

BUSINESS COURT: TYPES OF ACTIONS

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House Bill 4840 as introduced
Sponsor: Rep. Sarah Lightner
Committee: Judiciary
Complete to 9-24-25

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

SUMMARY:

House Bill 4840 would amend the Revised Judicature Act to newly allow *business courts* (specialized dockets used by some circuit courts for managing business-related cases) to hear certain types of civil actions arising from ***business or commercial disputes***. (See “Background” for the current list of disputes that may be heard by these courts.) The bill would also authorize the business court to hold proceedings to enforce judgments, including holding supplementary hearings, in actions involving business or commercial disputes.

Business or commercial dispute means any of the following:

- An action in which all of the parties are ***business enterprises***, unless the only claims asserted are expressly excluded by the act.
- An action in which one or more of the parties is a business enterprise and the other parties are its or their present or former owners, managers, shareholders, members of a limited liability company or a similar business organization, directors, officers, agents, employees, suppliers, guarantors of a commercial loan, or competitors, and the claims arise out of those relationships.
- An action in which one of the parties is a nonprofit organization, and the claims arise out of that party’s organizational structure, governance, or finances.

Business enterprise means a sole proprietorship, partnership, limited partnership, joint venture, limited liability company, limited liability partnership, for-profit or not-for-profit corporation or professional corporation, business trust, real estate investment trust, or any other entity in which a business may lawfully be conducted in the jurisdiction in which the business is being conducted. Business enterprise does not include an ecclesiastical or religious organization.

The bill would amend a list of examples of business or commercial disputes that can be heard by the business court to add the following types of actions that could be heard *regardless of whether* the business is a named party in the action:

- An action brought by a ***shareholder*** under section 489 of the Business Corporation Act for the purpose of establishing that the acts of the ***directors*** or those in control of a ***corporation*** are illegal, fraudulent, or ***willfully unfair and oppressive*** to the corporation or to the shareholder.
- An action brought by a ***member*** of a ***limited liability company*** (LLC) under section 545 of the Michigan Limited Liability Company Act for the purpose of establishing that acts of the ***managers*** or members in control of the LLC are illegal, fraudulent, or constitute willfully unfair and oppressive conduct toward the LLC or the member.¹

¹ <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-450-4515>

Shareholder means a person that holds units of proprietary interest in a corporation and is considered to be synonymous with “member” in a nonstock corporation.

Director means a member of the *board* of a corporation.

Board means board of directors or other governing board of a corporation.

Corporation (or domestic corporation) means a corporation formed under the Business Corporation Act, or existing on January 1, 1973, and formed under any other statute of this state for a purpose for which a corporation may be formed under the act.

Willfully unfair and oppressive conduct means either of the following, depending on the act under which an action is brought:

- If brought under the Business Corporation Act, the term means a continuing course of conduct or a significant action or series of actions that substantially interferes with the interests of the shareholder as a shareholder. Willfully unfair and oppressive conduct may include the termination of employment or limitations on employment benefits to the extent that the actions interfere with distributions or other shareholder interests disproportionately as to the affected shareholder. The term does not include conduct or actions that are permitted by an agreement, the articles of incorporation, the bylaws, or a consistently applied written corporate policy or procedure.
- If brought under the Michigan Limited Liability Company Act, the term means a continuing course of conduct or a significant action or series of actions that substantially interferes with the interests of the member as a member. Willfully unfair and oppressive conduct may include the termination of employment or limitations on employment benefits to the extent that the actions interfere with distributions or other member interests disproportionately as to the affected member. The term does not include conduct or actions that are permitted by the articles of organization, an operating agreement, another agreement to which the member is a party, or a consistently applied written company policy or procedure.

Member means a person that has been admitted to an LLC as provided in section 501 of the Michigan Limited Liability Company Act,² or, in the case of a foreign LLC, a person that is a member of the foreign LLC in accordance with the laws under which the foreign LLC is organized.

