



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 664 (Substitute S-1 as reported)
Senate Bill 665 (Substitute S-1 as reported)
Senate Bill 666 (Substitute S-1 as reported)
Senate Bill 667 (Substitute S-1 as reported)
Sponsor: Senator Tom George (S.B. 664)
Senator Mike Goschka (S.B. 665)
Senator Alan Sanborn (S.B. 666)
Senator Ron Jelinek (S.B. 667)
Committee: Commerce and Labor

Date Completed: 9-14-05

RATIONALE

Various statutes require businesses and nonprofit corporations to file certain documents with the Department of Labor and Economic Growth (DLEG). Generally, those documents must be delivered to the administrator (i.e., the DLEG Director), but some of the statutes authorize the administrator to establish a procedure for accepting delivery by facsimile or other electronic transmission. Apparently, DLEG currently does accept business filings through a fax-based system and makes certain forms available through its internet website, but does not have the capability to accept filings through e-mail or internet-based electronic transmission. Some people believe that DLEG should be required to develop a procedure to accept delivery of business filings by electronic transmission.

CONTENT

The bills would amend various statutes governing business entities to require the Director of the Department of Labor and Economic Growth to establish, by December 31, 2006, a procedure for accepting the delivery of documents filed under those laws by electronic transmission. Beginning on that date, a document required or permitted under those statutes could be filed by electronic transmission.

Senate Bill 664 (S-1) would amend the Business Corporation Act; Senate Bill 665

(S-1) would amend the Michigan Limited Liability Company Act; Senate Bill 666 (S-1) would amend the Nonprofit Corporation Act; and Senate Bill 667 (S-1) would amend the Michigan Revised Uniform Limited Partnership Act.

Senate Bills 664 (S-1) and 665 (S-1)

Under the Business Corporation Act and the Michigan Limited Liability Company Act, a document required or permitted to be filed under those Acts must be filed by delivery of the document to the administrator, together with the fees and accompanying documents required by law. The Acts also provide that the administrator may establish a procedure for accepting delivery by facsimile or other electronic transmission. The bills would continue to allow the administrator to establish such a procedure, but would require him or her to establish a procedure for accepting delivery by electronic transmission by December 31, 2006.

Senate Bills 666 (S-1) and 667 (S-1)

Under the Nonprofit Corporation Act and the Michigan Revised Uniform Limited Partnership Act, a document required or permitted to be filed under those Acts must be filed by delivery of the document to the administrator, together with the fees and accompanying documents required by law. The bills would allow the administrator to establish a procedure for accepting delivery

by facsimile or other electronic transmission and would require him or her to establish a procedure for accepting delivery by electronic transmission by December 31, 2006.

MCL 450.1131 (S.B. 664)
450.4104 (S.B. 665)
450.2131 (S.B. 666)
449.1206 (S.B. 667)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Providing for the electronic transmission of business documents would ease the filing process for numerous businesses and nonprofit organizations that are required to submit documents to DLEG. Electronic filing would be a more efficient procedure for businesses and nonprofits operating in Michigan and could make the State a more attractive site for business development and relocation.

Supporting Argument

The Department of Labor and Economic Growth reportedly is already working with the Department of Information Technology to enable DLEG to receive filings electronically. The substitute bills' deadline of December 31, 2006, should give the two Departments sufficient opportunity to complete that task and would commit them to a specific timeframe to accommodate Michigan businesses and nonprofit organizations.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The Department has begun this process and expects to meet the December 31, 2006, deadline. Existing resources within the affected agencies are being used to cover the costs of the project.

The bills would have no fiscal impact on local government.

Fiscal Analyst: Elizabeth Pratt

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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.