

**SFA**

BILL ANALYSIS

Senate Fiscal Agency

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**Senate Bill 198 (as reported without amendment)****Sponsor: Senator Dick Posthumus****Committee: Commerce and Technology****Date Completed: 5-26-87*****RATIONALE***

The Business Corporation Act requires corporations to file an annual report with the State that contains information pertaining to the operation of the corporation. The Act requires that the report include both information on the nature and value of property owned and used by the corporation and a detailed statement of the corporation's assets and liabilities. Some contend that the reporting of this information is unnecessary and duplicative, because it must be reported annually to the Securities and Exchange Commission as well as to the corporation's stockholders.

***CONTENT***

Senate Bill 198 would amend the Business Corporation Act to remove requirements that a corporation's annual report to the State contain the nature and book value of property owned and used by the corporation and a "complete and detailed" statement of the corporation's assets and liabilities. The bill also would prohibit the Administrator (i.e., the Director of the Department of Commerce or other person authorized to administer the Act) from including the requirement in the report of "information regarding the nature and book value of property owned and used by the corporation, the assets and liabilities of the corporation, or the earnings and profits of the corporation".

The Act requires the value of property owned and used within Michigan to be listed separately from property owned and used outside of the State. The statement of assets and liabilities must reflect the corporation's books at the close of business on December 31, or the date of completion of the corporation's latest fiscal year. The Act allows a corporation that is a member of an affiliated group of corporations which regularly prepares consolidated financial statements to file a consolidated balance sheet rather than the statement of assets and liabilities. These are the provisions that the bill would delete.

MCL 450.1911

***FISCAL IMPACT***

The bill would have no fiscal impact on State or local government.

***ARGUMENTS******Supporting Argument***

The provisions that the bill would delete place an undeserved burden on corporations operating in Michigan. The bill would help to limit unnecessary paperwork by removing a requirement that is duplicative of a Federal reporting requirement.

***Supporting Argument***

The information pertaining to holdings, assets, and liabilities in the annual report has been used for purposes other than regulatory oversight. Labor unions reportedly have used the information in determining their positions on contract negotiations. Corporate officers claim that this is an unfair negotiating practice.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.

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