



MEMORANDUM

TO: Honorable Members of Michigan Senate Committee on Finance, Insurance, and Consumer Protection

FROM: Leah Robinson, Director of Legislative Affairs

SUBJECT: Michigan Chamber Opposes Sweeping Changes to Debt Collection Processes

DATE: May 22, 2024

On behalf of the Michigan Chamber's approximately 5,000 member businesses and organizations from across the state, thank you for the opportunity to provide feedback on Senate Bill 408, which would significantly change Michigan's debt collection process by restricting the authority of financial institutions from collecting debts, negatively impacting our state's economy, and further hindering a debtor's ability to work towards paying down debt.

This legislation negatively impacts almost every Michigander, including those the legislation attempts to help. Below are shared concerns within our membership.

- **Increased Exemptions:** Under the bill, there are widely expanded exemptions for both physical property and salary thresholds from the state's current debt collection process. These increased exemptions hinder a financial institution's ability to collect what is rightfully owed to not only the financial institution but businesses that participate in our credit-based economy.
- **Punishing Good Actors:** In our current economy, high costs and rising inflation rates are affecting everyone. As written, this language punishes citizens and families actively paying down debts as interest rates on debt payments will inevitably rise to pay for those that are not financially accountable. This is an unfair practice and increasing costs and interest rates would discourage economic growth in our state.
- **Continuing the Debt Cycle:** SB 408 only restricts financial institutions from collecting money that is owed to them. The bill *does not* relieve those caught in a cycle of impending debt from climbing out of it. Rather, the bill keeps those in significant debt exactly where they are with their financial obligations still required. We encourage the sponsor to consider avenues for debtor support, such as financial education.

Thank you for the opportunity to provide comments. Please do not hesitate to reach out with questions at LRobinson@michamber.com.