



Senate Fiscal Agency  
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## BILL ANALYSIS



Telephone: (517) 373-5383  
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Senate Bills 1316 through 1320 (as reported without amendment)

Sponsor: Senator Mike Kowall (S.B. 1316, 1317, & 1320)

Senator Tonya Schuitmaker (S.B. 1318)

Senator Rick Jones (S.B. 1319)

Committee: Judiciary

**CONTENT**

Senate Bill 1320 would repeal the Professional Service Corporation Act and essentially recodify it as Chapter 2A (Professional Corporations) of the Business Corporation Act. Under the Professional Service Corporation Act, "professional service" means a type of personal service to the public that requires the provider to obtain a license or other legal authorization as a condition precedent to providing that service. The term includes services provided by a certified or other public accountant, chiropractor, dentist, optometrist, veterinarian, osteopathic physician, physician, surgeon, podiatrist, chiropodist, physician's assistant, architect, professional engineer, land surveyor, or attorney. "Professional service" would have the same meaning under Chapter 2A.

In addition, the bill would require a corporation to incorporate as a professional corporation under Chapter 2A if it were to provide one or more services in a learned profession. "Services in a learned profession" would mean services provided by a dentist, an osteopathic physician, a physician, a surgeon, a doctor of divinity or other clergy, or an attorney-at-law.

The bill also would amend the Business Corporation Act to do the following:

- Eliminate a requirement that the names of all participants in a shareholder meeting be divulged to all participants, if a shareholder participated by a conference call or other means of remote communication.
- Allow an agreement among shareholders that shares of the corporation were assessable, even if it were inconsistent with the Act.
- Specify that the power and authority of committees of a corporation's board of directors would not include adoption of an agreement of conversion.
- Allow a corporation to agree to submit a matter to a vote of the shareholders even if the board, after initially approving the matter, later determined that it no longer recommended the matter or recommended against shareholder approval.
- Allow a corporation to pay or reimburse the legal expenses of a person who was presently serving, or had served, at the corporation's request, as an officer, director, or employee of another corporation or enterprise.
- Allow a corporation's board of directors to amend the articles of incorporation, if the corporation had not yet issued shares or accepted any written subscription for shares.
- Include a conversion in the definition of "business combination" in Chapter 7A (Regulation of Business Combinations).
- Require a professional corporation's annual report to certify that each shareholder was licensed in one or more of the professional services provided by the corporation, and that the corporation otherwise met the requirements of Chapter 2A.

Senate Bills 1316, 1317, and 1319 would amend the Public Health Code, the Occupational Code, and the Michigan Limited Liability Company Act, respectively, to delete references to businesses incorporated under the Professional Service Corporation Act, and to refer instead to businesses incorporated under Chapter 2A of the Business Corporation Act.

Senate Bill 1318 would amend Public Act 101 of 1907, which regulates the carrying on of business under an assumed or fictitious name, to delete a reference to the Professional Service Corporation Act. Public Act 101 specifies that it does not affect or apply to any corporation or limited partnership organized under the laws of this State, or organized under the laws of any other state and lawfully doing business in Michigan, except as otherwise provided by the Professional Service Corporation Act. The bill would delete that exception.

Senate Bills 1316, 1317, 1318, and 1319 are tie-barred to Senate Bill 1320.

MCL 333.17048 (S.B. 1316)

339.721 (S.B. 1317)

445.4 (S.B. 1318)

450.4102 & 450.4902 (S.B. 1319)

450.1105 et al. (S.B. 1320)

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bills would have no fiscal impact on State or local government.

Date Completed: 10-17-12

Fiscal Analyst: Josh Sefton

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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.