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DEBT MANAGEMENT

Senate Bill 664 (Substitute H-2)
Addendum to SFA analysis (5-18-00)

Sponsor: Sen. Shirley Johnson
Senate Committee: Banking and Financial
Institutions
House Committee: Insurance and Financial
Services

ADDENDUM TO SENATE FISCAL AGENCY ANALYSIS OF SB 664 DATED 3-16-00:

HOUSE COMMITTEE ACTION:

The House Committee on Insurance and Financial Services reported out a substitute that differs from the Senate-passed version in only a few ways. Both versions require that payments received by a licensee from or on behalf of a debtor for the benefit of a creditor be held in trust for the benefit of the licensee's Michigan clients. The S-2 version required the payments be held in a separate account at a financial institution within Michigan. The H-2 version would provide an exception to this and allow the trust account to be maintained at a financial institution outside Michigan if the licensee furnished a surety bond or an irrevocable letter of credit to the state in an amount equal to or exceeding 100 percent of the average amount of deposits held in the trust account from month to month and in a form approved by the Office of Financial and Insurance Services. Also, the Senate-passed version defined the term "department" to refer to the Department of Consumer and Industry Services and the term "director" to refer to the director of that department. The House committee version, instead, defines the term "department" to refer to the Office of Financial and Insurance Services and the term "director" to refer to the commissioner of OFIS. A third difference involves the list of professionals who do not need to be licensed under the Debt Management Act. The Senate-passed version included a certified financial planner (along with attorneys, certified public accounts, financial institutions, etc.). The House substitute deletes certified financial planners from the list.

POSITIONS:

The Office of Financial and Insurance Services (OFIS) has indicated support for the bill. (5-17-00)

Credit Counseling Centers, Inc. has indicated support for the bill. (5-17-00)

Senate Bill 664 (5-18-00)

A representative of Concord Credit (La Fundacion Hispana de Credito) testified in support of the bill in its current form. (5-17-00)

Analyst: C. Couch

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.