

**SFA**

BILL ANALYSIS

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Senate Fiscal Agency

Lansing, Michigan 48909

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**House Bill 4038 (as reported without amendment)****Sponsor:** Representative Mary C. Brown**House Committee:** Consumers**Senate Committee:** Commerce and Technology**Date Completed:** 4-9-87***RATIONALE***

The Rental Purchase Agreement Act was enacted in 1984 to regulate rent-to-own contracts, under which people can rent furniture, appliances, televisions, and other property for up to four months with the option of eventually buying them. The Act recognizes the special nature of the contracts and distinguishes them from contracts regulated under the Retail Installment Sales Act. To make the distinction clear, some people believe that the Retail Installment Sales Act needs to be amended to specify that it does not apply to rent-to-own arrangements regulated under the 1984 Act.

***CONTENT***

The bill would amend the Retail Installment Sales Act to specify that rental-purchase agreements, which are defined in the Rental Purchase Agreement Act (Public Act 424 of 1984), would not be regulated under the Retail Installment Sales Act.

MCL 445.852

***FISCAL IMPACT***

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

***ARGUMENTS******Supporting Argument***

The Rental Purchase Agreement Act was enacted in 1984 specifically to deal with rent-to-own arrangements and to be an alternative to the Retail Installment Sales Act. By removing rent-to-own agreements from the purview of the installment sales Act, the bill would make it clear that such arrangements are regulated under the Rental Purchase Agreement Act.

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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.

H.B. 4038 (4-9-87)