

SENATE BILL NO. 129

February 11, 2021, Introduced by Senators SCHMIDT and BUMSTEAD and referred to the Committee on Economic and Small Business Development.

A bill to amend 1897 PA 230, entitled

"An act to provide for the formation of corporations for the purpose of owning, maintaining and improving lands and other property kept for the purposes of summer resorts or for ornament, recreation or amusement, and to repeal all laws or parts of laws in conflict herewith; and to impose certain duties on the department of commerce,"

by amending the title and sections 3, 9, 10, and 23 (MCL 455.3, 455.9, 455.10, and 455.23), the title and section 3 as amended by 1982 PA 117.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1

TITLE

1 An act to provide for the formation of corporations for the
2 purpose of owning, maintaining, and improving lands and other
3 property kept for the purposes of summer resorts or for ornament,
4 recreation, or amusement; ~~and to repeal all laws or parts of laws~~
5 ~~in conflict herewith; and to impose certain duties on the~~
6 ~~department of commerce.~~ **to provide for the powers and duties of**
7 **certain state governmental officers and entities; and to repeal**
8 **acts and parts of acts.**

9 Sec. 3. (1) The articles of association ~~shall~~ **must** be filed ~~in~~
10 **with** the ~~corporation and securities bureau of the department of~~
11 ~~commerce, and thereupon all~~ **licensing and regulatory affairs.**

12 (2) **All** persons who ~~shall have~~ subscribed the same, ~~and all~~
13 ~~persons who shall from time to time become~~ **articles of association,**
14 ~~stockholders in such of the~~ corporation, **and their successors** shall
15 be a body politic and corporate, by the name specified in ~~such the~~
16 articles, ~~and by such name they and their successors shall have~~
17 ~~succession and in their corporate name be capable in law of~~
18 **association.**

19 (3) **The majority of the stockholders may direct the** owning,
20 holding, or purchasing and disposing of, ~~in such manner as a~~
21 ~~majority of the stockholders may direct,~~ any real or personal
22 property or estate. ~~whatever, not exceeding~~ **Real property must not**
23 **exceed** 700 acres of land. ~~and personal~~ **Personal property must not**
24 ~~exceeding in value the sum of \$200,000.00 and in connection~~
25 ~~therewith~~ **exceed \$6,000,000.00, adjusted for inflation using the**
26 **Consumer Price Index. As used in this subsection, "Consumer Price**
27 **Index" means the most comprehensive index of consumer prices**
28 **available for this state from the Bureau of Labor Statistics of the**
29 **United States Department of Labor.**

1 **(4) The corporation** may own, maintain, control, and operate ~~7~~
 2 a hotel, clubhouse, or other buildings for the entertainment,
 3 comfort, or convenience of ~~the-its~~ stockholders. ~~of said~~
 4 ~~corporation, and they shall be capable of suing and being~~

5 **(5) The corporation may sue and be** sued in all courts of law
 6 or equity in this state. ~~7-and~~

7 **(6) The corporation** may have a common seal ~~7-and~~ may alter and
 8 change the ~~same at pleasure. Such common seal.~~

9 **(7) The** corporation may alter or amend its articles of
 10 association at any regular meeting of the stockholders, or at any
 11 special meeting called for that purpose, by a vote of not less than
 12 2/3 of all the shares of the capital stock of ~~said-the~~ corporation.
 13 ~~Such corporation shall cause any such~~ **Any** amendment ~~or amendments~~
 14 ~~to~~ **to the articles of association must** be certified by ~~its-the~~
 15 president and secretary ~~7-of~~ **of the corporation** and filed and recorded
 16 in the same manner as ~~in the case of the~~ original articles of
 17 association. ~~7-and when so filed and recorded such amendments shall~~
 18 ~~become~~ **Any amendment to the articles of association that is filed**
 19 **and recorded becomes** a part of the articles of association.

20 Sec. 9. **(1)** The board of directors shall consist of not less
 21 than 3 ~~nor-and not~~ more than 9 members as **determined by** the
 22 articles of association. ~~shall determine, who shall be stockholders~~
 23 ~~of the corporation. The members of the board of directors are~~
 24 **stockholders. A stockholder may nominate an immediate family member**
 25 **to exercise the stockholder's right to become a director. A**
 26 **nomination under this subsection must be in writing. As used in**
 27 **this subsection, "immediate family member" means a stockholder's**
 28 **spouse, child, stepchild, or child's spouse.**

