

SENATE BILL NO. 775

October 29, 1997, Introduced by Senator BOUCHARD and referred to the Committee on Financial Services.

A bill to amend 1962 PA 192, entitled "Professional service corporation act," by amending sections 2, 8, and 10 (MCL 450.222, 450.228, and 450.230), sections 2 and 10 as amended by 1990 PA 166.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

2 (a) "Licensed person" means an individual who is duly
3 licensed or otherwise legally authorized to practice a profes-
4 sional service by a court, department, board, commission, an
5 agency of this state or another jurisdiction, or any corporation
6 all of whose shareholders are licensed persons.

7 (b) "Professional corporation" means a corporation that is
8 organized under this act for the sole and specific purpose of
9 rendering 1 or more professional services and has as its
10 shareholders only licensed persons, ~~or~~ the personal

1 representatives or estates of individuals, OR OTHER PERSONS as
2 provided in section 10.

3 (c) "Professional service" means a type of personal service
4 to the public that requires as a condition precedent to the
5 rendering of the service the obtaining of a license or other
6 legal authorization. Professional service includes, but is not
7 limited to, services rendered by certified or other public
8 accountants, chiropractors, dentists, optometrists, veterinari-
9 ans, osteopaths, physicians and surgeons, doctors of medicine,
10 doctors of dentistry, podiatrists, chiropodists, architects, pro-
11 fessional engineers, land surveyors, and attorneys at law.

12 Sec. 8. ~~No~~ A corporation organized under the provisions
13 of this act may NOT issue any of its capital stock to anyone
14 other than an individual who is duly licensed or otherwise
15 legally authorized to render the same specific professional serv-
16 ices as those for which the corporation was incorporated. The
17 provisions of ~~Act No. 265 of the Public Acts of 1964, as~~
18 ~~amended, being sections 451.501 to 451.818 of the Compiled Laws~~
19 ~~of 1948~~ THE UNIFORM SECURITIES ACT, 1964 PA 265, MCL 451.501 TO
20 451.818, shall not apply to the issuance or transfer by ~~such~~
21 THAT corporation of securities issued by it. ~~No~~ A shareholder
22 of a corporation organized under this act shall NOT enter into a
23 voting trust agreement or any other type agreement vesting
24 another person with the authority to exercise the voting power of
25 any or all of his OR HER stock, unless ~~such~~ THAT other person
26 is duly licensed or otherwise legally authorized to render the
27 same specific professional services as those for which the

1 corporation was incorporated OR AS OTHERWISE PROVIDED IN SECTION
2 10.

3 Sec. 10. Shares of a corporation organized under this act
4 shall not be sold or transferred except to an individual who is
5 eligible to be a shareholder of the corporation or to the per-
6 sonal representative or estate of a deceased or legally incompe-
7 tent shareholder OR TO A TRUST OR SPLIT INTEREST TRUST, IN WHICH
8 THE TRUSTEE AND THE CURRENT INCOME BENEFICIARY ARE BOTH LICENSED
9 PERSONS IN A PROFESSIONAL CORPORATION. The personal representa-
10 tive or estate of the shareholder may continue to own shares for
11 a reasonable period but shall not be authorized to participate in
12 any decisions concerning the rendering of professional service.
13 The articles of incorporation or bylaws may provide specifically
14 for additional restrictions on the transfer of shares and may
15 provide for the redemption or purchase of the shares by the cor-
16 poration or its shareholders at prices and in a manner specifi-
17 cally set forth.