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BILL ANALYSIS



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Senate Bill 375 (as introduced 6-10-25)
Sponsor: Senator Jeff Irwin
Committee: Housing and Human Services

Date Completed: 6-23-25

CONTENT

The bill would amend the Truth in Renting Act to do the following:

- **Prohibit a rental agreement from including a provision that imposed charges for extending tenancy, misapplying rent payments, or requiring dispute arbitration.**
- **Prohibit a rental agreement from restricting lawful rent payment methods or imposing a fee on all rent payment methods.**
- **Prohibit a rental agreement from including unreasonable or unrelated fees, including those related to third-party services, excessive late fees, or penalties for not renewing a lease for longer than a month.**
- **Allow a landlord to require a tenant to arrange and pay for a service provided by a public utility and prohibit a landlord from imposing an additional cost or surcharge for the service unless directly incurred by the landlord for that service.**

Generally, the Act establishes rights and obligations for parties to rental agreements and specifies that all rental agreements must comply with the Act's provisions. Rental agreements are prohibited from including certain provisions that waive tenant rights, impose unfair legal or financial burdens, or relieve a landlord's duty to mitigate damages, among other things.

Currently, "rental agreement" means a written agreement embodying the terms and conditions concerning the use and occupancy of residential premises, but does not include an agreement the terms of which are limited to one or more of the following: a) the identity of the parties; b) a description of the premises; c) the rental period; d) the total rental amount due; e) the amount of rental payments; f) and the times at which payments are due. Instead under the bill, the term would mean a written agreement that incorporates the terms and conditions concerning the use and occupancy of the residential premises. The term would have to include a) the identity of the parties; b) a description of the premises; c) the rental period; d) the total rental amount due; e) the amount of rental payments; f) and the times that payments were due.

Under the bill, a rental agreement also could not include a provision that did any of the following:

- Imposed a charge or fee to the length of tenancy after the initial term.
- Applied a tenant's payment to the tenant's rental obligation only after it was applied to other charges or fees.
- Required arbitration of any existing or subsequent controversy or dispute that arose under the rental agreement.
- Prohibited a tenant from paying rent or other charges or fees by a lawful method.

"Rent" would mean the amount paid under a rental agreement for the use or occupancy of a rental unit. Beginning on the bill's effective date, the term would include the cost of providing

essential services to a tenant that were necessary for the use or occupancy of a rental unit. The bill specifies that essential services that were necessary for use and occupancy of a rental unit would include heat, safe and clean hot and cold running water, sewer, electric, gas service, safe and operable plumbing and sewerage systems, ventilation, electrical, drainage, roofing systems, trash removal, pest and vermin control, snow removal, lawn care, locks for exterior doors, latches for windows, and cooking appliances or a refrigerator that was supplied by the landlord and was in compliance with applicable Federal, State, and local safety standards.

Additionally, a rental agreement could not include a provision that imposed a charge or fee that was any of the following:

- Unreasonable.
- Not connected to a nonessential service that was provided to the tenant at the tenant's option and was directly and primarily beneficial to the tenant or the tenant's failure to meet a lawful obligation under the rental agreement.
- Connected to a service provided to a tenant by a third party.
- For a tenant's failure to provide notice of nonrenewal of a rental agreement that was greater than one month.
- For a tenant's payment of rent after its due date and any grace period that exceeded the lesser of \$30 or 3% of the rent.

A landlord could require a tenant to arrange and pay for a service provided by a public utility to the tenant for the tenant's rental unit. The landlord could not impose any additional cost or surcharge for any service provided by a public utility to a tenant that was not directly incurred by the landlord for providing the service to the rental unit.

"Public utility" would mean steam, heat, electric, power, gas, water, wastewater, telecommunications, telegraph, communications, pipeline, or gas producing company regulated by the commission, whether private, corporate, or cooperative, except a municipally owned utility.

Additionally, a rental agreement could not impose an additional charge or fee on all methods for the payment of rent allowed under the lease agreement. If a rental agreement allowed for more than one method for the payment of rent, the rental agreement would have to have a provision that allowed at least one method for the payment of rent to be used without the tenant incurring an additional charge or fee.

MCL 554.632 & 554.633

PREVIOUS LEGISLATION

(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)

The bill is a reintroduction of Senate Bill 661 of the 2023-2024 Legislative Session.

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

The bill could have a positive fiscal impact on district courts to an unknown degree. As the bill would limit a landlord's discretion to charge additional fees beyond monthly rent, it could reduce the number of summary proceeding filings by landlords against tenants for a failure to pay such fees.

Fiscal Analyst: Michael Siracuse

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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.