

# Legislative Analysis



## LIMITED LIABILITY COMPANY REPORTS AND FEES

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<http://www.house.mi.gov/hfa>

**House Bill 4449 (proposed substitute H-1)**  
**Sponsor: Rep. Ryan Berman**  
**Committee: Rules and Competitiveness**  
**Complete to 6-16-21**

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

### SUMMARY:

House Bill 4449 would amend the Michigan Limited Liability Company Act to eliminate a \$50 fee for filing a professional limited liability company's annual report, a \$50 penalty for filing the report or paying the filing fee after the deadline, and a \$50 fee for filing or transmitting certain documents electronically or by fax.

#### Professional limited liability company annual reports

A professional limited liability company is a limited liability company organized under Article 9 of the act to provide a service to the public that requires a license or other legal authorization, such as services provided by a certified public accountant, a health professional, an architect, or a lawyer.

The annual report required under the act must list the names and addresses of all members and managers of the professional limited liability company and certify that each is licensed in one or more of the professional services provided by the company. The report also must certify that any member or manager who is not licensed or authorized to provide professional services in Michigan does not do so.

The bill would eliminate both the \$50 filing fee that now must be paid by a professional limited liability company when filing its annual report and a \$50 penalty assessed if it fails to file the report or pay the filing fee by the February 15 deadline. The bill would also prohibit the director of the Department of Licensing and Regulatory Affairs (LARA) from charging a fee to file the report.

#### Electronic filing and transmission fee

The act currently allows the director of LARA to charge an additional \$50 fee if certain certificates, applications, statements, or documents of organization are filed by fax or electronically or if the director is asked to transmit a document using those means. The bill would eliminate this \$50 fee and prohibit the director from charging any such additional fee in those circumstances. These provisions do not apply only to professional limited liability companies.

The bill would take effect 90 days after its enactment.

MCL 450.4909 and 450.5101

## **FISCAL IMPACT:**

House Bill 4449 would result in a sizeable revenue reduction for LARA. The bill would impact revenues from several sources classified as corporation fees, which are a restricted funding source used to support a variety of activities within the LARA budget. Based on the number of professional limited liability company (PLLC) annual reports filed in Calendar Year 2020—12,834 reports, according to LARA—the elimination of the \$50 filing fee for PLLC annual reports is projected to reduce revenues by \$641,700 annually, with actual annual reductions potentially being higher or lower than that amount, depending on the annual report volume. The magnitude of the elimination of the \$50 penalty on late filings of PLLC annual reports is indeterminate, as the impact is dependent on the number of late filings, which is an unknown variable. However, the elimination would result in lower corporation fees revenue. The removal of electronic and facsimile filing fees would also result in a revenue reduction of indeterminate magnitude.

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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.