

SENATE BILL No. 624

October 16, 2013, Introduced by Senators JONES, KOWALL and BIEDA and referred to the Committee on Economic Development.

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:

TITLE

An act **TO REQUIRE NOTICE AND ACCOUNTING TO THE ATTORNEY GENERAL OF THE DISSOLUTION, MERGER, OR CONVERSION 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 filing of **A** notice of intention to withdraw with the attorney

1 general by ~~A~~ foreign charitable purpose ~~corporations attempting to~~
 2 ~~withdraw~~ **CORPORATION THAT WITHDRAWS** from this state.

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

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

13 (B) **FILE AN AMENDMENT TO THE ARTICLES OF INCORPORATION OR**
 14 **RESTATED ARTICLES OF INCORPORATION THAT CONVERT AN ENTITY DESCRIBED**
 15 **IN THIS SUBSECTION INTO A BUSINESS CORPORATION OR TO A PROFESSIONAL**
 16 **SERVICE CORPORATION.**

17 (C) **FILE A CERTIFICATE OF CONVERSION THAT CONVERTS AN ENTITY**
 18 **DESCRIBED IN SUBDIVISION (A) INTO ANOTHER FORM OF DOMESTIC OR**
 19 **FOREIGN BUSINESS ORGANIZATION.**

20 (D) **DISSOLVE.**

21 (2) **A CORPORATION OR ENTITY DESCRIBED IN SUBSECTION (1) MUST**
 22 **GIVE WRITTEN** notice to the attorney general ~~by registered mail at~~
 23 ~~least 45 days prior to~~ **BEFORE** the filing of any paper or document
 24 ~~in respect to such~~ **CONCERNING THE MERGER, CONVERSION, OR**
 25 dissolution with any other state agency or court.

26 (3) **A CORPORATION THAT IS SUBJECT TO THIS ACT AND THAT IS**
 27 **AUTOMATICALLY DISSOLVED UNDER SECTION 801(1) (A) OR SECTION 922 OF**

1 THE NONPROFIT CORPORATION ACT, 1982 PA 166, MCL 450.2801 AND
 2 450.2922, SHALL GIVE NOTICE OF THE DISSOLUTION TO THE ATTORNEY
 3 GENERAL WITHIN 60 DAYS AFTER THE AUTOMATIC DISSOLUTION OF THE
 4 CORPORATION.

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

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

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

1 ~~circuit court dissolving the corporation or a certified copy of the~~
2 ~~written consent of the attorney general to such dissolution.~~ IN
3 CONNECTION WITH THE DISSOLUTION OF A CORPORATION OR OTHER ENTITY
4 DESCRIBED IN SUBSECTION (1) .

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

7 Sec. 2. (1) THE DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
8 SHALL NOT ACCEPT ANY OF THE FOLLOWING FOR FILING:

9 (A) A CERTIFICATE OF DISSOLUTION OF A CORPORATION OR OTHER
10 ENTITY DESCRIBED IN SECTION 1(1), UNLESS IT IS ACCOMPANIED BY AN
11 ORDER OF THE CIRCUIT COURT DISSOLVING THE CORPORATION OR ENTITY,
12 THE WRITTEN CONSENT OF THE ATTORNEY GENERAL UNDER SECTION 2A TO
13 THAT DISSOLUTION, OR AN AFFIDAVIT DESCRIBED IN SECTION 2A.

14 (B) A CERTIFICATE OF MERGER OF A CORPORATION OR OTHER ENTITY
15 DESCRIBED IN SECTION 1(1) THAT IS NOT THE SURVIVING CORPORATION OF
16 THAT MERGER, UNLESS IT IS ACCOMPANIED BY THE WRITTEN CONSENT OF THE
17 ATTORNEY GENERAL TO THE MERGER UNDER SECTION 2A, AN AFFIDAVIT
18 DESCRIBED IN SECTION 2A, OR A FINAL ORDER OF A COURT THAT HAS
19 JURISDICTION AUTHORIZING THE MERGER.

20 (C) RESTATED ARTICLES OF INCORPORATION OR A CERTIFICATE OF
21 CONVERSION THAT CONVERTS A CORPORATION OR OTHER ENTITY DESCRIBED IN
22 SECTION 1(1) TO A BUSINESS CORPORATION, A PROFESSIONAL SERVICE
23 CORPORATION, OR OTHER DOMESTIC OR FOREIGN BUSINESS ENTITY, UNLESS
24 IT IS ACCOMPANIED BY THE WRITTEN CONSENT OF THE ATTORNEY GENERAL TO
25 THE CONVERSION UNDER SECTION 2A, AN AFFIDAVIT DESCRIBED IN SECTION
26 2A, OR A FINAL ORDER OF A COURT THAT HAS JURISDICTION APPROVING THE
27 RESTATED ARTICLES OF INCORPORATION OR CERTIFICATE OF CONVERSION.

1 (D) ANY AMENDMENT TO THE ARTICLES OF INCORPORATION OF A
2 CORPORATION DESCRIBED IN SECTION 1(1) THAT CHANGES ITS TERM OF
3 EXISTENCE TO A SPECIFIC DATE, UNLESS IT IS ACCOMPANIED BY THE
4 WRITTEN CONSENT OF THE ATTORNEY GENERAL OR AN AFFIDAVIT DESCRIBED
5 IN SECTION 2A.

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

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

1 REQUEST, SPECIFYING THE REASONS FOR THE REFUSAL TO CONSENT OR
2 REQUESTING THAT THE PERSON PROVIDE ADDITIONAL INFORMATION.

3 (2) IF THE ATTORNEY GENERAL FAILS TO PROVIDE THE WRITTEN
4 NOTICE REQUIRED UNDER SUBSECTION (1) WITHIN THE 120-DAY PERIOD
5 DESCRIBED IN THAT SUBSECTION, THE PERSON THAT SUBMITTED THE REQUEST
6 MAY PREPARE AN AFFIDAVIT ATTESTING TO THE SUBMISSION OF THAT
7 REQUEST AND THE FAILURE OF THE ATTORNEY GENERAL TO RESPOND AND MAY
8 SUBMIT THE AFFIDAVIT TO THE DEPARTMENT OF LICENSING AND REGULATORY
9 AFFAIRS UNDER SECTION 2.

10 (3) A DOMESTIC OR FOREIGN CHARITABLE CORPORATION OR OTHER
11 ENTITY THAT IS SUBJECT TO THIS ACT MAY SEEK JUDICIAL REVIEW OF THE
12 REFUSAL OF THE ATTORNEY GENERAL TO CONSENT TO A TRANSACTION
13 DESCRIBED IN SUBSECTION (1) UNDER SECTIONS 103, 104, AND 106 OF THE
14 ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL 24.303,
15 24.304, AND 24.306.

16 Enacting section 1. This amendatory act does not take effect
17 unless Senate Bill No.623

18 of the 97th Legislature is enacted into law.