



Senate Fiscal Agency
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Senate Bill 947 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Senator Rick Jones
Committee: Regulatory Reform

CONTENT

The bill would amend Article 9 (Collection Practices) of the Occupational Code to delete a requirement that the Department of Licensing and Regulatory Affairs (LARA) audit a collection agency on a biennial basis, and to make a statement of legislative intent regarding Article 9.

The Code requires a collection agency to keep and use books, accounts, or records required by LARA to determine whether the agency is complying with Article 9 and rules promulgated under it. An agency must preserve those records and make them accessible to LARA for at least three years after making the final payment entry on an account. A collection agency also must file an annual report with LARA.

Article 9 requires LARA to audit a collection agency's books, accounts, and records on a biennial basis or when determined necessary by the LARA Director. Under the bill, LARA could audit a collection agency's books, accounts, and records when the LARA Director determined it to be necessary.

A licensee under Article 9 that commits certain violations is subject to sanctions under the Code. One of those violations is failure to allow an audit on a biennial basis or when determined necessary by the LARA Director. The bill would delete the reference to an audit on a biennial basis.

The bill includes an enacting section that states: "The legislature recognizes that the purpose of this article is to regulate the practice of debt collection. It is not the intent of the legislature in the creation of this article to regulate companies that hire licensed collection agencies to repossess collateral."

MCL 339.910 & 339.917

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

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

Date Completed: 6-4-14

Fiscal Analyst: Josh Sefton