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BILL ANALYSIS

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Senate Bill 126 (as passed by the Senate)
Sponsor: Senator Mike Kowall
Committee: Regulatory Reform

Date Completed: 3-16-17

RATIONALE

Article 25 of the Occupational Code regulates real estate brokers, real estate associate brokers, and real estate salespersons. Additional regulations are found in administrative rules. Among other things, these professionals must comply with continuing education requirements established by the Department of Licensing and Regulatory Affairs (LARA). Public Act 502 of 2016, which will take effect on March 29, 2017, revises certain provisions of Article 25 and addresses issues related to the licensure and regulation of real estate brokers and salespersons. Evidently, the Act may create unforeseen confusion about when a licensee may satisfy his or her continuing education requirement. To address this, some people have suggested that the Code should allow a real estate licensee to take his or her elective continuing education courses at any time during the licensing cycle.

CONTENT

The bill would amend Article 25 of the Occupational Code to do the following:

- **Change the number of hours of continuing education courses a licensed real estate broker, associate broker, or salesperson must complete in each license cycle.**
- **Require the Department of Licensing and Regulatory Affairs to promulgate rules determining the number of hours of continuing education courses a licensee would have to complete in each license cycle.**
- **Require LARA to determine the number of required hours by multiplying the number of years in the license cycle by six.**
- **Require LARA, by rule, to establish standards for determining if a continuing education course was an eligible course under the article.**
- **At LARA's request, require an applicant for license renewal to produce the number of hours of instruction included in a professional continuing education course.**

Article 25 requires a licensee, in each year of a license cycle, to successfully complete at least six clock hours of eligible continuing education courses. The bill instead would require a licensee to complete the following number of hours of eligible continuing education courses in each license cycle:

- Beginning with the license cycle after the effective date of the rules promulgated by LARA, as required by the bill, the number of hours determined by LARA.
- In each license cycle before the effective date of the rules, 18 clock hours.

The bill would require LARA, by rule, to determine and publish the number of hours of eligible continuing education courses a licensee would have to successfully complete in a license cycle, including two hours of courses involving statutes, rules, and court cases required in each year of a license cycle. The Department would have to determine the number of required hours by multiplying the number of years in the license cycle by six.

The bill also would require LARA, by rule, to establish the standards for determining if a continuing education course was an eligible course under the article.

Article 25 provides that, in completing the appropriate number of eligible continuing education courses, a licensee may select education courses in his or her area of expertise, but at least two hours of the education courses in each year of a license cycle must involve law, rules, and court cases regarding real estate. The bill provides, instead, that in completing the appropriate number of hours of eligible continuing education courses, a licensee would be required to complete at least two hours of eligible continuing education courses in each year of a license cycle that involved law, rules, and court cases regarding real estate. The licensee would be allowed to select any continuing education courses in his or her area of expertise to complete the remaining hours of eligible continuing education courses required and could complete those hours at any time during the license cycle.

Currently, any education course that a licensee successfully completes to obtain a professional designation is counted toward the total continuing education credits required in a license cycle. The bill provides, instead, that if a licensee successfully completed an education course to obtain a professional designation, the number of hours of that course would be counted toward the total number of hours of continuing education courses required in a license cycle.

Under Article 25, at LARA's request, an applicant for license renewal must produce a time statement from the continuing professional education program sponsor that states that continuing professional education credits for the course were granted on a 50-minute hour. The bill also would require the applicant to produce the number of hours of instruction included in the course.

The bill would take effect 90 days after its enactment.

MCL 339.2504a

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

It has long been the practice for real estate licensees to have reasonable flexibility in satisfying their elective continuing education requirements at any time during the license cycle. The amendments would allow this practice to continue while still requiring the licensee to complete at least two hours of continuing education courses involving statutes, rules, and court cases in each year of the license cycle.

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bill would have a minor, but negative fiscal impact on the Department of Licensing and Regulatory Affairs, and no fiscal impact on local units of government. Under the bill, LARA would be required to promulgate administrative rules regarding the hours of continuing education real estate professionals would have to complete during each license cycle. Rule promulgation would result in some new administrative costs that would likely be minor, but would vary with the relative complexity of the rules promulgated. These costs would be borne by existing resources within LARA.

Fiscal Analyst: Josh Sefton

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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.