

# Legislative Analysis



## CONTINUING EDUCATION FOR REAL ESTATE PROFESSIONALS

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**Senate Bill 126 (reported from House committee  
without amendment)**

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

**Sponsor: Sen. Mike Kowall**  
**House Committee: Regulatory Reform**  
**Senate Committee: Regulatory Reform**

*(Enacted as Public Act 56 of 2017)*

**Complete to 5-24-17**

**BRIEF SUMMARY:** Senate Bill 126 would amend the Occupational Code (MCL 339.2504a) to provide that continuing education hours for real estate professionals may be completed at any time during the licensing cycle, rather than in a set number of hours per year. (However, it would retain the provision that a licensee must complete two hours of continuing education in law, rules, and court cases regarding real estate each year.) It would also amend and clarify additional continuing education rules, as described below.

**FISCAL IMPACT:** Senate Bill 126 would likely result in a negative, but nominal, fiscal impact for the Department of Licensing and Regulatory Affairs. The bill would require the department to promulgate rules pertaining to (a) the number of hours of continuing education that a licensed real estate professional would be required to complete and (b) determination of whether a continuing education course is an eligible course to meet the required number of continuing education hours. The rules promulgation process would lead to some administrative costs for the department, but these costs are not likely to be significant.

### **THE APPARENT PROBLEM:**

Historically, real estate professionals have been able to fulfill their continuing education requirements at any time during their licensing cycle, with the exception of the legal component, which must be completed yearly. Public Act 502 of 2016 (Senate Bill 26) amended Section 2504a of the Occupation Code so that, rather than allowing a licensee to fulfill the 18 hours of continuing education at any time during the three-year licensing cycle (including the two-hour legal component each year), the licensee would be required to complete six hours of continuing education each year. Although these requirements are equivalent in terms of hours per licensing cycle, the change deprives real estate licensees of the flexibility to choose courses that may be the most beneficial as credits earned by different courses and when those courses may be offered do not necessarily fit into an annual schedule. Some feel the ability of real estate professionals to complete their non-legal continuing education at any time during the licensing cycle should be restored.

### **THE CONTENT OF THE BILL:**

Article 25 of the Occupational Code regulates real estate brokers, real estate associate brokers, and real estate salespersons. Senate Bill 126 addresses continuing education

requirements for these licensees (MCL 339.2504a). Currently, 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, and at least two of those hours in each year must involve courses in law, rules, and court cases regarding real estate. The bill would make the following changes.

### **Required Hours**

- The Department of Licensing and Regulation would by rule determine and provide for publication of the number of hours of eligible continuing education courses a licensee must successfully complete in a license cycle, which would include two hours in each year of a license cycle in law, rules, and court cases regarding real estate. The number of hours required in a license cycle would have to be determined by multiplying the number of years in a license cycle by six. (Recently enacted legislation grants LARA the authority to establish the length of the licensed cycle by rule.)
- Until those rules become effective, the number of hours required would be 18 clock hours in a license cycle.

### **Eligible Courses & Counting of Hours**

- LARA would also be required to establish by rule the standards for determining what constitutes an eligible continuing education course.
- Currently, LARA can request an applicant for license renewal to produce a time statement from the continuing professional education program sponsor stating that continuing professional education credits for the course were granted on a 50-minute hour. Under SB 126, LARA could also require the applicant to produce the number of hours of instruction included in the course.
- SB 126 would clarify an existing provision to specify 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.

### ***HOUSE COMMITTEE ACTION:***

The members of the House Regulatory Reform committee reported out Senate Bill 126 as introduced and passed by the Senate.

### ***ARGUMENTS:***

#### ***For:***

Senate Bill 126 would reinstate the flexibility of real estate professionals to take the non-legal component of their required continuing education that previously had been included in the Code. This allows a licensee to take continuing education courses based more on applicability rather than course hours or scheduling issues. (Otherwise, a person may be hesitant to take an otherwise-beneficial course that counts for eight or ten hours, as some of those hours would not count toward the requirement). Alternatively, it would allow the person to frontload or backload those hours within the licensing cycle as availability

provides. The required number of continuing education credits would not change; the bill just restores the flexibility enjoyed prior to legislation enacted in 2016.

***POSITIONS:***

A representative of Michigan Realtors testified in support of the bill. (5-3-17)

The Department of Licensing and Regulatory Affairs supports the bill. (5-3-17)

The Michigan Bankers Association supports the bill. (5-3-17)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.