

SUBSTITUTE FOR
SENATE BILL NO. 624

A bill to amend 1965 PA 169, entitled

"An act to require court proceedings for dissolution of domestic charitable purpose corporations; and to require the filing of notice of intention to withdraw with the attorney general by foreign charitable purpose corporations attempting to withdraw from this state,"

by amending the title and sections 1 and 2 (MCL 450.251 and 450.252) and by adding sections 1a and 2a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1
2
3
4
5
6
7

TITLE

An act **TO REQUIRE NOTICE AND ACCOUNTING TO THE ATTORNEY GENERAL OF THE DISSOLUTION, MERGER, OR CONVERSION OF, AND CERTAIN AMENDMENTS TO OR RESTATEMENTS OF THE ARTICLES OF INCORPORATION OF, CERTAIN DOMESTIC CHARITABLE PURPOSE CORPORATIONS OR OTHER ENTITIES;** to require court proceedings for dissolution of **THOSE** domestic charitable purpose corporations **OR ENTITIES;** and to require the

1 filing of **A** notice of intention to withdraw with the attorney
 2 general by **A** foreign charitable purpose ~~corporations attempting to~~
 3 ~~withdraw~~ **CORPORATION THAT WITHDRAWS** from this state.

4 Sec. 1. (1) ~~No~~ **A** nonprofit corporation, foundation, trustee
 5 corporation, or other corporation, or entity organized under the
 6 laws of this state whose ~~corporate purposes are to hold~~ **PURPOSES**
 7 **INCLUDE OPERATING OR HOLDING** property for any charitable purpose,
 8 ~~except when they are~~ **UNLESS IT IS** organized for religious purposes,
 9 shall ~~be dissolved except by giving~~ **NOT DO ANY OF THE FOLLOWING**
 10 **UNLESS IT COMPLIES WITH SUBSECTION (2):**

11 (A) ENTER INTO A MERGER WITH ANOTHER DOMESTIC OR FOREIGN
 12 NONPROFIT CORPORATION, DOMESTIC OR FOREIGN BUSINESS CORPORATION, OR
 13 OTHER DOMESTIC OR FOREIGN BUSINESS ENTITY.

14 (B) AMEND OR RESTATE ITS ARTICLES OF INCORPORATION TO BECOME A
 15 CORPORATION GOVERNED BY THE BUSINESS CORPORATION ACT, 1972 PA 284,
 16 MCL 450.1101 TO 450.2098.

17 (C) CONVERT AN ENTITY DESCRIBED IN SUBDIVISION (A) INTO
 18 ANOTHER FORM OF DOMESTIC OR FOREIGN BUSINESS ORGANIZATION.

19 (D) DISSOLVE.

20 (2) A CORPORATION OR ENTITY DESCRIBED IN SUBSECTION (1) MUST
 21 **GIVE WRITTEN** notice to the attorney general ~~by registered mail at~~
 22 ~~least 45 days prior to the filing of any paper or document in~~
 23 ~~respect to such~~ **BEFORE FILING AN AMENDMENT TO OR RESTATEMENT OF ITS**
 24 **ARTICLES OF INCORPORATION, A CERTIFICATE OF CONVERSION, OR ANY**
 25 **OTHER PAPER OR DOCUMENT CONCERNING A MERGER, CONVERSION, OR**
 26 dissolution **DESCRIBED IN SUBSECTION (1)** with any other state agency
 27 or court.

1 (3) A CORPORATION THAT IS SUBJECT TO THIS ACT AND THAT IS
2 AUTOMATICALLY DISSOLVED UNDER SECTION 801(1) (A) OR SECTION 922 OF
3 THE NONPROFIT CORPORATION ACT, 1982 PA 166, MCL 450.2801 AND
4 450.2922, SHALL GIVE NOTICE OF THE DISSOLUTION TO THE ATTORNEY
5 GENERAL WITHIN 60 DAYS AFTER THE AUTOMATIC DISSOLUTION OF THE
6 CORPORATION.

