

## DEFINITION OF "COLLECTION AGENCY"

Phone: (517) 373-8080  
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**Senate Bill 656 and 657, as passed by the Senate**  
**Sponsor: Sen. Rick Jones**  
**House Committee: Financial Services**  
**Senate Committee: Banking and Financial Services**  
**Complete to 3-15-16**

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

## SUMMARY:

These bills would amend two separate acts to revise the definition of the term "collection agency."

Senate Bill 656 would amend Article 9 of the Occupational Code. Currently, the term "collection agency" is defined as a person directly or indirectly engaged in collecting or attempting to collect a claim owed or due or asserted to be owed or due another, or repossessing or attempting to repossess a thing of value owed or due or asserted to be owed or due another arising out of an express or implied agreement. The bill would remove the phrase "or indirectly" from the definition.

The bill would also exclude from the definition of "collection agency" *a forwarding agency* that, acting on behalf of a creditor or lender, forwards a claim, collection, or repossession to a collection agency licensed under Article 9.

In addition, as used in Article 9, "collecting or attempting to collect a claim," "repossessing or attempting to repossess a thing of value," and "collection activities" would not include specified activities of a claim forwarder or remarketer under a contract with a creditor.

Senate Bill 657 would make similar amendments to Public Act 70 of 1981, which regulates the collection practices of various types of businesses.

The act defines "collection agency" as a person that is directly engaged or indirectly engaged in soliciting a claim for collection or collecting or attempting to collect a claim owed or due or asserted to be owed or due another, or repossessing or attempting to repossess a thing of value owed or due or asserted to be owed or due another arising out of an express or implied agreement. Senate Bill 657 would remove the phrases "or indirectly" and "soliciting a claim for collection" from the definition.

Also, under the bill, the phrases "collecting or attempting to collect a claim," "repossessing or attempting to repossess a thing of value," and "collection activities" would not include any of the activities of a claim forwarder or remarketer that would be excluded from those phrases under Senate Bill 656.

The bills would take effect 90 days after being enacted in to law.

**FISCAL IMPACT:**

The bills would have no fiscal impact on state or local government.

Legislative Analyst: E. Best  
Fiscal Analyst: Paul B.A. Holland

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