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House Bill 5042 (Substitute H-1 as passed by the House)  
Sponsor: Representative Greg VanWoerkom  
House Committee: Families, Children, and Seniors  
Senate Committee: Economic and Small Business Development

Date Completed: 5-26-22

### **CONTENT**

**The bill would amend the child care licensing Act to require an applicant for a child care center license to disclose the ownership interest of the center.**

Specifically, an applicant for a child care center license would have to disclose the ownership interest of the center as followed:

- If the owner were a trust, the applicant would have to disclose the names and addresses of all the trustees.
- If the owner were a privately held corporation, the applicant would have to disclose the names and addresses of all shareholders, officers, and directors.
- If the owner were a publicly held corporation, the applicant would have to disclose the names and addresses of the officers and directors and all shareholders holding a direct or indirect interest of greater than 5%.
- If the owner were a partnership or limited liability partnership, the applicant would have to disclose the names and addresses of all the partners.
- If the owner were a limited partnership or limited liability limited partnership, the applicant would have to disclose the names and addresses of all partners, both general and limited.
- If the owner were a limited liability company, the applicant would have to disclose the names and addresses of all members and managers.
- If the owner were a legal entity not described above, the applicant would have to disclose the names and addresses of all individuals that participated in governance for the legal entity.

("Child care center" means a facility, other than a private residence, receiving 1 or more children under 13 years of age for care for periods of less than 24 hours a day, where the parents or guardians are not immediately available to the child.)

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

Under the Act, a person, partnership, firm, corporation, association, nongovernmental organization, or governmental organization may not establish or maintain a child care center, group child care home, or family child care home unless licensed by the Department of Licensing and Regulatory Affairs (LARA). Instead, a person, local or State governmental organization, trust, or legal entity could not establish or maintain a child care center, group child care home, or family child care home unless licensed by LARA.

(The Act defines "family child care home" as a private home in which one but fewer than seven minor children are received for care and supervision for compensation for periods of less than 24 hours a day, attended by a parent or legal guardian, except children related to the adult member of the household by blood, marriage, or adoption. "Group child care home" means a private home in which more than six but not more than 12 minor children are given care and supervision for periods of less than 24 hours a day unattended by a parent or legal guardian, except children related to an adult member of the household by blood, marriage, or adoption.)

Under the Act, when a person or partnership, or licensee designee (if the applicant is a limited liability corporation, firm, corporation, association, nongovernmental organization, or governmental organization) applies for a license for a child care organization under the Act, LARA must request the Department of State Police (MSP) to perform a criminal history check on the person, licensee designee, chief administrator, and program director of the child care organization. Instead, under the bill, when a person or a legal entity, trust, or local or State governmental organization applied for a license for a child care organization, LARA would have to request the MSP to perform a criminal history check on the person, licensee designee, chief administrator, and program director of the child care organization, as applicable.

The Act defines "licensee" as a person, partnership, firm, corporation, association, nongovernmental organization, or local or State government organization that has been issued a license under the Act to operate a child care organization. Instead, the bill would define "licensee" as a legal entity organized under a law of the State, State or local government, or trust that has been issued a license under the Act to operate a child care organization.

MCL 722.111 et al.

Legislative Analyst: Tyler P. VanHuyse

### **FISCAL IMPACT**

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

Fiscal Analyst: Elizabeth Raczkowski

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.