

Legislative Analysis



ALLOW SUMMER RESORT AND ASSEMBLY ASSOCIATIONS TO BECOME NONPROFIT CORPORATIONS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4977 as reported from committee
Sponsor: Rep. Pat Outman

Analysis available at
<http://www.legislature.mi.gov>

House Bill 4978 as reported from committee
Sponsor: Rep. John Roth

Committee: Local Government and Municipal Finance
Complete to 10-27-23

SUMMARY:

House Bills 4977 and 4988 would amend 1889 PA 39 and the Nonprofit Corporation Act, respectively, to allow summer resort and assembly associations formed under 1889 PA 39 to convert into domestic nonprofit corporations.

1889 PA 39 allows for the formation of corporations for the purchase and improvement of land for summer homes, camp meetings, or meetings of groups organized for intellectual and scientific culture or for the promotion of religion and morality.

The bills would allow an association formed under 1889 PA 39 to convert into a domestic nonprofit corporation by satisfying requirements of the Nonprofit Corporation Act concerning the conversion of a business organization into a domestic corporation¹ and adopting bylaws in accordance with the Nonprofit Corporation Act.

Each bill would take effect 90 days after being enacted into law, but neither bill would take effect unless both bills were enacted.

HB 4977: Proposed MCL 455.62a
HB 4978: MCL 450.2123

BACKGROUND:

Reportedly, 13 active summer resort associations have formed under 1889 PA 39.

The bills are similar to House Bills 5863 and 5864 of the 2021-2022 legislative session, which were passed by the House but not reported out of the Senate Economic and Small Business Development committee. However, HBs 5863 would have amended 1897 PA 230, which allows for the formation of corporations for summer resort and park associations, rather than 1889 PA 39.

¹ <http://legislature.mi.gov/doc.aspx?mcl-450-2746>

FISCAL IMPACT:

House Bills 4977 and 4978 would not be expected to have an appreciable fiscal impact on any units of state or local government. If an entity sought a nonprofit charitable institution tax exemption under MCL 211.7o, there are several conditions that would have to be satisfied; furthermore, tax exemptions are largely dependent on an organization's federal tax status. Therefore, these bills are not anticipated to have any noteworthy impact on tax revenues.

POSITIONS:

The Department of Licensing and Regulatory Affairs (LARA) indicated a neutral position on the bills. (10-18-23)

Legislative Analyst: Holly Kuhn
Fiscal Analysts: Marcus Coffin
Ben Gielczyk

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.