

SUBSTITUTE FOR
HOUSE BILL NO. 6014

A bill to amend 1931 PA 327, entitled

"An act to provide for the organization, regulation and classification of corporations; to provide their rights, powers and immunities; to prescribe the conditions on which corporations may exercise their powers; to provide for the inclusion of certain existing corporations within the provisions of this act; to prescribe the terms and conditions upon which foreign corporations may be admitted to do business within this state; to require certain annual reports to be filed by corporations; to prescribe penalties for the violations of the provisions of this act; and to repeal certain acts and parts of acts relating to corporations,"

by amending sections 171 and 176 (MCL 450.171 and 450.176) and by adding section 177a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 171. (1) For the purposes of this act, educational
2 corporations ~~shall be~~ **ARE** classified as ~~follows~~ **1 OF THE**
3 **FOLLOWING:**

4 **(A)** ~~(w) These~~ **CLASS W: THOSE** having a capital of not less
5 than \$500,000.00. ~~;~~

1 (B) ~~-(x) These~~ **CLASS X: THOSE** having a capital of not less
2 than \$100,000.00 ~~—~~ and less than \$500,000.00. ~~—~~

3 (C) ~~-(y) These~~ **CLASS Y: THOSE** having a capital of
4 \$1,000,000.00 or more. ~~—~~

5 (D) ~~-(z) These~~ **CLASS Z: THOSE** instituted and maintained by
6 ~~any~~ **AN** ecclesiastical or religious order, society, corporation, or
7 corporations ~~—, retaining~~ **THAT RETAIN** control of ~~such~~ **THE**
8 institution for denominational purposes.

9 (2) Every educational corporation, before being authorized to
10 file its articles **OF INCORPORATION**, ~~shall be~~ **IS** required to
11 ~~present~~ **OBTAIN** a **WRITTEN** statement ~~to~~ **FROM** the ~~Michigan~~
12 ~~corporation and securities commission in writing from the state~~
13 ~~board of education~~ **DEPARTMENT OF LABOR AND ECONOMIC GROWTH** that
14 ~~(1) the~~ **CONFIRMS ALL OF THE FOLLOWING:**

15 (A) **THE** housing space and administration facilities ~~which~~
16 **THAT** it possesses or proposes to provide for its declared field or
17 fields of education are adequate. ~~—, (2) its~~

18 (B) **ITS** proposed educational program leading to the diplomas
19 or degrees ~~which~~ **THAT** it proposes to offer is adequate. ~~—, (3)~~
20 ~~its~~

21 (C) **THE** laboratory, library, and other teaching facilities
22 ~~which~~ **THAT** it possesses or proposes to provide are adequate. ~~—~~
23 ~~(4) it~~

24 (D) **IT** has or proposes to employ an adequate staff, fully
25 trained, for the instruction proposed. ~~—, and (5) at~~

26 (E) **AT** least 50% of its capital, whether **CONSISTING** of stock
27 or in gifts, devises, legacies, bequests or other contributions of

1 money or property, has been paid in or ~~reduced to~~ **IS IN ITS**
 2 possession.

3 (3) In determining whether any educational corporation
 4 satisfies **THE** conditions specified in ~~classes (w), (x), (y) and~~
 5 ~~(z) of this section~~ **SUBSECTION (1)**, the ~~state board of education~~
 6 **DEPARTMENT OF LABOR AND ECONOMIC GROWTH** may treat as a credit to
 7 the capital of ~~such~~ **THE** corporation the guaranteed annual income
 8 of that corporation to the extent that it ~~deems such~~ **CONSIDERS**
 9 **THAT** guaranteed income the equivalent of all or any part of the
 10 required endowment.

11 (4) ~~The~~ **EXCEPT AS PROVIDED IN SECTION 177A CONCERNING**
 12 **RELIGIOUS COLLEGES, THE** use of the word "college" or "university"
 13 in the name of any group, organization, or association ~~hereafter~~
 14 formed in this state **AFTER SEPTEMBER 18, 1931** is limited to those
 15 educational corporations complying with the requirements for class
 16 ~~(w) W~~ or class ~~(y) Y~~ educational corporations or to ~~such~~ **ANY**
 17 educational corporations of class ~~(z) as shall~~ **Z THAT** satisfy the
 18 requirements ~~set up~~ **ESTABLISHED** for class ~~(y) Y~~ corporations.
 19 ~~Provided, however, That the~~ **THE** words "junior college" may be
 20 used by educational corporations of class ~~(x)~~. ~~Whenever~~ **X. IF**
 21 this provision is violated, it ~~shall be~~ **IS** the duty of the
 22 prosecuting attorney, in the county where the ~~organization~~
 23 **EDUCATIONAL CORPORATION** is located, to bring proceedings to enjoin
 24 the further use of ~~such~~ **A** name in violation of this ~~act~~
 25 **SUBSECTION.**

