

BUSINESS LAW SECTION

LEGISLATIVE REVIEW DIRECTORSHIP REPORT

For June 1, 2007 Council Meeting

I. PUBLIC ACTS

- A. Public Act 44 of 2006. Amends Public Act 137 of 1929, which provides for the formation of corporations by summer resort owners, to revise the member approval requirements for the board of a summer resort corporation in order to set and collect annual dues and special assessments from its members. The bill specifies that, unless the summer resort corporation's bylaws specifically provide for approval by a majority of the votes cast, the vote of a majority of all of the members of the corporation would be required to approve an action of the board relating to dues and assessments. (SB 751; effective 3/7/06)
- B. Public Act 47 of 2006. Allows corporations to address written notices, reports, statements or communications to shareholders sharing a common address if: (1) the corporation addresses the writing to shareholders as a group, individually, or in any other form to which there are no shareholder objections, (2) the corporation gives at least 60 days notice to the shareholders sharing the common address, (3) there are no written objections from any shareholder with the common address. If there is an objection, the corporation must provide separate copies to those who have objected within 30 days of receiving the objection. (HB 5321; effective 3/9/06)
- C. Public Act 63 of 2006. Amends the portion of the MBCA addressing the dissolution of corporations to provide that the dissolution depends, among other things, on proof that shareholders who have entered into an agreement authorized by Section 488 are unable to agree on material matters respecting management of the corporation's affairs or are divided in voting power so as to be unable to elect successor directors. The reference to Section 488 replaces a reference to the shareholders acting under the corporation's Articles of Incorporation. Section 488 allows shareholders to enter into agreements to exercise the corporate powers or the management of the business, even to the extent of eliminating the board of directors or restricting its powers. (HB5316; effective 3/20/2006)
- D. Public Act 66 – 67 of 2006. Specify that when a shareholder abstains from voting or submits a ballot marked "abstain," such action does not count as a vote cast (unless the Articles provide otherwise). This affects a section that requires actions to be authorized by "a majority of votes cast." A similar amendment is made to the section that deals with voting by a class or series of shares. (HB 5319 and 5320; effective 3/20/2006)
- E. Public Act 68 of 2006. Amends the Act's definition of "willfully unfair and oppressive conduct" to specify that such conduct could include termination of employment or limitations on employment benefits to the extent that the actions

interfere with distributions or other shareholder interests disproportionately as to the affected shareholder. (HB5323; effective 3/20/06)

- F. Public Act 72 of 2006. Rewrites and rearranges the provision that requires a foreign (out-of-state) corporation to comply with Sections 1021 (dealing with amended applications) and 1035 (the filing of required information) in order to merge with or enter into a share exchange with a domestic (in-state) corporation. (HB 5315; effective 3/20/06)
- G. Public Act 250 of 2006. Creates a new act to regulate the money transmission services business and to require the licensing of persons engaged in providing money transmission services. (HB 5328, effective 7/12/06)
- H. Public Act 480 of 2006. Creates Uniform Video Services Local Franchise Act. The Act provides for the regulation of competitive cable service providers. (Effective 1/1/07)
- I. Public Act 510 of 2006. Amends the Michigan Notary Public Act of 2003 to provide that licensed attorneys are eligible to serve as notaries public. (Effective 4/1/07)
- J. Public Act 581 of 2006. Amends the Banking Code of 1999 to address the trust powers of banks. It provides for a rebuttable presumption that a bank's fee for its fiduciary services is reasonable as required under the Code if the fee or its method of computation is specified in an appropriately disclosed fee schedule or fee agreement before the fee is charged. The Bill also allows a bank to use money or property over which it exercises investment discretion to purchase any product, service, or security from or through the bank or an affiliate of the bank (if the price is reasonable) so long as the bank obtains the written consent of a revocable trust grantor or agency principal or, if the trust is irrevocable or the trust grantor is deceased or incapacitated, if the bank provides 45 days advanced notice to any person entitled to receive trust accountings under Section 7303 of EPIC. If a bank receives a written objection to a notice, and the objection is not resolved or withdrawn, the bank may not make a purchase for at least 60 days after it receives the objection. (HB 6299, effective 1/3/07)
- K. Public Acts 16-19 of 2005. Unemployment insurance--prohibit and provide sanctions for transferring or acquiring a trade or business for the sole or primary purpose of obtaining a lower contribution rate or reimbursement payment in lieu of contributions required under the Employment Security Act. (HB 4414, 4415; SB 171, 174; effective 7/1/2005)
- L. Public Acts 25, 36-39 of 2005. Amend various statutes to provide that the Secretary of State's receipt of an application for a certificate of title on which a security interest in a vehicle, watercraft, or off-road vehicle was indicated, would constitute the perfection of a security interest and be equivalent to the filing of a financing statement under the Uniform Commercial Code. Also, the filing of an application under the Mobile Home Commission Act for a certificate of title indicating a security

interest in a mobile home would be required to perfect the security interest and would be equivalent to the filing of a financing statement under the Uniform Commercial Code. (HB 4450-4453; effective 6/7/05 and HB 4454; effective 5/23/05)

