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SFA**BILL ANALYSIS**

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House Bill 4424 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Representative Janet Kukuk
House Committee: Family and Civil Law
Senate Committee: Technology and Energy

CONTENT

The bill would amend the Revised Judicature Act to limit the liability of a person (except a financial institution) for damages relating to a computer date failure. The bill would apply to actions against a person who had made a substantial, good faith effort to implement a "year 2000 readiness plan". ("Computer date failure" would mean a malfunction that was caused directly or indirectly by the failure of a computer, a computer network, program, or system, an embedded chip, or computer software accurately or properly to recognize, calculate, display, sort, or otherwise process dates or times in the years 1999 and 2000, and beyond.) The bill would be repealed effective January 1, 2003.

A person would not be liable to a claimant for damages or other relief relating to a computer date failure unless 1) the person had extended a warranty to the claimant; 2) the claimant was the beneficiary of a trust administered by the person; and/or 3) the claimant was in privity of contract with the person. Also, a person would not be liable to a claimant for damages or other relief for a delay or interruption in the performance of an agreement by the person, including the delivery of goods or services by the person, that was the result of or connected with 1) a third party's computer date failure; and/or 2) the person's computer date failure, to the extent the computer date failure was caused by or attributable to the acts or omissions of a third party.

An employee, officer, director, shareholder, limited partner, member, or manager of a person, if acting in that capacity, would not be liable to a claimant for damages or other relief relating to a computer date failure.

The bill would not apply to an action to recover damages for a wrongful death or an injury to a person resulting from a computer date failure. Otherwise, the bill would govern every action against a person or an employee, officer, director, shareholder, limited partner, member, or manager of a person to recover damages resulting directly or indirectly from an alleged computer date failure if the person had made a substantial, good faith effort to make and implement a year 2000 readiness plan. A person who experienced a computer date failure would be liable only for a claimant's actual damages.

Proposed MCL 600.2970

Legislative Analyst: S. Lowe

FISCAL IMPACT

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

Date Completed: 12-7-99

Fiscal Analyst: B. Bowerman

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Analysis available @ <http://www.michiganlegislature.org>

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.