26 (5) ~~No~~ **AN** educational corporation ~~shall be~~ **IS NOT**
 27 permitted to expand its program beyond that specified in its

1 articles of incorporation until it ~~has presented to the Michigan~~
 2 ~~corporation and securities commission a statement in writing from~~
 3 ~~the state board of education~~ **OBTAINS A WRITTEN STATEMENT FROM THE**
 4 **DEPARTMENT OF LABOR AND ECONOMIC GROWTH** approving the facilities,
 5 equipment, and staff or the proposed facilities, equipment, and
 6 staff as adequate for the offering of the additional educational
 7 program.

8 Sec. 176. ~~Same; privileges of holders of diplomas, or~~
 9 ~~certificates. Every~~ **A** diploma, certificate of graduation, or other
 10 evidence of attendance at ~~such institution, shall entitle~~ **AN**
 11 **EDUCATIONAL CORPORATION OR A RELIGIOUS COLLEGE DESCRIBED IN SECTION**
 12 **177A ENTITLES** the lawful recipient ~~thereof~~ to all the privileges
 13 and immunities ~~which~~ **THAT** by custom or usage are allowed to
 14 holders of similar diplomas or certificates granted by similar
 15 institutions in this country. ~~Provided, That as to any~~ **HOWEVER,**
 16 **IF AN** occupation or profession **IS** regulated by statute as to the
 17 requirements and qualifications necessary to the practice ~~thereof,~~
 18 ~~no such~~ **OF THAT OCCUPATION OR PROFESSION, THE** diploma or
 19 certificate of graduation ~~shall~~ **DOES NOT** entitle the recipient to
 20 any ~~such~~ privilege or immunity ~~where such~~ **IF THOSE** statutory
 21 requirements or qualifications ~~have not been~~ **ARE NOT** complied
 22 with.

23 **SEC. 177A. (1) AN ECCLESIASTICAL CORPORATION THAT MEETS ALL OF**
 24 **THE FOLLOWING CRITERIA MAY ORGANIZE AND OPERATE A POSTSECONDARY**
 25 **RELIGIOUS COLLEGE UNDER THIS SECTION:**

26 **(A) THE ECCLESIASTICAL CORPORATION WAS INCORPORATED UNDER THIS**
 27 **ACT IN 1986.**

1 (B) AT THE TIME IT ORGANIZES THE RELIGIOUS COLLEGE, ACCORDING
2 TO THE MOST RECENT FEDERAL DECENNIAL CENSUS, THE ECCLESIASTICAL
3 CORPORATION IS LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN
4 22,500 AND FEWER THAN 25,000 RESIDENTS.

5 (2) A RELIGIOUS COLLEGE ORGANIZED AND OPERATED UNDER THIS
6 SECTION MUST MEET ALL OF THE FOLLOWING CRITERIA:

7 (A) THE RELIGIOUS COLLEGE IS ORGANIZED AND OPERATED BY AN
8 ECCLESIASTICAL CORPORATION AS AN UNINCORPORATED PROGRAM OF THE
9 ECCLESIASTICAL CORPORATION AND BEGAN OPERATING BEFORE JANUARY 1,
10 2007.

11 (B) THE ECCLESIASTICAL CORPORATION RETAINS CONTROL OF THE
12 RELIGIOUS COLLEGE FOR DENOMINATIONAL PURPOSES.

13 (C) THE RELIGIOUS COLLEGE HAS AN ACADEMIC ADVISORY BOARD TO
14 ASSIST THE RELIGIOUS COLLEGE IN THE DEVELOPMENT OF ITS EDUCATIONAL
15 PROGRAMS. THE BOARD SHALL CONSIST OF AT LEAST 4 INDIVIDUALS,
16 APPOINTED BY THE ECCLESIASTICAL CORPORATION, WHO REPRESENT SIMILAR
17 RELIGIOUS COLLEGES.

