



Senate Fiscal Agency  
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BILL ANALYSIS

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Senate Bills 664 through 667 (as enrolled)  
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)

Senate Committee: Commerce and Labor  
House Committee: Commerce

Date Completed: 3-30-06

**PUBLIC ACTS 217 through 220 of 2005**

**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 accepts business filings through a fax-based system and makes certain forms available through its internet website, but has not had the capability to accept filings through e-mail or internet-based electronic transmission. It was suggested that DLEG be required to develop a procedure to accept delivery of business filings by electronic transmission. In addition, since electronic transmission may enable DLEG to process filings expeditiously, it was suggested that a fee schedule be established for expedited filing requests.

**CONTENT**

The bills amended 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 submitted under those laws by electronic transmission. Beginning January 1, 2007, a person may file a document under those statutes by electronic mail or over the internet. The DLEG Director must mark the filing date on the copy or original of a document before

returning it or, if the document is submitted by electronic mail or over the internet, the Director may provide proof of the filing date to the person who submitted the document.

The bills also require the Director to charge one of the following nonrefundable fees if a person requests expedited filing of a document:

- \$1,000, for a filing requested to be completed within one hour.
- \$500, for a filing requested to be completed within two hours.
- \$100, for a filing of any formation or qualification document requested to be completed on the same day, other than within one or two hours.
- \$200, for any other document concerning an existing domestic or qualified foreign entity requested to be completed on the same day, other than within one or two hours.
- \$50, for the filing of any other formation or qualification document requested to be completed within 24 hours.
- \$100, for the filing of any other document concerning an existing domestic or qualified foreign entity requested to be completed within 24 hours.

The Director must retain the revenue collected from expedited filing requests and DLEG must use it to carry out its duties required by law.

Senate Bill 664 amended the Business Corporation Act; Senate Bill 665 amended the Michigan Limited Liability Company Act; Senate Bill 666 amended the Nonprofit Corporation Act; and Senate Bill 667 amended the Michigan Revised Uniform Limited Partnership Act.

The Business Corporation Act and the Michigan Limited Liability Company Act allow the DLEG Director to establish a procedure for accepting delivery by facsimile or other electronic transmission. Senate Bills 664 and 665 retained this provision, and Senate Bill 666 and 667 added the provision to the Nonprofit Corporation Act and the Michigan Revised Uniform Limited Partnership Act, in addition to requiring the Director to establish a procedure for accepting delivery by electronic transmission by December 31, 2006.

The bills took effect on January 1, 2006, and were tire-barred to Senate Bill 298 (Public Act 212 of 2005), which amended the Business Corporation Act to revise the fee structure for a corporation's authorized shares.

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 will ease the filing process for numerous businesses and nonprofit organizations that are required to submit documents to DLEG. Electronic filing is a more efficient procedure for businesses and nonprofits operating in Michigan and may make the State a more attractive site for business development and relocation.

### **Supporting Argument**

The Department of Labor and Economic Growth reportedly has been working with the Department of Information Technology to enable DLEG to receive filings electronically. The statutory deadline of December 31, 2006, should give the two Departments sufficient opportunity to

complete that task, and commits them to a specific deadline to accommodate Michigan businesses and nonprofit organizations.

### **Supporting Argument**

Establishing a fee schedule for expedited filings will afford DLEG the resources necessary to respond quickly to electronic filings, and offer businesses the opportunity to have their paperwork processed in a short time frame.

Legislative Analyst: Patrick Affholter

## **FISCAL IMPACT**

The Department has begun the process to accept documents submitted electronically, 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 create a new fee schedule for expedited services. According to the Department, these fees are expected to generate approximately \$3 million annually.

The bills will have no fiscal impact on local government.

Fiscal Analyst: Elizabeth Pratt  
Maria Tyszkiewicz

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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.