7 (4) THE ATTORNEY GENERAL MAY REQUIRE THAT A CORPORATION OR
8 ENTITY DESCRIBED IN SUBSECTION (1) THAT IS INVOLVED IN A MERGER,
9 CONVERSION, OR DISSOLUTION DESCRIBED IN THAT SUBSECTION SUBMIT TO
10 THE ATTORNEY GENERAL AN ACCOUNTING OF THE ASSETS OF THE CORPORATION
11 AND OF THEIR ADMINISTRATION AND DISPOSITION.

12 (5) The attorney general may require ~~the dissolution to~~ **THAT**
13 **THE DISSOLUTION OF A CORPORATION OR ENTITY DESCRIBED IN SUBSECTION**
14 **(1) be accomplished by proceedings in the circuit court FOR INGHAM**
15 **COUNTY OR** for the county in which the registered office **OR**
16 **PRINCIPAL PLACE OF BUSINESS** of the corporation **OR ENTITY** is
17 located. ~~, and the making of an accounting of its assets,~~
18 ~~administration and disposition of its assets.~~ The attorney general
19 is a necessary party to ~~such~~ **THE DISSOLUTION** proceedings and shall
20 be given due notice ~~thereof.~~ **OF THOSE PROCEEDINGS.**

21 (6) The attorney general may consent to **THE** dissolution **OF A**
22 **CORPORATION OR OTHER ENTITY DESCRIBED IN SUBSECTION (1)** without
23 court proceedings. ~~, provided however, that~~ **HOWEVER, THE CONSENT TO**
24 **A DISSOLUTION BY THE ATTORNEY GENERAL UNDER THIS SUBSECTION DOES**
25 **NOT AFFECT OR LIMIT THE APPLICATION OF** any other statutory
26 provisions ~~requiring~~ **THAT REQUIRE** court proceedings ~~shall not be~~
27 ~~affected nor eliminated by such consent.~~ The corporation and

1 ~~securities commission shall not accept for filing any notice of~~
2 ~~dissolution unless it is accompanied by a copy of the order of the~~
3 ~~circuit court dissolving the corporation or a certified copy of the~~
4 ~~written consent of the attorney general to such dissolution.~~ IN
5 CONNECTION WITH THE DISSOLUTION OF A CORPORATION OR OTHER ENTITY
6 DESCRIBED IN SUBSECTION (1).

7 SEC. 1A. THIS ACT SHALL BE KNOWN AND MAY BE CITED AS THE
8 "DISSOLUTION OF CHARITABLE PURPOSE CORPORATIONS ACT".

9 Sec. 2. (1) THE DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
10 SHALL NOT ACCEPT ANY OF THE FOLLOWING FOR FILING UNLESS IT IS
11 ACCOMPANIED BY AN ORDER OF A CIRCUIT COURT DISSOLVING THE
12 CORPORATION OR ENTITY, THE WRITTEN CONSENT OF THE ATTORNEY GENERAL
13 UNDER SECTION 2A TO THE DISSOLUTION OF THE CORPORATION OR ENTITY,
14 OR AN AFFIDAVIT DESCRIBED IN SECTION 2A:

15 (A) A CERTIFICATE OF DISSOLUTION OF A CORPORATION OR OTHER
16 ENTITY DESCRIBED IN SECTION 1(1).

17 (B) A CERTIFICATE OF MERGER OF A CORPORATION OR OTHER ENTITY
18 DESCRIBED IN SECTION 1(1).

19 (C) AN AMENDMENT TO THE ARTICLES OF INCORPORATION, RESTATED
20 ARTICLES OF INCORPORATION, OR A CERTIFICATE OF CONVERSION TO BECOME
21 OR THAT CONVERTS A CORPORATION OR OTHER ENTITY DESCRIBED IN SECTION
22 1(1) TO A CORPORATION GOVERNED BY THE BUSINESS CORPORATION ACT,
23 1972 PA 284, MCL 450.1101 TO 450.2098, OR ANOTHER DOMESTIC OR
24 FOREIGN BUSINESS ENTITY.

