § 10027.