



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 5508 (as passed by the House)
House Bill 5509 (Substitute H-1 as passed by the House)
Sponsor: Representative Larry C. Inman
House Committee: Commerce and Trade
Senate Committee: Commerce

Date Completed: 4-24-18

CONTENT

House Bill 5508 would amend Public Act 230 of 1897, which provides for the formation of summer resort and park associations, to allow a summer resort association to convert into a domestic nonprofit corporation if it complied with the requirements applicable to a business organization under the Nonprofit Corporation Act.

House Bill 5509 (H-1) would amend the Nonprofit Corporation Act to include a summer resort association formed under Public Act 230 of 1897 as a corporation.

The bills are tie-barred to each other, and each bill would take effect 90 days after its enactment.

House Bill 5508 is described in detail below.

Public Act 230 of 1897 permits five or more people wishing to form a corporation for the purpose of owning, maintaining, and improving land and other property as a summer resort or a park in any city, village, or township in the State, or of any adjoining state, to associate for that purpose by written articles of association.

Under the bill, a summer resort association formed under the Act could convert into a domestic nonprofit corporation by satisfying the requirements applicable to the conversion of a business organization under Section 746 of the Nonprofit Corporation Act.

(Section 746 allows a business organization to convert into a domestic corporation if all of the following requirements are satisfied:

- The conversion is permitted under the law governing the business organization and the business organization complies with that law in converting.
- The business organization adopts a plan of conversion.
- The business organization submits the plan of conversion for approval in the manner required under applicable law.
- After the plan of conversion is approved, the business organization files a certificate of conversion with the Director of the Department of Licensing and Regulatory Affairs.)

The bill would define "domestic nonprofit corporation" as a domestic corporation, as that term is defined in Section 106 of the Nonprofit Corporation Act: a nonprofit corporation formed

under the Act, or formed under any other statute of the State and subject to the Act under Section 121 or 123 or under any other section of the Act. (Section 121 pertains to corporations formed under the Nonprofit Corporation Act or predecessor acts. Section 123, which House Bill 5509 (H-1) would amend, specifies that the Act applies to other entities not formed under the Nonprofit Corporation Act, such as a secret society or lodge or a church trustee corporation.)

Proposed MCL 455.19 (H.B. 5508)
MCL 450.2123 (H.B. 5509)

Legislative Analyst: Jeff Mann

FISCAL IMPACT

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

Fiscal Analyst: Michael Siracuse

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.