



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 5100 (as reported without amendment)
Sponsor: Representative Ken Sikkema
House Committee: Commerce
Senate Committee: Financial Services

CONTENT

The bill would amend the Business Corporation Act to specify that a loan issued by a corporation to an officer or employee of the corporation or one of its subsidiaries, for the officer or employee to purchase shares of the corporation or a subsidiary, could be made at any rate of interest not exceeding the rate allowed under Public Act 259 of 1968. (That Act provides that a person is guilty of criminal usury when he or she knowingly charges, takes, or receives interest at a rate exceeding 25% annually.)

Currently, since the Business Corporation Act does not specify a maximum rate of interest, loans made by a corporation to its officers or employees cannot exceed 7% annually, the maximum interest rate otherwise allowed under the general usury Act (MCL 438.31).

MCL 450.1548

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 2-8-96

Fiscal Analyst: M. Barsch