



Senate Fiscal Agency  
P.O. Box 30036  
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383  
Fax: (517) 373-1986

Senate Bills 954 through 956 (Substitute S-1 as reported)  
Sponsor: Senator Jeremy Moss (S.B. 954 & 955)  
Senator Mary Cavanagh (S.B. 956)  
Committee: Finance, Insurance, and Consumer Protection

### **CONTENT**

Senate Bill 954 (S-1) would enact the "Hotel and Lodging Pricing Protection Act" to do the following:

- During or reasonably after a declaration of emergency, prohibit a person engaged in the business of offering, selling, or renting lodging from charging a price that was grossly more than the price at which similar lodging was advertised, offered, or sold.
- Allow the Attorney General (AG) or a local prosecuting attorney to serve upon an individual a written demand to appear and be examined under oath if the AG or prosecuting attorney had reasonable cause to believe that the individual had certain information related to an investigation under the Act.
- Allow the AG to bring a class action on behalf of persons residing in or injured in the State for the actual damages caused by conduct prohibited under the Act.
- Allow the AG to bring an action for appropriate injunctive or other equitable relief and civil penalties in the name of the people of the State for a violation of the Act.
- Prescribe penalties and fines for violations of the Act.

Senate Bill 955 (S-1) would enact the "Commodities and Emergency Services and Supplies Pricing Protection Act" to do the following:

- During or reasonably after a declaration of emergency, prohibit a person conducting business in any chain of distribution for building materials, consumer food items, goods, services, emergency supplies, or medical supplies from charging a price that was grossly more than the price at which similar goods were sold.
- Allow the AG to bring a class action on behalf of persons residing in or injured in the State for the actual damages caused by conduct prohibited under the Act.
- Allow the AG to bring an action for appropriate injunctive or other equitable relief and civil penalties in the name of the people of the State for a violation of the Act.
- Prescribe penalties and fines for violations of the Act.

Senate Bill 956 (S-1) would enact the "Energy Pricing Protection Act" to do the following:

- During or reasonably after a market disruption, prohibit a person conducting business in any chain of distribution for energy products or services from charging a price for energy products or services that was grossly more than the price at which similar energy products or services were sold.
- Allow the AG to bring a class action on behalf of entities residing in or injured in the State for the actual damages caused by conduct prohibited under the Act.
- Allow the AG to bring an action for appropriate injunctive or other equitable relief and civil penalties in the name of the people of the State for a violation of the Act.
- Prescribe penalties and fines for violations of the Act.

The bills are tie-barred.

## **BRIEF RATIONALE**

According to testimony, many other states have enacted laws to restrict price gouging during emergencies. Every year, different regions of Michigan experience flooding and other emergencies, making them vulnerable to price gouging. Reportedly, during a historic wind event in 2017, some hotels charged displaced locals over 600% of their usual charges for rooms. Some have argued that the residents of Michigan need protection from such price gouging as these emergencies increase and so the bills have been proposed.

## **PREVIOUS LEGISLATION**

*(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)*

Senate Bills 954, 955, and 956 are reintroductions of Senate Bills 846, 847, and 948 of the 2019-2020 Legislative Session. Similar versions of the bill have been introduced during several sessions since the 2001-2002 Legislative Session.

Legislative Analyst: Nathan Leaman

## **FISCAL IMPACT**

The bills would have an indeterminate fiscal impact on the State and local governments. While they provide pathways for increased enforcement for price gouging in the areas of housing, consumer products, and energy costs, the bills are permissive, meaning they would not require the AG or local prosecutors to increase criminal complaints or file demands for appearances under oath. If State and local law enforcement were to increase criminal prosecutions under the measures provided by the language of the bills, they would likely increase litigation costs. At the same time, increased convictions under the language of the bills likely would result in substantial fine revenue for the State and local governments. It is not clear from the language of the bills where such revenue would be deposited, at either the State or local level. Any increased costs or revenue would depend on the number of emergencies in the State, how much price gouging was going on, and the degree to which State and local law enforcement pursued such activity.

The bill could have an indeterminate negative fiscal impact and an indeterminate positive fiscal impact on the State and local government. New misdemeanor arrests and convictions under the proposed bill could increase resource demands on law enforcement, court systems, community supervision, and jails; however, it is unknown how many people would be prosecuted under provisions of the bill. Local jail costs vary by jurisdiction and thus costs for local governments would vary. Local revenue to local libraries could increase under the bill as any additional revenue from imposed fines would go to local and county law libraries.

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Fiscal Analyst: Joe Carrasco, Jr.  
Nathan Leaman  
Michael Siracuse

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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.