

Legislative Analysis



AUTHORIZE THE CONVERSION OF SUMMER RESORT ASSOCIATIONS INTO NONPROFIT CORPORATIONS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bills 4048 and 4049 as referred to second committee

Analysis available at
<http://www.legislature.mi.gov>

Sponsor: Rep. Larry Inman

1st Committee: Commerce and Tourism

2nd Committee: Ways and Means

Complete to 3-18-19

SUMMARY:

House Bills 4048 and 4049 would amend the Nonprofit Corporation Act and 1897 PA 230, respectively, to allow summer resort associations to convert into nonprofit corporations.

The bills would allow summer resort associations to convert into domestic nonprofit corporations by satisfying the requirements laid out under the Nonprofit Corporation Act. Additionally, HB 4049 would require the conversion to receive a vote of approval from at least 2/3 of all of the shareholders of the capital stock of the summer resort association.

Each bill would take effect 90 days after being enacted into law.

MCL 450.2123 (HB 4048)

Proposed MCL 455.19 (HB 4049)

FISCAL IMPACT:

House Bills 4048 and 4049 would have no fiscal impact on any unit of state or local government.

BACKGROUND INFORMATION:

House Bills 4048 and 4049 are identical, respectively, to HBs 5509 (H-1) and 5508 (S-1) of the 2017-18 legislative session, as those bills were favorably reported by the Senate Committee of the Whole.

BRIEF DISCUSSION:

In their testimony, supporters of the bills argued that many of 1897 PA 230's 121-year-old provisions no longer make sense in 2019. In particular, they argue that LARA only forbids the conversion of summer resort associations into nonprofit corporations because the act does not specifically authorize conversion. They note that the bills will not make the conversion of summer resort associations to nonprofits mandatory; they would simply allow the conversion should a supermajority of the shareholders wish for it.

POSITIONS:

The Neahtawanta Summer Resort Association testified in support of the bill. (2-21-19)

The Community Action Institute indicated support for the bill. (2-28-19)

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