

CHILD CARE ORGANIZATION LICENSEE DEFINITION AND CHILD CARE CENTER OWNERSHIP DISCLOSURE

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Analysis available at
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House Bill 5042 as introduced
Sponsor: Rep. Greg VanWoerkom
Committee: Families, Children and Seniors
Complete to 9-20-21

SUMMARY:

House Bill 5042 would amend 1973 PA 116, known as the child care licensing act, to change the definition of *licensee* for purposes of the act; to make complementary changes elsewhere in the act; and to require an applicant for a license for a child care center to disclose the ownership interest in that center.

Definition of “licensee”

The act now defines *licensee* to mean any of the following that has been issued a license under the act to operate a child care organization:

- A person.
- A partnership.
- A firm.
- A corporation.
- An association.
- A nongovernmental organization.
- A local or state government organization.

Under the bill, *licensee* would mean any of the following that has been issued a license under the act to operate a child care organization:

- A person.
- A local or state government.
- A partnership.
- A domestic or foreign corporation.
- A limited liability company.
- Any other association, corporation, trust, or legal entity.

The bill would amend sections 5c and 5m, which describe entities that might apply for certain licenses, to remove the term “firm” from those descriptions. The amendments to section 5m would also revise other terms in that description to match the entities listed in the bill’s new definition of *licensee*, above, replacing “local or state government” with “local or state governmental organization.”

Disclosure of child care center ownership interest

The bill also would add a provision to require an applicant for a child care center license to disclose the ownership interest in the child care center as follows:

- For an owner that is a trust, the names and address of all the beneficiaries.
- For an owner that is a privately held corporation, the names and address of all shareholders, officers, and directors.
- For an owner that is a publicly held corporation, the names and addresses of the officers and directors and all shareholders holding a direct or indirect interest of greater than 5%.
- For an owner that is a partnership or limited liability partnership, the names and addresses of all the partners.
- For an owner that is a limited partnership or limited liability limited partnership, the names and addresses of all partners, both general and limited.
- For an owner that is a limited liability company, the names and addresses of all members and managers.

MCL 722.111, 722.115c, and 722.115m

FISCAL IMPACT:

A fiscal analysis is in progress.

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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.