18 (D) THE EDUCATIONAL PROGRAMS OF THE RELIGIOUS COLLEGE ARE
19 SOLELY DESIGNED FOR, DIRECTED TOWARD, AND ATTENDED BY STUDENTS WHO
20 SEEK TO LEARN THE PARTICULAR RELIGIOUS FAITH OR BELIEFS OF THE
21 ECCLESIASTICAL CORPORATION.

22 (E) THE SOLE PURPOSE OF THE EDUCATIONAL PROGRAMS OF THE
23 RELIGIOUS COLLEGE IS TO PREPARE STUDENTS FOR ORDINATION OR
24 APPOINTMENT AS A MEMBER OF THE CLERGY OF A CHURCH, DENOMINATION, OR
25 RELIGIOUS ASSOCIATION, ORDER, OR SECT. THE RELIGIOUS COLLEGE MAY
26 ALSO OFFER PROGRAMS FOR THE PURPOSE OF PREPARING STUDENTS TO ENTER
27 INTO OTHER VOCATIONS DIRECTLY RELATED TO THE PARTICULAR FAITH OF

1 THE ECCLESIASTICAL CORPORATION. HOWEVER, THE RELIGIOUS COLLEGE MAY
2 NOT OFFER GENERAL OR LIBERAL ARTS EDUCATIONAL PROGRAMS OR ANY OTHER
3 PROGRAMS THAT DO NOT PREPARE STUDENTS FOR ORDINATION OR APPOINTMENT
4 AS A MEMBER OF THE CLERGY OF A CHURCH, DENOMINATION, OR RELIGIOUS
5 ASSOCIATION, ORDER, OR SECT OR OTHER VOCATIONS DIRECTLY RELATED TO
6 THE PARTICULAR FAITH OF THE ECCLESIASTICAL CORPORATION.

7 (3) AN ECCLESIASTICAL CORPORATION MAY USE THE WORD "COLLEGE"
8 IN THE NAME OF THE RELIGIOUS COLLEGE. HOWEVER, IMMEDIATELY
9 FOLLOWING THE NAME OF THE RELIGIOUS COLLEGE, THE ECCLESIASTICAL
10 CORPORATION SHALL CLEARLY AND PROMINENTLY INDICATE ON ANY SIGNS,
11 PUBLICATIONS, AND OTHER PRINTED MATERIALS THAT THE RELIGIOUS
12 COLLEGE IS AN UNINCORPORATED DIVISION OF THE ECCLESIASTICAL
13 CORPORATION. IF THE ECCLESIASTICAL CORPORATION USES THE WORD
14 COLLEGE IN THE NAME OF THE RELIGIOUS COLLEGE, IT SHALL FILE A
15 CERTIFICATE OF ASSUMED NAME FOR THE RELIGIOUS COLLEGE WITH THE
16 DEPARTMENT OF LABOR AND ECONOMIC GROWTH.

17 (4) SUBJECT TO SUBSECTION (5), A RELIGIOUS COLLEGE MAY AWARD 1
18 OF THE FOLLOWING DEGREES TO A STUDENT OF THE RELIGIOUS COLLEGE WHO
19 SATISFACTORILY COMPLETES A COURSE OF STUDY PRESCRIBED BY THE
20 ECCLESIASTICAL CORPORATION FOR THAT DEGREE:

21 (A) IF THE COURSE OF STUDY REQUIRES AT LEAST 60 SEMESTER HOURS
22 OR EQUIVALENT OF STUDY, AN ASSOCIATE OF BIBLICAL STUDIES, AN
23 ASSOCIATE OF RELIGIOUS STUDIES, AN ASSOCIATE OF THEOLOGY, AN
24 ASSOCIATE OF CHURCH SECRETARIAL SCIENCES, OR ANOTHER SUBSTANTIALLY
25 SIMILAR ASSOCIATE DEGREE THAT DOES NOT INCLUDE THE WORD "ARTS" OR
26 "SCIENCE".

27 (B) IF THE COURSE OF STUDY REQUIRES AT LEAST 120 SEMESTER

1 HOURS OR EQUIVALENT OF STUDY, A BACHELOR OF BIBLICAL STUDIES, A
2 BACHELOR OF RELIGIOUS STUDIES, A BACHELOR OF THEOLOGY, OR ANOTHER
3 SUBSTANTIALLY SIMILAR BACHELOR'S DEGREE THAT DOES NOT INCLUDE THE
4 WORD "ARTS" OR "SCIENCE".