- M. Public Act 212 of 2005. Amends the Michigan Business Corporation Act to allow a qualified high-technology business to apply for an exemption from fees charged under the Act for additional authorized shares, for up to eight consecutive tax years or for tax years in which the business had under \$10 million in gross revenue. (SB 298; effective 11/21/05)
- N. Public Act 229 of 2005. Amends the Single Business Tax to add to “business income” the amount of the federal domestic production activities deduction, to subject insurance companies to the sales and use tax, to reduce the amount of the gross receipts reduction (increasing SBT base), to reduce to the amount of the excess compensation reduction (increasing SBT base), to treat members of a limited liability company like officers, shareholders, partners and individuals for purposes of the small business credit, to include all members of a group of companies with common ownership in determining whether a controlled group is small enough to take the small business credit, to eliminate the apprenticeship credit as of September 30, 2005, to prevent firms with an unused SBT loss or credit obtained while filing separately from using that loss or credit faster by filing a joint return with an affiliate in a later year, and to specify that underpayment due to some of the changes proposed in the bill would not subject the taxpayer to penalties imposed under the Act. (HB 5098; effective 11/21/05)
- O. Public Act 268 of 2005. Amends the Michigan Liquor Control Code of 1998 in order to regulate out of state wine retailers. (SB 625 and 626; effective 12/29/05)

II. NEW BILLS AND STATUS OF PENDING BILLS

- A. Senate Bill 0004 of 2007. The Bill would amend the Michigan Telecommunications Act to require customer consent to list numbers in a cell phone directory. The Bill was referred to the Committee on Homeland Security and Emerging Technologies on January 10, 2007. The Bill was sponsored by Bill Hardiman.
- B. Senate Bill 0094 of 2007. The Bill would create the Business and Economic Stimulus Tax Act. The Bill would replace the Michigan Single Business Tax. The Bill would impose taxation on certain commercial, business and financial activities. The Bill is tie barred with SB 0095 and 0096. The Bill passed in the Senate as amended on May 3, 2007 and was transmitted to the House. The House passed the Bill and returned it to the Senate on May 24, 2007. The Bill was sponsored by Nancy Cassis.
- C. Senate Bills 0109 and 0110 of 2007. The Bills would amend the Michigan Public Health Code to require smoke-free workplaces and public restaurants. The Bills were referred to the Committee on Economic Development and Regulatory Reform on

January 30, 2007. The Bills were sponsored by Raymond Basham and Thomas George.

- D. Senate Bill 0169 of 2007. The Bill would create the Check Cashing Licensing Act. The Bill would regulate check cashing businesses. The Bill was referred to the Committee on Banking and Financial Institutions on February 6, 2007. The Bill was sponsored by Irma Clark-Coleman.
- E. Senate Bill 0274 of 2007. The Bill would amend the Michigan Consumer Protection Act. The Bill would prohibit expiration dates or fees on gift certificates and retail gift cards. The Bill was referred to the Committee on Commerce and Tourism on February 27, 2007. The Bill was sponsored by Gretchen Whitmer.
- F. Senate Bill 0294 of 2007. The Bill would amend the Michigan Commercial Rehabilitation Act. The Bill would establish incentives to grocery stores locating within certain areas. The Bill was referred to the Committee on Economic Development and Regulatory Reform on February 28, 2007. The Bill was sponsored by Mark Jansen.
- G. Senate Bill 0306 of 2007. The Bill would create the Michigan Business Tax Act. The Bill would replace the Michigan Single Business Tax. The Bill would impose taxation on certain commercial, business and financial activities. The Bill was referred to the Committee on Finance on March 1, 2007, and then placed on Order of General Orders on March 15, 2007. The Bill was sponsored by Michael Prusi.
- H. Senate Bill 0307 of 2007. The Bill would create the Michigan Services Providers Excise Tax Act. The Bill would impose a tax on certain services. The Bill was defeated by the Senate on March 22, 2007. The Bill was sponsored by Liz Brater.
- I. Senate Bill 0312 of 2007. The Bill would create the Commercial Rental Property Specific Tax Act. The Bill would impose a tax upon the owners of certain property. The Bill was referred to the Committee on Finance on March 1, 2007, and then placed on the Order of General Orders on March 15, 2007. The Bill was sponsored by Gilda Jacobs.
- J. Senate Bill 0325 of 2007. The Bill would amend Public Act 122 of 1941. The Bill would impose a nexus standard for out of state affiliates. The Bill was passed by the House and transmitted to the Senate on April 17, 2007. The Bill was sponsored by Michael Switalski.
- K. Senate Bill 0331 of 2007. The Bill would amend Public Act 122 of 1941. The Bill would allow the disclosure of delinquent tax payers. The Bill was referred to the Committee on Finance on March 1, 2007. The Bill was sponsored by Michael Switalski.
- L. Senate Bill 0392 and 0393 of 2007. The Bills would create the Uniform Prudent Management of Institutional Funds Act and amend the Nonprofit Corporation Act to

