

LEGISLATIVE REVIEW DIRECTORSHIP REPORT

September 15, 2005

I. PUBLIC ACTS

- A. Public Act 215 of 2003: Repeals Public Act 285 of 1925 and creates the “Credit Union Act” to provide for the regulation of credit unions. Effective June 1, 2004
- B. Public Act 212 of 2004: Amends Section 9-501 of the Uniform Commercial Code (MCL 440.9501), requiring that the Secretary of State provide written notice of the filing of financing statements. Allows debtors named in fraudulent financing statements to bring actions against those filing such statements. It also makes the filing of fraudulent financing statements a misdemeanor punishable by imprisonment, fines, or both. Effective July 14, 2004.
- C. Public Act 252 of 2004: Amends the General Property Tax Act to exempt the real and personal property of a qualified start-up business from taxes levied under the Act after December 31, 2004, for up to five years, if the business applied for the exemption and the governing body of the local tax collection unit or, for taxes levied by the county, the County Board of Commissioners, adopted a resolution approving the exemption. Effective July 23, 2004.
- D. Public Act 461 of 2004: Amends the Michigan Consumer Protection Act to prohibit issuing or delivering to a consumer a receipt that displayed any part of a credit or debit card’s expiration date or more than the last four digits of the consumer’s account number, if a credit card or debit card were used for payment in a consumer transaction. Effective March 1, 2005.
- E. Public Act 462 of 2004: Amends the Michigan Consumer Protection Act, making it unlawful to require a consumer to disclose his or her Social Security number as a condition of sale, unless the transaction involved an extension of credit or disclosure was required or authorized by law. Effective March 1, 2005.
- F. Public Act 471 of 2004: Amends the Credit Union Act to require domestic credit unions to follow generally accepted accounting principles, extend certain requirements regarding credit union directors and supervisory or credit committee members to members of other credit union committees, reduce the minimum base fee used to determine a credit union’s annual operating fee, require consideration of certain factors in establishing interest rates on loans, extend prohibitions against more favorable loan rates or terms for credit union officials to people who had business relationships with credit union officials, limit the amount a credit union can loan a borrower or its affiliates, revise notice requirements for a credit union’s conversion to another type of financial institution. Effective December 28, 2004.

- G. Public Act 558 of 2004: Amends PA 236 of 1961 ((MCL 600.934), to permit non-residents of the United States to become members of the Michigan State Bar. Effective January 3, 2005.
- H. Public Acts 25, 36-39 of 2005: Amends various laws so that receipt by the Secretary of State of a properly tendered application for a certificate of title on which a security interest is to be indicated is a condition of perfection of a security interest in a vehicle and is equivalent to filing a financing statement under the UCC with respect to the vehicle. The Acts specify that when a security interest in a vehicle is perfected, it has priority over the rights of a lien creditor, as defined in Section 9120 of the UCC. Also, compliance with the requirements of a statute, regulation or treaty for obtaining priority over the rights of a lien creditor is equivalent to the filing of a financing statement under Article 9.
- I. Public Act 91 of 2005: Amends the Business Opportunity Act For Persons With Disabilities and the Management and Budget Act to require state departments to report annually to the Legislature as to whether departments awarded at least three percent of total expenditures to businesses owned by persons with disabilities. The Department of Management and Budget is required to give a preference to a qualified disabled veteran of up to 10 percent of the amount of a competitively bid contracted - for items needed by state agencies. Under the Act, a “qualified disabled veteran” means a business entity that is 51 percent or more owned by one or more veterans with a service-connected disability. Effective July 20, 2005.

II. NEW BILLS AND STATUS OF PENDING BILLS

- A. Senate Bill 14 of 2005: Would amend the income tax act to provide a \$1,000 tax credit to taxpayers purchasing alternative energy vehicles. The Bill was referred to the Committee on Finance on January 12, 2005.
- B. Senate Bill 16 of 2005: Would introduce the “Check Cashing Licensing Act,” requiring any person or entity, with the exception of certain banks, credit unions, and governmental entities, to obtain a license under the Act before engaging in the business of check cashing. The Bill was referred to the Committee on Banking and Financial Institutions on January 12, 2005.
- C. Senate Bill 114 – 115 of 2005: Would add provisions to the Business Corporation Act and Michigan Limited Liability Act with regard to converting business entities, including the transfer of any unexpired certificate of assumed name held by the converting entity. Referred to the Committee on Commerce and Labor on February 1, 2005.
- D. Senate Bill 127 of 2005: Would introduce the “Michigan Telecommunications Act,” which would preclude cellular or mobile telecommunication service providers from providing, selling or including customer numbers with directory assistance without obtaining customer consent. Referred to the Committee on Technology and Energy on February 1, 2005.

