



**House
Legislative
Analysis
Section**

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LICENSING OF EMPLOYMENT AGENCIES

MAY 23 1989

Mich. State Law Library

House Bill 4721

Sponsor: Rep. Joe Young, Jr.

First Committee: Labor

Second Committee: State Affairs

Complete to 5-9-89

A SUMMARY OF HOUSE BILL 4721 AS INTRODUCED 4-27-89

The bill would amend the Occupational Code to revise procedures governing the licensing and regulation of employment agencies. Under the bill, employment agencies would be defined as either type A or type B personnel agencies by the Department of Licensing and Regulation. A type A agency would be defined, under the bill, as a person engaged in the business or profession of serving, assisting, or in any way aiding a client seeking employment or making basic career decisions, and who put a client in direct contact with employers and received a fee from the client for the services. A type B agency would be defined as a person engaged in the business or profession of serving, assisting, or in any way aiding or consulting with a client to make basic career decisions and who received a fee from the client for the services. An employment agent would be defined as the individual designated by a type A personnel agency who was responsible for the general management of the agency.

The bill would impose the following requirements, among others:

-- No one could apply for, nor obtain, both type A and type B personnel agency licenses under the same name.

-- Neither a type A nor a type B personnel agency could share quarters or office space with another personnel agency, resume writing service, or business similar to that of a personnel agency.

-- Each personnel agency would be required to designate and maintain an on-site employment agent or consulting agent who would be responsible for the general management of the office. The agent could not operate independently of an agency.

-- An organization that provided vocational rehabilitation services, with fees paid by an insurer or self-insurer responsible under applicable state or federal insurance laws to provide services to an individual, would be exempt from licensure requirements, as would anyone under a contract with the State of Michigan to provide employment services.

-- Those in the business of promoting or acting as an agent for an athletic event, circus, concert, vaudeville, theatrical, or other entertainment would be exempt from licensure requirements. Provisions relating to artist's managers and theatrical employment agencies would be deleted.

-- Personnel agencies, and their employment or consulting agents and employees, would be prohibited from requesting or accepting a registration

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fee, and from requesting, accepting, or giving a gift in order to influence an employer's action or to benefit themselves.

-- Personnel agency fees could only be shared with other personnel agencies. No fees other than those specified in the contract could be required for services perform under the contract's terms. A type A agency could not accept a fee until the client had made a bona fide acceptance of employment.

-- Type B personnel agencies could not advertise that they were employment agencies, nor lead a client into believing that they would schedule interviews with employers, nor put a client in direct contact with an employer.

-- Personnel agency names would require department approval.

-- A type A agency could not enter into a contract with a client if another personnel agency or business entity were a party to the contract.

-- Persons already licensed at the time the bill became effective would be considered to be appropriately licensed until that license expired.

Under the bill, the bonding requirement for licensure of a personnel agency would be raised from \$5,000 to \$10,000, and the assurance requirements of the bond would apply to present and future owners, officers, shareholders owning ten percent or more of the stock, and partners. The department would not renew a license if a bond had been terminated. A personnel agency and its employment agent or consulting agent would be jointly and severally responsible for the actions of its employees.

The bill would repeal provisions of the act that deal with employment agency's receipts and records, advertising, prostitution, referrals to places involved in strikes, agency fees, gifts, registration fees and service charges. (Many of these provisions would be included in substantially the same form under the bill) House Bill 4721 is tie-barred to House Bill 4719, which would amend the State License Fee Act to revise the fee schedule and titles for personnel agencies.

MCL 339.1001 et al.