5 (C) IF THE COURSE OF STUDY REQUIRES A BACHELOR'S DEGREE AND AT
6 LEAST 30 ADDITIONAL SEMESTER HOURS OR EQUIVALENT OF STUDY, A MASTER
7 OF THEOLOGY, A MASTER OF BIBLICAL STUDIES, A MASTER OF RELIGIOUS
8 STUDIES, OR ANOTHER SUBSTANTIALLY SIMILAR MASTER'S DEGREE THAT DOES
9 NOT INCLUDE THE WORD "ARTS" OR "SCIENCE".

10 (D) IF THE COURSE OF STUDY REQUIRES A BACHELOR'S DEGREE AND AT
11 LEAST 90 ADDITIONAL SEMESTER HOURS OR EQUIVALENT OF STUDY,
12 INCLUDING, BUT NOT LIMITED TO, DISSERTATION CREDITS OR RESEARCH
13 STUDY, A DOCTOR OF THEOLOGY, A DOCTOR OF BIBLICAL STUDIES, A DOCTOR
14 OF RELIGIOUS STUDIES, OR ANOTHER SUBSTANTIALLY SIMILAR DOCTORAL
15 DEGREE THAT DOES NOT INCLUDE THE WORD "ARTS" OR "SCIENCE".

16 (5) A RELIGIOUS COLLEGE SHALL CLEARLY AND PROMINENTLY STATE
17 ALL OF THE FOLLOWING ON A STUDENT'S DIPLOMA, CERTIFICATE OF
18 GRADUATION, TRANSCRIPT, OR ANY OTHER DOCUMENT PREPARED BY OR
19 PROVIDED BY THE RELIGIOUS COLLEGE TO ESTABLISH OR VERIFY THAT THE
20 STUDENT HAD ATTENDED THE RELIGIOUS COLLEGE OR COMPLETED A COURSE OF
21 STUDY AT THE RELIGIOUS COLLEGE:

22 (A) FOR A DEGREE AWARDED BY THE RELIGIOUS COLLEGE, THE NAME OF
23 THE DEGREE, INCLUDING THE RELIGIOUS LIMITATION ON THAT DEGREE
24 REQUIRED UNDER SUBSECTION (4). A RELIGIOUS LIMITATION REQUIRED FOR
25 A DEGREE TITLE UNDER SUBSECTION (4) SHALL IMMEDIATELY PRECEDE OR BE
26 PART OF THE DEGREE TITLE WHEREVER THE DEGREE TITLE APPEARS IN THE
27 DIPLOMA OR OTHER DOCUMENT.

1 (B) THAT THE RELIGIOUS COLLEGE IS NOT LICENSED, APPROVED, OR
2 OTHERWISE ENDORSED BY THE STATE OF MICHIGAN AND THAT THE STATE OF
3 MICHIGAN DOES NOT GUARANTEE THAT ANY OF THE DEGREES OR CREDITS
4 GRANTED BY THE RELIGIOUS COLLEGE WILL BE RECOGNIZED BY ANY
5 ORGANIZATION FOR ANY PURPOSE.

6 (6) AN ECCLESIASTICAL CORPORATION IS NOT REQUIRED TO OBTAIN
7 THE APPROVAL OF OR A LICENSE FROM THE DEPARTMENT OF LABOR AND
8 ECONOMIC GROWTH TO OPERATE A RELIGIOUS COLLEGE UNDER THIS SECTION
9 IN THIS STATE AND THE OPERATION OF THE RELIGIOUS COLLEGE AND ITS
10 EDUCATIONAL PROGRAMS ARE NOT SUBJECT TO THE SUPERVISION OF THAT
11 DEPARTMENT. HOWEVER, IF AN ECCLESIASTICAL CORPORATION DOES NOT
12 OBTAIN THE APPROVAL OF OR A LICENSE FROM THE DEPARTMENT OF LABOR
13 AND ECONOMIC GROWTH TO OPERATE A RELIGIOUS COLLEGE, THE
14 ECCLESIASTICAL CORPORATION SHALL CLEARLY AND PROMINENTLY PRINT A
15 DISCLAIMER ON ALL OF ITS APPLICATION MATERIALS, COURSE CATALOGS,
16 BROCHURES, WEBSITES, AND OTHER PUBLICATIONS THAT STATES ALL OF THE
17 FOLLOWING:

18 (A) THE RELIGIOUS COLLEGE IS AN UNINCORPORATED DIVISION OF THE
19 ECCLESIASTICAL CORPORATION.

