



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

BILL ANALYSIS



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

House Bill 4824 (Substitute H-1 as reported without amendment)

Sponsor: Representative Jan Dolan

House Committee: Judiciary and Civil Rights

Senate Committee: Financial Services

CONTENT

The bill would amend the Nonprofit Corporation Act to expand the Act's authorization for a nonprofit corporation's articles of incorporation to provide liability protections to volunteers.

Public Act 170 of 1987 amended the Nonprofit Corporation Act to allow a corporation to eliminate the personal liability of volunteer *directors* to the corporation, its shareholders, or its members for monetary damages for a breach of fiduciary duty. The provision does not eliminate or limit a director's liability for a breach of his or her duty of loyalty to the corporation, its shareholders, or its members; acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of the law; a violation of the section of the Nonprofit Corporation Act concerning directors' liability for corporate actions involving unauthorized dividends or distributions (MCL 450.1551(1)); a transaction from which the director derived an improper personal benefit; an act or omission occurring before the effective date of Public Act 170 (January 1, 1988); or an act or omission that is grossly negligent. The bill would include volunteer *officers* in the limited liability provisions added by Public Act 170 of 1987.

Public Act 129 of 1993 amended the Nonprofit Corporation Act to allow a corporation to assume the liability for all acts or omissions of a "nondirector" volunteer occurring on or after the effective date of Public Act 129 (July 22, 1993), if the volunteer was acting or reasonably believed he or she was acting within the scope of his or her authority; the volunteer was acting in good faith; the volunteer's conduct did not amount to gross negligence or willful and wanton misconduct; the volunteer's conduct was not an intentional tort; and the volunteer's conduct was not a tort arising out of the ownership, maintenance, or use of a motor vehicle for which tort liability may be imposed, as provided in the Insurance Code, for death, serious impairment of a body function, or permanent serious disfigurement. The bill would delete "nondirector" from the provision added by Public Act 129 of 1993, and include, instead, a volunteer director, volunteer officer, or other volunteer in that limited liability provision.

MCL 450.2209

Legislative Analyst: P. Affholter

FISCAL IMPACT

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

Date Completed: 9-19-96

Fiscal Analyst: M. 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.