



PROTECT PEOPLE &  
PROMOTE BUSINESS

**To:** Members of the House Committee on Judiciary  
**From:** Mack Jones, Office of Policy and Legislative Affairs, LARA  
**Date:** February 14, 2024  
**Re:** HB 5387 & HB 5388  
**Position:** Support with Funding

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The Department of Licensing and Regulatory Affairs (LARA) supports the stakeholders' goals in allowing businesses to incorporate as benefit corporations in the State of Michigan. However, LARA does anticipate a one-time cost to comply with the legislation, enabling the public Corporations Online Filing System ([www.michigan.gov/corpfileonline](http://www.michigan.gov/corpfileonline)) to accommodate the new business type. The Corporations Online Filing System is a web-based application that allows members of the public to access business formation documents and annual reports. This database also allows businesses to file these records online to meet their obligations under state law. Any changes or additions of filing documents in the state's business formation laws, including the Business Corporation Act, will require modifications and enhancements to the Corporations Online Filing System.

LARA anticipates a \$500,000 one-time cost in IT programming for modifications and enhancements to the Corporations Online Filing System to accommodate the filing requirements for benefit corporations. As a reminder, any policy bill with a fiscal impact must be negotiated in conjunction with the budget. **The goal of this legislation cannot be achieved without funding to update the database.** LARA appreciates Chair Breen, Representative Koleszar, and the committee for bringing this bill package forward. The Department looks forward to continued conversations on the cost associated with this bill package. Members with questions can contact LARA's Office of Policy and Legislative Affairs at [LARA-LegislativeContact@michigan.gov](mailto:LARA-LegislativeContact@michigan.gov).