

BUSINESS LAW SECTION

LEGISLATIVE REVIEW DIRECTORSHIP REPORT

Prepared for the December 7, 2023 Council Meeting

(Report as of November 30, 2023)

I. PUBLIC ACTS

A. Public Act 344 of 2020. Public Act 344 enacts the "Financial Exploitation Prevention Act" to do the following:

- Require a financial institution to develop and implement a policy for training relevant employees to recognize signs of covered financial exploitation.
- Require the policy to provide certain information, including procedures to follow when covered financial exploitation is found and designation of one or more employees to make a report regarding the covered financial exploitation to a law enforcement agency or Adult Protective Services (APS).
- Require a report of financial exploitation or suspected financial exploitation to include certain information, including the name of the individual believed to be the victim, a description of the suspected or detected covered financial exploitation, and a designated contact for required notices if the reporter is a financial institution.
- Require a law enforcement agency or APS to notify, within 10 days after it receives a report of suspected or detected covered financial exploitation, the financial institution whether a reported incident is under investigation or has been referred for investigation.
- Require a law enforcement agency or APS, within 10 days after it receives a report, to notify the office of the county prosecutor.
- Prohibit a law enforcement agency, APS, or county prosecutor from disclosing the identity of an individual or financial institution that made a report without the individual's or financial institution's consent.
- Specify that a financial institution is immune from liability or penalty under law or regulation of Michigan or a local unit of government for an action or process under the Act, subject to certain exceptions.

(SB 464; Effective: 9/16/2021).

B. Public Act 115 of 2021. Public Act 115 amends Article 9 (Secured Transactions) of the Michigan Uniform Commercial Code to change references to a "correction statement" to an "information statement", and to require a filing office to accept certain financing statement forms approved by the International Association of Commercial Administrators

and adopted by the Secretary of State (SOS) and any other form adopted by the SOS. (HB 4694; Effective: 11/22/2021).

C. Public Acts 31 and 32 of 2022. Public Acts 31 and 32 amend the Michigan Limited Liability Company Act and the Michigan Business Corporation Act, respectively, to do the following:

- Allow one or more individuals licensed to engage in the practice of chiropractic medicine to organize a professional limited liability company (PLLC) or a professional corporation (PC), as applicable, with one or more other individuals licensed in the practice of chiropractic medicine, the practice of medicine, the practice of osteopathic medicine and surgery, or the practice of podiatric medicine and surgery.
- Allow one or more individuals licensed to engage in the practice of chiropractic medicine to organize a PLLC or a PC with one or more licensed physician assistants.
- Prohibit one or more physician assistants from forming a PLLC or a PC with a chiropractic physician unless a physician licensed to engage in the practice of medicine or osteopathic medicine and surgery is also a member.

(HB 5295 and HB 5296; Effective: 3/15/2022).

D. Public Act 131 of 2022. Public Act 131 amends the Act that governs local hospital authorities, to do the following:

- Delete a provision requiring the articles of incorporation of a nonprofit corporation, and the contractual arrangements between a hospital authority and the nonprofit corporation, to prohibit a nonprofit corporation from selling, leasing, or otherwise transferring a hospital without voter approval.
- Allow a nonprofit corporation to sell, lease, or otherwise transfer a hospital on terms and conditions the nonprofit corporation considered reasonable if the sale, lease, or other transfer is approved by the hospital authority.
- Delete a provision requiring the articles of incorporation of a nonprofit corporation, and the contractual arrangements between a hospital authority and the nonprofit corporation, to require a nonprofit corporation to adopt and carry out policies designed to ensure that hospital care is provided to a reasonable degree to indigent people in its hospital service area free of charge and that patients not be denied appropriate care on the basis of source of payment.
- Allow a hospital board, by a majority vote of the board, to provide for the dissolution of a hospital authority if the authority has completed the purposes for which it was organized.

(HB 5876; Effective: 6/29/2022).

- E. Public Act 137 of 2022. Public Act 137 amends the Michigan Limited Liability Company Act to modify the definition of "person" to include a nonprofit corporation, and in effect, allows nonprofit corporations to organize an LLC. (SB 926; Effective: 7/20/2022).
- F. Public Act 132 of 2023. Public Act 132 amends the Uniform Securities Act to extend the sunset of several applications, renewals, and filing fees paid by individuals for professional registrations regulated under the Act. (HB 4994; Effective: 9/29/2023).
- G. Public Acts 133, 134 and 135 of 2023. Public Acts 133, 134 and 135 amend the Michigan Business Corporation Act, the Michigan Nonprofit Corporation Act, and the Michigan Limited Liability Company Act, respectively, to extend the sunset date on certain filing fees, including the fees for filing an annual report under the Business Corporation Act and the Nonprofit Corporation Act, and the fee for filing an annual statement of resident agent under the Limited Liability Company Act. (HB 4995, HB 4996 and HB 4997; Effective: 9/29/2023).

II. NEW BILLS AND STATUS OF PENDING BILLS

- A. Senate Bill 242 of 2023. The Bill, among other things, would amend the Michigan Business Corporation Act to require a publicly held domestic corporation or foreign corporation whose executive principal offices are located in Michigan to have, depending upon the size of the board, a certain number of female board members. The Bill was introduced by Senator Santana and referred to the Committee on Economic and Community Development on 3/23/2023.
- B. House Bills 4312 and 4313 of 2023. The Bills would amend 1897 PA 230 and the Michigan Nonprofit Corporation Act, respectively, to allow summer resort and park associations to convert into domestic nonprofit corporations. The Bills were introduced by Representatives Roth and Coffia and referred for a second reading on 10/25/2023.
- C. House Bills 4794 and 4798 of 2023. The Bills would amend 1929 PA 137 and the Michigan Limited Liability Company Act, respectively, to make such acts gender neutral. The Bills were introduced by Representatives Andrews and Hoskins, respectively, and referred to the Committee on Government Operations on 6/15/2023.
- D. House Bill 4977 of 2023. The Bill would amend 1889 PA 39 to authorize conversion of summer resort and assembly associations into domestic nonprofit corporations. The Bill was introduced by Representative Outman and referred for a second reading on 10/25/2023.
- E. House Bill 4978 of 2023. The Bill would amend the Michigan Nonprofit Corporation Act to authorize conversion of summer resort and assembly associations into domestic nonprofit corporations. The Bill was introduced by Representative Roth and referred for a second reading on 10/25/2023.

- F. House Bills 5387 and 5388 of 2023. The Bills would amend the Michigan Business Corporation Act to allow legal recognition of benefit corporations in Michigan. The Bills were introduced by Representatives Breen and Koleszar, respectively, and referred to the Committee on Judiciary on 11/14/2023.

Respectfully submitted as of November 30, 2023:

Eric I. Lark/Chaoyi Ding

Kerr, Russell and Weber, PLC