incorporate the Uniform Prudent Management of Institutional Funds Act. The Bills would establish the duties and obligations of nonprofit, charitable institutions in the management and use of funds held for charitable purposes. The Bills were referred to the Committee on Economic Development and Regulatory Reform on April 17, 2007, and then reassigned to the Committee on Judiciary on April 18, 2007. The Bills were sponsored by Wayne Kuipers and Gretchen Whitmer.

- M. Senate Bills 0457-0465 of 2007. The Bills would create the Employee Privacy Protection Act and amend the Elliott-Larsen Civil Rights Act. The Bills would prohibit employers from making employment decisions based upon certain conduct that is unrelated to employment, such as physical differences, family health, associational activity, financial credit, familial status, dietary or smoking activity, political activity, and firearms. The Bills were referred to the Committee on Commerce and Tourism on April 26, 2007. SB 0457 creating the Employee Privacy Protection Act was sponsored by Gilda Jacobs.
- N. Senate Bill 0478 of 2007. The Bill would create the Michigan Business Activities Tax Act. The Bill would provide for the imposition of taxes on certain commercial, business, and financial activities. The Bill was referred to the Committee on Finance on May 3, 2007. The Bill was sponsored by Mark Jansen.
- O. Senate Bill 0514 of 2007. The Bill would amend the General Property Tax Act. The Bill would allow local governments to exempt from taxes real and personal property owned by food service establishments who prohibit smoking tobacco products within that establishment. The Bill was referred to the Committee on Finance on May 17, 2007. The Bill was sponsored by Jason Allen.
- P. House Bill 4011 of 2007. The Bill would amend the Michigan Motor Fuel Distribution Act. The Bill would allow franchised retail gasoline service stations to buy alternative fuels from other distributors and refiners if their own fuel providers do not offer alternative fuels. The Bill was referred to the Committee on Transportation on February 22, 2007. The Bill was sponsored by Bruce Caswell.
- Q. House Bill 4115 of 2007. The Bill would create the Michigan Prescription Drug Fair Pricing Act. The Bill would allow certain prescription drug manufacturers and labelers to enter into rebate agreements with the department of community health; to establish a discount prescription drug program for certain individuals; to allow certain retail pharmacies to offer certain discounts. The Bill was referred to the Committee on Health Policy on January 24, 2007. The Bill was sponsored by Marie Donigan.
- R. House Bill 4163 of 2007. The Bill would amend the Michigan Public Health Code. The Bill would require smoke-free workplaces. The Bill was referred to the Committee on Commerce on January 30, 2007. The Bill was sponsored by Brenda Clack.
- S. House Bill 4317 of 2007. The Bill would amend the Michigan Consumer Protection Act. The Bill would prohibit expiration and certain fees on gift certificates and gift

cards. The Bill was referred to the Committee on New Economy and Quality of Life on February 27, 2007. The Bill was sponsored by Mark Meadows.

- T. House Bill 4367 of 2007. The Bill would create the Michigan Business Tax Act. The Bill would replace the Michigan Single Business Tax. The Bill would impose taxation on certain commercial, business and financial activities. The Bill was referred to the Committee on Tax Policy on March 1, 2007. The Bill was passed by the House on May 2, 2007 and transmitted to the Senate. The Bill was referred to the Committee on Finance on May 8, 2007. The Bill was sponsored by Barbara Farrah.
- U. House Bill 4368 of 2007. The Bill would create the Michigan Services Providers Excise Tax Act. The Bill would impose a tax on certain services. The Bill was referred to the Committee on Tax Policy on March 1, 2007. The Bill was sponsored by George Cushingberry.
- V. House Bill 4386 of 2007. The Bill would amend Public Act 122 of 1941. The Bill would impose a nexus standard for out of state affiliates. The Bill was passed by the House and transmitted to the Senate on April 17, 2007. The Bill was referred to the Committee on Finance on April 19, 2007. The Bill was sponsored by Paul Condino.
- W. House Bill 4546 of 2007. The Bill would create the Michigan Commercial Activity Tax Act. The Bill would provide for the imposition of taxes on certain business activities. The Bill was referred to the Committee on Tax Policy on March 29, 2007. The Bill was sponsored by Kenneth Horn.

Respectfully submitted,

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