25 (D) ANY AMENDMENT TO THE ARTICLES OF INCORPORATION OF A
26 CORPORATION DESCRIBED IN SECTION 1(1) THAT CHANGES ITS TERM OF
27 EXISTENCE TO A SPECIFIC DATE.

1 (2) The ~~corporation and securities commission~~ **DEPARTMENT OF**
2 **LICENSING AND REGULATORY AFFAIRS** shall not ~~accept for filing a~~
3 ~~notice~~ **ISSUE A CERTIFICATE** of withdrawal from this state of a
4 foreign corporation or entity whose nature and purposes are similar
5 to those domestic corporations or entities described in section ~~17~~
6 **1(1)**, unless the ~~notice~~ **REQUEST FOR A CERTIFICATE** of withdrawal is
7 accompanied by a ~~true copy and proof of service by registered mail,~~
8 ~~of a notice of intention to withdraw from the state served upon the~~
9 ~~attorney general at least 45 days prior to the receipt by the~~
10 ~~commission of the notice of withdrawal.~~ **THE WRITTEN CONSENT OF THE**
11 **ATTORNEY GENERAL UNDER SECTION 2A OR AN AFFIDAVIT DESCRIBED IN**
12 **SECTION 2A.**

13 **SEC. 2A. (1) IF A CHARITABLE CORPORATION OR OTHER ENTITY**
14 **DESCRIBED IN SECTION 1(1) SUBMITS A WRITTEN REQUEST TO THE ATTORNEY**
15 **GENERAL FOR CONSENT TO THE FILING OF A CERTIFICATE OF DISSOLUTION,**
16 **MERGER, OR CONVERSION, AN AMENDMENT TO OR RESTATEMENT OF ITS**
17 **ARTICLES OF INCORPORATION, OR TO A DISSOLUTION OR IF A FOREIGN**
18 **CORPORATION SUBMITS A WRITTEN REQUEST FOR CONSENT TO FILING A**
19 **CERTIFICATE OF WITHDRAWAL UNDER THIS ACT, THE ATTORNEY GENERAL**
20 **SHALL, WITHIN 120 DAYS AFTER THE ATTORNEY GENERAL RECEIVES THE**
21 **REQUEST, EITHER PROVIDE WRITTEN CONSENT TO THE FILING OR**
22 **DISSOLUTION OR GIVE WRITTEN NOTICE TO THE PERSON THAT SUBMITTED THE**
23 **REQUEST, SPECIFYING THE REASONS FOR THE REFUSAL TO CONSENT OR**
24 **REQUESTING THAT THE PERSON PROVIDE ADDITIONAL INFORMATION.**

25 **(2) IF THE ATTORNEY GENERAL FAILS TO PROVIDE THE WRITTEN**
26 **NOTICE REQUIRED UNDER SUBSECTION (1) WITHIN THE 120-DAY PERIOD**
27 **DESCRIBED IN THAT SUBSECTION, THE PERSON THAT SUBMITTED THE REQUEST**

1 MAY PREPARE AN AFFIDAVIT ATTESTING TO THE SUBMISSION OF THAT
2 REQUEST AND THE FAILURE OF THE ATTORNEY GENERAL TO RESPOND AND MAY
3 SUBMIT THE AFFIDAVIT TO THE DEPARTMENT OF LICENSING AND REGULATORY
4 AFFAIRS UNDER SECTION 2.

5 (3) A DOMESTIC OR FOREIGN CHARITABLE CORPORATION OR OTHER
6 ENTITY THAT IS SUBJECT TO THIS ACT MAY SEEK JUDICIAL REVIEW OF THE
7 REFUSAL OF THE ATTORNEY GENERAL TO CONSENT TO A TRANSACTION
8 DESCRIBED IN SUBSECTION (1) UNDER SECTIONS 103, 104, AND 106 OF THE
9 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.303,
10 24.304, AND 24.306.

11 Enacting section 1. This amendatory act does not take effect
12 unless all of the following bills of the 97th Legislature are
13 enacted into law:

14 (a) Senate Bill No. 623.

15 (b) Senate Bill No. 929.