Limited liability company (or domestic limited liability company) means an LLC that has included in its articles of organization a purpose that meets, and that at all times conducts its activities to meet, the requirements established in section 102 of the Michigan Limited Liability Company Act.³

The bill would take effect 90 days after being enacted.

MCL 600.8031

² <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-450-4501>

³ <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-450-4102>

BACKGROUND:

Since the enactment of 2012 PA 333,⁴ circuit courts with three or more judges are required to create a specialized business court docket to manage and resolve complex business cases. Business courts operate according to local administrative orders that are issued by each circuit, which must be approved by the State Court Administrative Office and the Michigan Supreme Court.⁵ As of September 2025, 18 of Michigan's 57 judicial circuits maintain a business court.⁶

A civil action must be assigned to a business court if all or part of the action includes a business or commercial dispute, even if the case also contains nonbusiness claims.⁷ Section 8031 of the Revised Judicature Act currently provides the following nonexhaustive list of actions that constitute a business or commercial dispute:

- Actions involving the sale, merger, purchase, combination, dissolution, liquidation, organizational structure, governance, or finances of a business enterprise.
- Actions involving information technology, software, or website development, maintenance, or hosting.
- Actions involving the internal organization of business entities and the rights or obligations of shareholders, partners, members, owners, officers, directors, or managers.
- Actions arising out of contractual agreements or other business dealings, including licensing, trade secret, intellectual property, antitrust, securities, noncompete, nonsolicitation, and confidentiality agreements if all available administrative remedies are completely exhausted, including, but not limited to, alternative dispute resolution processes prescribed in the agreements.
- Actions arising out of commercial transactions, including commercial bank transactions.
- Actions arising out of business or commercial insurance policies.
- Actions involving commercial real property.

The act also stipulates that the definition of business or commercial disputes expressly *excludes* the following types of actions:

- Personal injury actions, including wrongful death and malpractice actions.
- Product liability actions in which any claimant is an individual.
- Matters within the jurisdiction of the family division of circuit court.
- Proceedings under the Probate Code.⁸
- Proceedings under the Estates and Protected Individuals Code.⁹
- Criminal matters.
- Condemnation matters.
- Appeals from lower courts or any administrative agency.
- Proceedings to enforce judgments of any kind, including supplementary hearings. (As described above, House Bill 4840 would modify this provision by authorizing the

⁴ <https://www.legislature.mi.gov/Bills/Bill?ObjectName=2011-HB-5128>

⁵ <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-600-8033>

⁶ <https://www.courts.michigan.gov/administration/trial-court/trial-court-operations/business-court/>

⁷ <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-600-8035>

⁸ <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-Act-288-of-1939>

⁹ <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-Act-386-of-1998>

business court hold proceedings, including supplementary hearings, to enforce judgments of any kind *as long as* they are business court proceedings.)

- Landlord-tenant matters involving only residential property.
- Land contract, mortgage, construction, and condominium lien foreclosure matters and actions involving the enforcement of condominium and homeowners associations governing documents.
- Motor vehicle insurance coverage under the Insurance Code.¹⁰
- Insurance coverage disputes in which an insured or an alleged insured is an individual consumer.
- Employment discrimination.
- Civil rights, including an action brought under any of the following:
 - The Elliott-Larsen Civil Rights Act.¹¹
 - The Persons With Disabilities Civil Rights Act.¹²
 - Chapter XXI of the Michigan Penal Code,¹³ which pertains to certain civil rights violations.
- Wrongful discharge, except for actions involving corporate officers or directors.
- Worker's compensation claims under the Worker's Disability Compensation Act.¹⁴

FISCAL IMPACT:

A fiscal analysis is in progress.

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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.

¹⁰ <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-Act-218-of-1956>

¹¹ <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-Act-453-of-1976>

¹² <https://legislature.mi.gov/Laws/MCL?objectName=mcl-Act-220-of-1976>

¹³ <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-328-1931-XXI>

¹⁴ <https://www.legislature.mi.gov/Laws/MCL?objectName=mcl-Act-317-of-1969>