



Senate Fiscal Agency
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BILL



ANALYSIS

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House Bill 4824 (Substitute H-1 as passed by the House)

Sponsor: Representative Jan Dolan

House Committee: Judiciary and Civil Rights

Senate Committee: Financial Services

Date Completed: 9-16-96

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 any of the following:

- 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).
- 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 all of the following apply:

- 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.
- 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.

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.