

Legislative Analysis



INCREASE CONSIDERATION FOR TENANT REFERRALS

Phone: (517) 373-8080
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House Bill 4693 as reported from committee

Sponsor: Rep. Steven Johnson

Committee: Regulatory Reform

Complete to 9-29-21

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

(Enacted as Public Act 21 of 2022)

SUMMARY:

House Bill 4693 would amend the Occupational Code to increase the maximum amount of rent that may be given by a landlord, and accepted by a tenant, for a referral of a prospective tenant without becoming a real estate transaction or payment of real estate commissions.

Currently, the code limits the amount of consideration that may be offered by a property owner or his or her agent to an existing tenant, and limits the amount an existing tenant may accept, to not more than one-half month of rent for a referral of a prospective tenant.

The bill would increase the maximum amount of rent offered or accepted for referrals to no more than one month's rent.

MCL 339.2512b

BRIEF DISCUSSION:

No testimony was offered on the bill in House committee. However, it should be noted that the law allowing landlords or property management companies to offer a tenant half a month's rent as an incentive to refer potential tenants for vacant units is forty years old. In some areas of the state, the number of rental units has increased dramatically over the past four decades. It could be helpful to property owners or property managers to have the flexibility to offer their existing tenants a larger incentive than what is currently allowed to refer friends and family as potential tenants for open apartments or vacant houses.

FISCAL IMPACT:

House Bill 4693 would not have an appreciable fiscal impact on any unit of state or local government.

Legislative Analyst: Susan Stutzky
Fiscal Analyst: Marcus Coffin

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