



Senate Fiscal Agency
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Senate Bill 1022 (Substitute S-1 as reported)
Sponsor: Senator Sam Singh
Committee: Finance, Insurance, and Consumer Protection

CONTENT

The bill would amend the Michigan Consumer Protection Act to do the following:

- Establish specific fines for a violation of the Act that targeted an elder or vulnerable adult.
- Allow the Attorney General or prosecuting attorney, before bringing an action in court, to serve a written demand to a person suspected of having information related to a violation of the Act that required the person to provide the information.
- Create the Consumer Protection and Antitrust Revolving Enforcement and Education Fund, require costs and proceeds from proceedings under the Act to be deposited into the Fund, and require the Attorney General to spend money from the Fund for the Act's enforcement.

MCL 445.902 et al.

BRIEF RATIONALE

According to testimony, Michigan's statutory protections for elderly or vulnerable-adult consumers have fallen behind protections enacted by other states. Some argue that this has left these consumers susceptible to deceptive practices in already-regulated industries, such as unfair charges in assisted living facilities or inflated prices in estate planning. It has been suggested that State law discourage actors from targeting elderly or vulnerable adults by establishing specific penalties for such targeting.

Legislative Analyst: Nathan Leaman

FISCAL IMPACT

The bill likely would have a negative but minimal fiscal impact on the Department of Treasury. Under the bill, the newly-created Fund could accrue a significant balance, depending on the magnitude of the attorney fees, costs, and proceeds that were designated for deposit. Money in the Fund would remain in the Fund at the close of the fiscal year and would not lapse to the General Fund. Directing the investment and managing interest and earnings of a fund with a balance in excess of \$1.0 million could result in administrative costs for Treasury, but it is unlikely that these costs would require a notable increase in appropriations. The Department of Attorney General would be the primary administrator.

The bill would not likely increase costs for the Attorney General. While the bills would create additional pathways for the Attorney General to pursue criminal activity under the Act, the language to do so is permissive. Additionally, increased enforcement under the Act could be covered partially or entirely by the Consumer Protection and Antitrust Revolving Enforcement and Education Fund created by the bill.

The bill could have a positive fiscal impact on the State and local units of government. The bill would impose a civil fine of varying amounts from \$10,000 to \$50,000. Additional provisions proposed in the bill could increase the number of civil fines imposed; however, the

amount of additional revenue is indeterminate and dependent on the number of fines imposed. Revenue collected from civil fines is used to support local libraries. Additionally, \$10 of the civil fine would be deposited into the State Justice System Fund. This Fund supports justice-related activities across State government in the Departments of Corrections, Health and Human Services, State Police, and Treasury. The Fund also supports justice-related issues in the Legislative Retirement System and the Judiciary. The amount of revenue to the State or for local libraries is indeterminate and dependent on the actual number of violations.

Date Completed: 11-25-24

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