20 (B) THE EDUCATIONAL PROGRAMS OFFERED BY THE RELIGIOUS COLLEGE
21 ARE SOLELY DESIGNED FOR, DIRECTED TOWARD, AND ATTENDED BY STUDENTS
22 WHO SEEK TO LEARN THE PARTICULAR RELIGIOUS FAITH OR BELIEFS OF THE
23 ECCLESIASTICAL CORPORATION.

24 (C) THE RELIGIOUS COLLEGE IS NOT LICENSED, APPROVED, OR
25 OTHERWISE ENDORSED BY THE STATE OF MICHIGAN AND THAT THE STATE OF
26 MICHIGAN DOES NOT GUARANTEE THAT ANY OF THE DEGREES OR CREDITS
27 GRANTED BY THE RELIGIOUS COLLEGE WILL BE RECOGNIZED BY ANY

1 ORGANIZATION FOR ANY PURPOSE.

2 (7) IF A RELIGIOUS COLLEGE DESCRIBES ANY OF THE DEGREES
3 OFFERED BY THE RELIGIOUS COLLEGE IN ANY DOCUMENT PROVIDED TO THE
4 DEPARTMENT OF LABOR AND ECONOMIC GROWTH OR IN ANY APPLICATION
5 MATERIALS, COURSE CATALOGS, BROCHURES, WEBSITES, OR OTHER
6 PUBLICATIONS MADE AVAILABLE BY THE RELIGIOUS COLLEGE, THE RELIGIOUS
7 COLLEGE SHALL INCLUDE THE RELIGIOUS LIMITATION ON THAT DEGREE
8 REQUIRED UNDER SUBSECTION (4), EITHER IMMEDIATELY PRECEDING OR AS
9 PART OF THE DEGREE TITLE, WHEREVER THE DEGREE TITLE APPEARS IN THE
10 DOCUMENT OR PUBLICATION.

11 (8) EVERY 4 YEARS, AN ECCLESIASTICAL CORPORATION ORGANIZING OR
12 OPERATING A RELIGIOUS COLLEGE SHALL SUBMIT A SWORN AFFIDAVIT TO THE
13 DEPARTMENT OF LABOR AND ECONOMIC GROWTH THAT CERTIFIES THAT THE
14 RELIGIOUS COLLEGE COMPLIES WITH THE REQUIREMENTS OF THIS SECTION
15 AND INCLUDES ALL OF THE FOLLOWING:

16 (A) THE NAME OF THE RELIGIOUS COLLEGE. THE NAME STATED IN THE
17 AFFIDAVIT MUST COMPLY WITH SUBSECTION (3).

18 (B) A STATEMENT THAT THE RELIGIOUS COLLEGE OFFERS ONLY
19 EDUCATIONAL PROGRAMS THAT PREPARE STUDENTS FOR RELIGIOUS VOCATIONS
20 AS MINISTERS, PROFESSIONALS, OR LAYPERSONS IN THE CATEGORIES OF
21 MINISTRY AND THEOLOGY.

22 (C) A STATEMENT THAT EACH DEGREE AWARDED BY THE RELIGIOUS
23 COLLEGE COMPLIES WITH SUBSECTION (5).

24 (D) A STATEMENT THAT EACH DOCUMENT PROVIDED OR PUBLICATION
25 MADE AVAILABLE BY THE RELIGIOUS COLLEGE UNDER SUBSECTION (7)
26 COMPLIES WITH THAT SUBSECTION.

27 (E) A STATEMENT THAT THE RELIGIOUS COLLEGE DOES NOT ACCEPT

1 STATE OR FEDERAL ASSISTANCE FOR ITS EDUCATIONAL PROGRAMS AND DOES
2 NOT ACCEPT STUDENTS WHO ARE RECEIVING STATE OR FEDERAL FINANCIAL
3 AID UNDER ANY HIGHER EDUCATION LOAN, GRANT, OR SCHOLARSHIP PROGRAM.

4 (9) AN ECCLESIASTICAL CORPORATION OPERATING A RELIGIOUS
5 COLLEGE THAT IS IN COMPLIANCE WITH THE REQUIREMENTS OF THIS SECTION
6 IS AUTHORIZED TO CONDUCT BUSINESS AS A RELIGIOUS COLLEGE IN THIS
7 STATE.

8 Enacting section 1. This amendatory act does not take effect
9 unless House Bill No. 6016 of the 93rd Legislature is enacted into
10 law.