

Legislative Analysis



ALLOW SUMMER RESORTS TO BECOME NONPROFIT CORPORATIONS

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

House Bill 4312 as introduced
Sponsor: Rep. John R. Roth

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

House Bill 4313 as introduced
Sponsor: Rep. Betsy Coffia

Committee: Local Government and Municipal Finance
Complete to 10-17-23

SUMMARY:

House Bills 4312 and 4313 would amend 1897 PA 230 and the Nonprofit Corporation Act, respectively, to allow summer resort and park associations to convert into domestic nonprofit corporations.

1897 PA 230 allows for the formation of corporations for the purpose of owning, maintaining, and improving land and other property kept as a summer resort or a park.

The bills would allow a summer resort association formed under 1897 PA 230 to convert into a domestic nonprofit corporation by satisfying requirements of the Nonprofit Corporation Act concerning the conversion of a business organization into a domestic corporation¹ and adopting bylaws in accordance with the Nonprofit Corporation Act.

Each bill would take effect 90 days after being enacted into law, but neither bill would take effect unless both bills were enacted.

HB 4312: MCL 450.2123

HB 4313: Proposed MCL 455.19

BACKGROUND:

Reportedly, 43 active summer resort associations have formed under 1897 PA 230.

The bills are a reintroduction of House Bills 5863 and 5864 of the 2021-2022 legislative session, which were passed by the House and referred to the Senate Economic and Small Business Development committee. The bills are also similar to House Bills 4048 and 4049 of the 2019-20 legislative session, which were re-referred to House committee after being reported, and to House Bills 5508 and 5509 of the 2017-18 legislative session, which were passed by the House and reported from the Senate Commerce committee.

¹ <http://legislature.mi.gov/doc.aspx?mcl-450-2746>

FISCAL IMPACT:

House Bills 4312 and 4313 would not be expected to have an appreciable fiscal impact on any units of state or local government. If an entity sought a nonprofit charitable institution tax exemption under MCL 211.7o, there are several conditions that would have to be satisfied; furthermore, tax exemptions are largely dependent on an organization's federal tax status. Therefore, these bills are not anticipated to have any noteworthy impact on tax revenues.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.