- E. Senate Bill 157 of 2005: Would amend the Single Business Tax Act to include in the tax base any settlement amount paid pursuant to an agreement with a state or federal governmental agency based on questionable practices related to stock or securities transactions to the extent that amount was deducted in determining taxable income. This would apply to tax years beginning after December 31, 2003. Deductions taken in 2002 or 2003 tax years would be added to 2004 tax year only. Referred to the Committee on Finance on February 3, 2005.
- F. Senate Bill 164 of 2005: Would introduce the “Deferred Deposit Loan Act,” which requires a person or entity, with the exception of certain banks, credit unions and governmental entities, to obtain a license under the Act before providing deferred deposit loans for consideration. Referred to the Committee on Banking and Financial Institutions on February 3, 2005.
- G. Senate Bill 176 of 2005: Would introduce the “Money Transmission Services Act”, which regulates money transmission service businesses and requires licensing of persons engaged in providing money transmission services. Referred to the Committee on Banking and Financial Institutions on February 9, 2005.
- H. Senate Bill 298 of 2005: Would amend the Business Corporation Act to allow a qualified high-technology business to apply for an exemption from fees charged under the Act for additional authorized shares, for up to eight consecutive tax years or tax years in which the business had under \$10 million in gross revenue. Referred to the Committee on Commerce on May 25, 2005.
- I. Senate Bill 494 of 2005: Would amend the Michigan Consumer Protection Act to preclude businesses from charging an amount for gasoline during an emergency period that exceeds the average price at which gasoline was readily obtainable within the emergency area during a seven day period preceding the emergency period. The Attorney General would provide statistical information and investigate any complaint alleging a violation of the law. Referred to the Committee on Government Operations on May 11, 2005.
- J. Senate Bill 534 of 2005: Would amend the Single Business Tax Act to provide that, for tax years beginning after December 31, 2005, if a person is engaged in the person’s first or second year of business activity in this state and the person’s apportioned or allocated gross receipts are less than \$500,000 for the tax year, the person need not file a return or pay the tax as provided under the Act.
- K. Senate Bill 540 of 2005: Would exempt from licensure under the Mortgage Brokers, Lenders, and Servicers Licensing Act an individual who is an employee of a Professional Employer Organization (PEO), as defined in the Single Business Tax Act, and is solely acting as a residential mortgage originator for only one mortgage broker or lender. The bill specifies that the mortgage broker or lender would have to direct and control the activities of the individual and be responsible for all of the individual’s activities and assume responsibility for the individual’s

actions covered by the proof of financial responsibility deposit required under the Act.

- L. Senate Bill 663 of 2005: Would amend the Single Business Tax Act to increase the possible reduction to adjusted tax base, for tax years beginning after December 31, 2005, for a taxpayer that has more than 1,000 full-time equivalent employees during the tax year and whose primary business is to supply temporary staffing employees. Referred to the Committee on Economic Development, Small Business and Regulatory Reform on June 29, 2005.
- M. Senate Bills 664 – 667 of 2005: Would amend the Business Corporation Act, the Michigan Limited Liability Act, the Nonprofit Corporation Act and the Michigan Revised Uniform Limited Partnership Act to require the Director of the Department of Labor and Economic Growth (DLEG) to establish, by December 31, 2006, a procedure for accepting the delivery of documents filed under those laws by electronic transmission. Beginning on that date, a person will be able to file a document under those statutes by electronic transmission. The DLEG has begun the process and expects to meet the December 31, 2006 deadline. Referred to the Committee of the Whole on September 7, 2005.
- N. Senate Bill 704 of 2005: Would amend the Single Business Tax Act to permit a taxpayer to claim a credit against the tax imposed by the Act equal to \$1,000 for each alternative energy vehicle the taxpayer purchased or leased in the tax year as a fleet car. Referred to the Committee on Technology and Energy on August 31, 2005.
- O. House Bill 4052 of 2005: Would prohibit the sale of cellular telephones and pagers to certain minors without written parental consent and prescribes civil sanctions. Referred to the Committee on Judiciary on January 27, 2005.
- P. House Bill 4087 of 2005: Would enact the “Liquidation Sale Licensing Act,” which would require one who intends to conduct a regulated sale or advertises, represents or holds out that a sale of goods is an insurance, bankruptcy, mortgage, insolvency, assignee’s, executor’s, administrator’s, receiver’s, trustee’s, removal, or going-out-of-business sale or a sale of damaged goods, to first obtain a license from the county clerk. Referred to the Committee on Regulatory Reform on February 1, 2005.
- Q. House Bill 4128 of 2005: Would amend the Single Business Tax Act so that, for a period of three consecutive tax years beginning with the first year of operation, qualified businesses shall have no tax liability for tax years beginning after December 31, 2005. Referred to the Committee on Tax Policy on February 1, 2005.
- R. House Bill 4232: Would amend the Michigan Consumer Protection Act to require a seller of retail goods to provide notice to consumers of the seller’s return policy by posting the policy in a conspicuous place visible to the public in the