29 **(2)** The full number of ~~said-the~~ board of directors ~~shall-must~~

1 be elected at the first meeting of ~~such~~**the** corporation and ~~shall~~
 2 **must** be divided into 3 equal classes. ~~;~~~~the~~**The** first class shall
 3 hold their office for 1 year, ~~;~~~~the~~ second class **shall hold their**
 4 **office** for 2 years, and the third class **shall hold their office** for
 5 3 years. ~~, and at~~**At** each annual meeting ~~thereafter,~~**after the**
 6 **first meeting,** 1/3 of the total number of directors ~~shall~~**must** be
 7 elected who shall hold their office for 3 years and until their
 8 successors ~~shall be~~**are** elected. At any ~~such~~ election, a majority
 9 of the votes cast ~~shall be~~**are** sufficient to elect ~~. Whenever a~~
 10 ~~vacancy shall happen in the board of directors, such~~ **a director.**

11 **(3) If there is a vacancy in the board of directors, the**
 12 **remaining board of directors shall appoint an individual to fill**
 13 **the** vacancy. ~~shall be filled by the remaining directors, such~~
 14 ~~appointee to~~**The appointee must** hold office until the next annual
 15 meeting, at which meeting ~~there shall be elected by the~~
 16 stockholders **shall elect** a director to fill the unexpired term.

17 **(4) If any**~~a~~ director ~~shall cease~~**ceases** to own any stock of
 18 ~~said~~**the** corporation, ~~he shall cease~~**the director ceases** to be a
 19 director.

20 **(5) A majority of the directors shall be**~~are~~ a quorum for the
 21 transaction of business.

22 Sec. 10. **(1) The board of directors of the corporation shall**
 23 ~~have the management~~**manage** and control ~~of~~ the stock, business,
 24 finances, rights and interests, buildings, and ~~all~~**real and**
 25 **personal** property ~~, real and personal,~~ of the corporation. ~~, and~~
 26 ~~shall have~~

27 **(2) The board of directors of the corporation has** jurisdiction
 28 over the ~~lands~~**real property** of the corporation and all streets,
 29 alleys, and highways passing through and over the ~~same,~~~~or which~~

1 ~~said real property of the corporation or which the corporation may~~
 2 ~~cause causes~~ to be constructed, laid out, or maintained therein,
 3 ~~and within that real property and over~~ the water within and in
 4 front of ~~said lands and premises. that real property.~~

5 (3) The board of directors **of the corporation** shall ~~in no case~~
 6 ~~in any 1 year, not~~ authorize any expenditure or incur any liability
 7 on behalf of ~~such the~~ corporation ~~to exceed 1,000 dollars that~~
 8 **exceeds \$30,000.00 annually, adjusted for inflation using the**
 9 **Consumer Price Index**, unless authorized by a majority of all the
 10 shares of stock by ~~said the~~ corporation in a meeting duly
 11 assembled. ~~∴ Provided, That in the county of Emmet the board of~~
 12 ~~directors may authorize any expenditure or incur any liability on~~
 13 ~~behalf of such corporation to an amount not exceeding 5,000 dollars~~
 14 ~~in any 1 year. As used in this subsection, "Consumer Price Index"~~
 15 **means the most comprehensive index of consumer prices available for**
 16 **this state from the Bureau of Labor Statistics of the United States**
 17 **Department of Labor.**

18 Sec. 23. (1) ~~It shall be lawful for the The~~ stockholders **of**
 19 **the corporation**, at a special meeting called for that purpose by a
 20 vote of a majority of all the capital stock, ~~to may~~ authorize the
 21 board of directors to provide for special dues ~~additional to those~~
 22 **provided for in addition to the annual dues authorized** in section
 23 16, not exceeding ~~25 dollars \$750.00~~ per share in any 1 year, ~~and~~
 24 ~~such special dues shall be used only adjusted for inflation using~~
 25 **the Consumer Price Index. As used in this subsection, "Consumer**
 26 **Price Index"** means the most comprehensive index of consumer prices
 27 available for this state from the Bureau of Labor Statistics of the
 28 United States Department of Labor.

29 (2) The board of directors shall only use special dues

1 **assessed under this section** for the purpose of paying any existing
2 indebtedness of ~~said-the~~ corporation or for improving and bettering
3 the ~~lands and property of said-the~~ corporation, ~~or for improving~~
4 the sanitary condition thereof, **of the property**, providing
5 protection from loss or damage by fire or water, or erecting,
6 purchasing, or maintaining any hotel, ~~club house~~ **clubhouse**, or
7 other building for the entertainment, comfort, or convenience of
8 ~~said-the~~ corporation and its stockholders. ~~, and any~~

9 (3) **Any** resolution adopted by ~~said stockholders' meeting for~~
10 ~~such purpose shall~~ **the stockholders authorizing special dues under**
11 **this section must** determine the purpose for which ~~such-the board of~~
12 **directors shall use the proceeds of the** special dues shall be
13 ~~expended and the period of time during which they may be levied. in~~
14 **which the board may levy the special dues.**

15 (4) The payment of **special** dues authorized under ~~the~~
16 ~~provisions of this section~~ may be enforced by ~~said-the~~ corporation
17 in the same manner ~~as is~~ provided in section 16 for the enforcement
18 of the annual dues.