## 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, <del>or</del> the personal

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- 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 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.