premises where the goods are sold and by printing the return policy on the sale receipt. Referred to the Committee on Commerce on February 8, 2005.

- S. House Bills 4279 and 4280 of 2005: Would amend the Use Tax Act and General Sales Tax Act to exempt previously owned vehicles from taxes levied under the Acts. Referred to the Committee on Tax Policy on February 15, 2005.
- T. House Bill 4343 of 2005: Would amend the Consumer Mortgage Protection Act to change its name to the “Home Loan Protection Act” and impose new restrictions on home loans. Referred to the Committee on Banking and Financial Services on February 17, 2005.
- U. House Bills 4450 – 4454 of 2005: Would amend various statutes to provide that the Secretary of State’s receipt of an application for a certificate of title on which a security interest in a vehicle, watercraft, or off-road vehicle was indicated, would be a perfection of a security interest and equivalent to the filing of a financing statement under the Uniform Commercial Code. Also, the filing of an application under the Mobile Home Commission Act for a certificate of title indicating a security interest in a mobile home would be required to perfect the security interest and would be equivalent to the filing of a financing statement under the Uniform Commercial Code. Presented to the Governor on May 16, 2005.
- V. House Bill 4529 of 2005: Would create the Michigan Prescription Drug Fair Pricing Act to allow prescription drug manufacturers and labelers to enter into rebate agreements with the Department of Community Health, and would establish a prescription program to provide discounted prescription drug prices to uninsured and underinsured residents of Michigan and to residents of Michigan who are recipients of benefits under the state Medicaid program. Referred to the Committee on Health Policy on March 22, 2005.
- W. House Bill 4842 of 2005: Would amend the General Sales Tax Act to permit a person subject to tax under the Act to exclude from the gross proceeds used for the computation of the tax the sale of an article of clothing or footwear to be worn on an individual if the sale is made in the first 10 calendar days of August of each year. Referred to the Committee on Tax Policy on May 31, 2005.
- X. House Bill 4897 of 2005: Would create the Used Car Return Act, which would require dealers selling defective or damaged used vehicles to repair the defect or condition at the dealer’s expense or retain the vehicle and refund the purchase price unless the defect or condition is disclosed to the purchaser in a written statement at the time of sale. Referred to the Committee on Commerce on June 8, 2005.
- Y. House Bill 5012: Would amend the Business Corporation Act to require the filing of a report describing, in detail, the effect on any existing employee pension or retirement plan of any merger, share exchange or sale of substantially all assets

involving a domestic corporation or a foreign corporation authorized to transact business in this state. Referred to the Committee on Commerce on June 29, 2005.

- Z. House Bill 5098 of 2005: Would amend the Single Business Tax to add to “business income” the amount of the federal domestic production activities deduction, subject insurance companies to the sales and use tax, reduce the amount of the gross receipts reduction (increasing SBT base), reduce the amount of the excess compensation reduction (increasing SBT base), treat members of a limited liability company like officers, shareholders, partners and individuals for purposes of the small business credit, include all members of a group of companies with common ownership in determining whether a controlled group is small enough to take the small business credit, eliminate the apprenticeship credit as of September 30, 2005, prevent firms with an unused SBT loss or credit obtained while filing separately from using that loss or credit faster by filing a joint return with an affiliate in a later year, and specify that underpayment due to some of the changes proposed in the bill would not subject the taxpayer to penalties imposed under the Act. Passed House on August 31, 2005. Referred to the Senate Committee on Finance on September 6, 2005.

Respectfully submitted,

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