

# HOUSE BILL No. 5357

October 24, 2007, Introduced by Reps. Meisner, Clemente and Huizenga and referred to the Committee on New Economy and Quality of Life.

A bill to amend 1962 PA 192, entitled "Professional service corporation act," by amending sections 2, 3, 4, and 13 (MCL 450.222, 450.223, 450.224, and 450.233), section 2 as amended by 1998 PA 48, section 4 as amended by 2000 PA 335, and section 13 as amended by 2001 PA 58.

**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 licensed  
3 or otherwise legally authorized to practice a professional service  
4 by a court, department, board, commission, an agency of this state  
5 or another jurisdiction, or any corporation all of whose  
6 shareholders are licensed persons.

1 (b) "Professional corporation" means a corporation that is  
 2 organized under this act for the sole and specific purpose of  
 3 rendering 1 or more professional services and has as its  
 4 shareholders only licensed persons, the personal representatives or  
 5 estates of individuals, or other persons as provided in section 10.

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

15 (D) "SERVICES IN A LEARNED PROFESSION" MEANS SERVICES RENDERED  
 16 BY A DENTIST, AN OSTEOPATHIC PHYSICIAN, A PHYSICIAN, A SURGEON, A  
 17 DOCTOR OF DIVINITY OR OTHER CLERGY, OR AN ATTORNEY-AT-LAW.

18 Sec. 3. (1) This act ~~shall~~ **DOES** not apply to any corporation  
 19 organized ~~within~~ **IN** this state ~~prior to~~ **BEFORE** the passage of this  
 20 act to perform professional services to the public. ~~Any such~~ **A**  
 21 corporation **DESCRIBED IN THIS SUBSECTION** may bring itself within  
 22 the provisions of this act by amending the articles of  
 23 incorporation in such a manner ~~so as to be~~ **THAT THE AMENDED**  
 24 **ARTICLES OF INCORPORATION ARE** consistent with all the provisions of  
 25 this act and by affirmatively stating in the amended articles of  
 26 incorporation that the shareholders have elected to bring the  
 27 corporation within the provisions of this act.

1           (2) THIS ACT DOES NOT APPLY TO ANY CORPORATION PROVIDING  
2 PROFESSIONAL SERVICES THAT IS ORGANIZED UNDER THE BUSINESS  
3 CORPORATION ACT, 1972 PA 284, MCL 450.1101 TO 450.2098, BEFORE THE  
4 EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION, IF  
5 NONE OF THE PROFESSIONAL SERVICES PROVIDED BY THE CORPORATION ARE  
6 SERVICES IN A LEARNED PROFESSION. A CORPORATION DESCRIBED IN THIS  
7 SUBSECTION MAY BRING ITSELF WITHIN THE PROVISIONS OF THIS ACT BY  
8 AMENDING THE ARTICLES OF INCORPORATION IN SUCH A MANNER THAT THE  
9 AMENDED ARTICLES OF INCORPORATION ARE CONSISTENT WITH ALL THE  
10 PROVISIONS OF THIS ACT AND BY AFFIRMATIVELY STATING IN THE AMENDED  
11 ARTICLES OF INCORPORATION THAT THE SHAREHOLDERS HAVE ELECTED TO  
12 BRING THE CORPORATION WITHIN THE PROVISIONS OF THIS ACT.

13           Sec. 4. (1) One or more licensed persons may organize under  
14 this act to become a shareholder or shareholders of a professional  
15 corporation for pecuniary profit. **A CORPORATION FOR PECUNIARY**  
16 **PROFIT THAT PROVIDES 1 OR MORE PROFESSIONAL SERVICES THAT ARE**  
17 **SERVICES IN A LEARNED PROFESSION MAY ONLY INCORPORATE UNDER THIS**  
18 **ACT AND MAY NOT ELECT TO INCORPORATE UNDER THE BUSINESS CORPORATION**  
19 **ACT, 1972 PA 284, MCL 450.1101 TO 450.2098. A CORPORATION THAT**  
20 **PROVIDES 1 OR MORE PROFESSIONAL SERVICES MAY ELECT TO INCORPORATE**  
21 **UNDER THIS ACT OR THE BUSINESS CORPORATION ACT, 1972 PA 284, MCL**  
22 **450.1101 TO 450.2098, IF IT DOES NOT PROVIDE ANY PROFESSIONAL**  
23 **SERVICES THAT ARE SERVICES IN A LEARNED PROFESSION.**

24           (2) Except as otherwise provided in subsection (3) or  
25 otherwise prohibited, a professional corporation may render 1 or  
26 more professional services, except that each shareholder must be a  
27 licensed person in 1 or more of the professional services rendered

1 by the corporation.

2 (3) Except as otherwise provided in this subsection, if the  
3 professional corporation renders a professional service that is  
4 included within the public health code, 1978 PA 368, MCL 333.1101  
5 to 333.25211, then all shareholders of the corporation shall be  
6 licensed or legally authorized in this state to render the same  
7 professional service. One or more physicians and surgeons licensed  
8 under the public health code, 1978 PA 368, MCL 333.1101 to  
9 333.25211, may organize a professional corporation under this act  
10 with 1 or more physicians and surgeons licensed under different  
11 provisions of the public health code, 1978 PA 368, MCL 333.1101 to  
12 333.25211.

13 (4) A licensed person of another jurisdiction may become an  
14 officer, director, shareholder, employee, or agent of the  
15 corporation but shall not render any professional service in this  
16 state until the person is licensed or otherwise legally authorized  
17 to render the professional service in this state.

18 Sec. 13. The ~~business corporation act, 1972 PA 284, MCL~~  
19 ~~450.1101 to 450.2098,~~ **STATUTORY LAW OF THIS STATE GOVERNING THE**  
20 **FORMATION AND INTERNAL AFFAIRS OF BUSINESS CORPORATIONS** is  
21 applicable to a corporation organized under this act except to the  
22 extent that a provision of this act is in conflict with the  
23 provisions of that ~~act~~ **STATUTORY LAW**. If there is a conflict  
24 between a provision of this act and that ~~act~~ **STATUTORY LAW**, the  
25 provision of this act applies with respect to a corporation  
26 organized under this act. A professional corporation organized  
27 under this act shall not consolidate or merge with another

1 corporation whose shareholders are not licensed persons who may be  
2 shareholders under this act.

3 Enacting section 1. This amendatory act does not take effect  
4 unless all of the following bills of the 94th Legislature are  
5 enacted into law:

6 (a) Senate Bill No. \_\_\_\_\_ or House Bill No. 5356 (request no.  
7 05175'07).

8 (b) Senate Bill No. \_\_\_\_\_ or House Bill No. 5358 (request no.  
9 05299'07).