



**Senate Fiscal Agency**  
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BILL



ANALYSIS

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House Bill 4983 (Substitute S-1 as reported)

Sponsor: Representative Kirk A. Profit

House Committee: Commerce

Senate Committee: Financial Services

## **CONTENT**

The bill would amend the Occupational Code, with regard to collection agencies, to revise requirements pertaining to deposit accounts, and record-keeping and audits.

The Code requires a collection agency to maintain a separate “depository” account in a Michigan bank or savings and loan association. The bill, instead, would require that the money be deposited in a “trust” account established in a state- or nationally chartered bank, a state- or Federally chartered savings and loan association or savings bank, or a state- or Federally chartered credit union. A collection agency located in Michigan would have to maintain its trust account in Michigan. A collection agency located in another state could maintain its trust account in Michigan or in the state in which the agency was located, provided that the account was maintained solely for money collected under the Code.

The Code requires that a collection agency preserve its books, accounts, and records within Michigan. The bill would require that a collection agency located in Michigan maintain its books and records in Michigan. A collection agency that was licensed to do business in Michigan, but was located in another state could maintain its books and records either in Michigan or in the state in which it was located. A collection agency that chose to maintain its books and records in another state would have to pay the expenses of a compliance attestation report (or audit) by the Department of Commerce. Alternatively, an out-of-state collection agency could submit to an audit conducted by a certified public accountant.

The Code lists several actions that are subject to penalties under the Code. The bill would add failure to pay the expense of an audit conducted by the Department of Commerce, if the licensee were not located in Michigan.

The bill also would revise provisions concerning a collection agency’s employing an attorney on behalf of a creditor.

MCL 339.104 et al.

Legislative Analyst: P. Affholter

## **FISCAL IMPACT**

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

Date Completed: 2-29-96

Fiscal Analyst: M. Barsch

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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.