

CHILD CARE CENTER OWNERSHIP DISCLOSURE AND CHILD CARE ORGANIZATION LICENSEE DEFINITION

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House Bill 5042 as enacted

Public Act 107 of 2022

Sponsor: Rep. Greg VanWoerkom

House Committee: Families, Children and Seniors

1st Senate Committee: Families, Seniors, and Veterans [Discharged]

2nd Senate Committee: Economic and Small Business Development

Complete to 12-15-22

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

SUMMARY:

House Bill 5042 amends 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. The bill also changes the definition of *licensee*, and includes a definition for *legal entity*, for purposes of the act, and makes complementary changes to the act.

Disclosure of child care center ownership interest

The bill adds 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.

*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 means 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 bill would amend the definition of *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 legal entity organized under Michigan law.
- A state or local government.
- A trust.

The bill also amends 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* as revised by the bill: that is, a person, a *legal entity*, a local or state governmental organization, or a trust.

(The act previously defined *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.)

Other amendments

The bill also includes amendments pertaining to increased capacity for in-home child care providers that derive from House Bill 5041 and are further described in the summary of that bill. (Changes proposed by each of the bills were included in both of them as they neared passage, so that the changes in one would not be undone by their absence in the other.)

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.

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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.