Legislative Analysis

LIMITED LIABILITY COMPANY REPORTS AND FEES

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House Bill 4449 as introduced
Sponsor: Rep. Ryan Berman
Committee: Rules and Competitiveness
Revised 5-26-21

SUMMARY:

House Bill 4449 would amend the Michigan Limited Liability Company Act to eliminate a filing fee and a late fee for a professional limited liability company's annual report, require the report to be filed only when the information in it has changed, and eliminate a $50 fee for filing or transmitting certain documents under the act electronically or by fax.

Professional limited liability company annual reports

Under the bill, a professional limited liability company would not have to file the annual report otherwise required under the act if the information in its last annual report has not changed. The bill would also eliminate a $50 fee for filing the report and a $50 penalty for failing to file it or pay the filing fee by the February 15 deadline. The bill would prohibit the director of the Department of Licensing and Regulatory Affairs (LARA) from charging a fee to file the report.

A professional limited liability company is a limited liability company organized under Article 9 of the act to provide a service to the public that requires a license or other legal authorization, such as services provided by a certified public accountant, a health professional, an architect, or a lawyer.

The annual report required under the act must list the names and addresses of all members and managers of the professional limited liability company and certify that each is licensed in one or more of the professional services provided by the company. The report also must certify that any member or manager who is not licensed or authorized to provide professional services in Michigan does not do so.

Electronic filing and transmission fee

The act currently allows the director of LARA to charge an additional $50 fee if certain certificates, applications, statements, or documents of organization are filed by fax or electronically or if the director is asked to transmit a document using those means. The bill would eliminate this $50 fee and prohibit the director from charging any such additional fee in those circumstances. (These provisions do not apply only to professional limited liability companies.)

The bill would take effect 90 days after its enactment.

MCL 450.4909 and 450.5101

FISCAL IMPACT:

House Bill 4449 would result in sizeable revenue reductions for (LARA). The bill would impact revenues from several sources classified as corporation fees, which are a restricted funding source used to support a variety of activities within the department's budget. Based on the number of professional limited liability company (PLLC) annual reports filed in Calendar Year 2020—12,834 reports, according to LARA—the elimination of the $50 filing fee for PLLC annual reports is projected to reduce revenues by $641,700 annually, with actual annual reductions potentially being higher or lower than that amount, depending on the annual report volume. The magnitude of the elimination of the $50 penalty on late filings of PLLC annual reports is indeterminate, as the impact is dependent on the number of late filings, which is an unknown variable. However, the elimination would result in lower corporation fees revenue. The removal of electronic and facsimile filing fees would also result in a revenue reduction of indeterminate magnitude.

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