

Legislative Analysis



CHILD CARE CENTER OWNERSHIP DISCLOSURE AND CHILD CARE ORGANIZATION LICENSEE DEFINITION

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5042 (H-1) as reported from committee

Sponsor: Rep. Greg VanWoerkom

Committee: Families, Children and Seniors

Complete to 10-5-21

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

SUMMARY:

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

Disclosure of child care center ownership interest

The bill 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 trustees.
- 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.
- For an owner that is a *legal entity* not covered by the above, the names and addresses of all individuals that participate in governance for the legal entity.

*Child care center*¹ means a facility that is not a private home that receives one or more children under 13 years of age for care for periods of less than 24 hours a day. Child care center includes a facility that provides care at least two consecutive weeks, regardless of the number of hours of care per day. The facility is generally described as a child care center, day care center, day nursery, nursery school, parent cooperative preschool, play group, before- or after-school program, or drop-in center.

Legal entity would mean a sole proprietorship, partnership, corporation, limited liability company, or any another entity.

¹ For the full definition, see <http://legislature.mi.gov/doc.aspx?mcl-722-111>

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 *legal entity* organized under Michigan law.
- A state or local government.
- A trust.

The bill also would amend sections 5c and 5m, which describe entities that might apply for certain licenses, to revise the respective descriptions to include only the entities included in the definition of *licensee* under the bill: a person, a *legal entity*, a local or state governmental organization, or a trust.

MCL 722.111, 722.115c, and 722.115m

FISCAL IMPACT:

House Bill 5042 would not have a fiscal impact on any unit of state or local government.

POSITIONS:

A representative of the Grand Rapids Chamber testified in support of the bill. (9-28-21)

The following entities indicated support for the bill:

- Michigan Department of Education (9-21-21)
- Department of Licensing and Regulatory Affairs (9-21-21)
- Detroit Regional Chamber (9-21-21)
- Michigan Chamber (9-21-21)
- Northern Michigan Chamber Alliance (9-21-21)
- Talent 2025 (9-21-21)
- Michigan League for Public Policy (9-28-21)
- Childcare Providers Association of Michigan (9-21-21)

Legislative Analyst: E. Best
Fiscal Analyst: Marcus Coffin

■ 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.