

**POLICY STATEMENT ON FRANCHISE FEES
FOR PARTNERSHIPS ASSOCIATION LIMITED**

P.A. 191 of 1877 provides for the formation of partnerships association limited and requires payment of an initial franchise fee based on 1/2 of 1 mill for each dollar of authorized capital. Additional fees are required to be paid for any subsequent increase in authorized capital. Section 1062 of the Business Corporation Act provides for payment of an organization and admission fee equal to \$50 for the first 60,000 authorized shares and \$30 for each additional 20,000 shares. The definition of "corporation" in section 1062 (7) of the Business Corporation Act includes partnerships association limited and makes the fees in the section applicable to partnerships association limited. The fee for corporations is based on authorized stock rather than authorized capital and the fees computed under these different methods may be different.

Section 1062 (7) of the Business Corporation Act is substantially the same as Section 2 of Article XII of The Constitution of 1908 which provided "The term corporation as used in this article shall be construed to include all associations and joint stock companies having any of the powers or privileges of corporations not possessed by individuals or partnerships." Section 97 of the General Corporation Act, P.A. 327 of 1931, which was repealed by the Business Corporation Act, P.A. 284 of 1972, had contained a similar provision. The definition of corporation from section 97 was carried over to section 1062 of the Business Corporation Act, even though the related provision from The Constitution of 1908 was not carried over to The Constitution of 1963.

In *Attorney General v Hill-Davis Co.*, 261 Mich. 89, 245 N.W. 579 (1932) the Michigan Supreme Court held that partnerships association limited are not corporations and that the legislature could not make them corporations by inclusion of partnerships association limited within the definition of "corporation" in the General Corporation Act. To resolve the conflict caused by the different methods for computing the fees in the two statutes and to facilitate computation of the initial franchise fees or additional fees for subsequent increases in a fair and equitable manner, the staff of the Corporation Division will compute the fees pursuant to both statutes and collect the lower of the two fees.

The above policy shall be adopted immediately and remain in effect unless rescinded or modified by the Bureau Director.

Approved by Carl L. Tyson, Director
Corporation and Securities Bureau
on January 11, 1995