



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5321 (as passed by the House)
Sponsor: Representative Judy Emmons
House Committee: Commerce
Senate Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 2-22-06

CONTENT

The bill would amend the Business Corporation Act to allow a corporation to provide shareholders that shared a common address with one copy of a written notice or other written communication that the corporation was required or permitted to provide, if the shareholders did not object. Additionally, a corporation that had securities registered under the Securities and Exchange Act would not be subject to the Business Corporation Act's requirement that mailings be made by registered, certified, or other first-class mail, except as otherwise provided.

Under the Act, when a notice or communication is required or permitted to be given by mail, it must be mailed, except as otherwise provided, to the person to whom it is directed at the address designated by him or her for that purpose or, if none is designated, at his or her last known address.

Currently, the mailing must be registered, certified, or other first-class mail except as otherwise provided in the Act. Under the bill, this would apply unless a corporation had securities registered under Section 12 of Title 1 of the Securities and Exchange Act of 1934. (That section provides for the registration of a security on a national securities exchange and makes it unlawful for any member, broker, or dealer to effect any transaction in any security other than an exempted security on a national securities exchange unless it is registered.)

Under the bill, if a corporation were required or permitted to provide its shareholders with a written notice or other written report, statement, or communication by the Business Corporation Act, the articles of incorporation, or the bylaws, the corporation could provide that notice, report, statement, or communication to all shareholders that shared a common address by delivering one copy of it to the common address if all of the following were met:

- The corporation addressed the notice, report, statement, or communication to the shareholders who shared the common address as a group, individually, or in any other form to which any of those shareholders had not objected.
- At least 60 days before the first delivery of any delivery to a common address, the corporation gave notice to the shareholders who shared that common address that it intended to provide only one copy of notices, reports, statements, or other communications to shareholders that shared a common address.
- The corporation had not received a written objection from any shareholder that shared a common address to deliveries to that shareholder.

If the corporation received a written objection, the corporation within 30 days would have to begin providing the objecting shareholder with separate copies of any notices, reports, statements, or communications to the shareholders, but the corporation could deliver one copy of the notices, reports, statements, or communications to all of the shareholders at that common address that had not objected.

As used in the bill, "address" would mean a street address, post office box, electronic mail address for electronic transmissions by electronic mail, or telephone facsimile number for electronic transmissions by facsimile.

MCL 450.1143

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would have no fiscal impact on State or 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.