



Senate Fiscal Agency
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Senate Bill 295 (as introduced 5-2-19)
Sponsor: Senator Jim Runestad
Committee: Insurance and Banking

Date Completed: 5-6-19

CONTENT

The bill would amend the Michigan Penal Code to include a felony violation concerning insurance fraud to the list of offenses contained in the definition of "racketeering".

The Penal Code prohibits a person from engaging in certain activities through a "pattern of racketeering activity" (at least two incidents of racketeering that have interrelated characteristics and amount to or pose a threat of continuing criminal activity). "Racketeering" means committing, attempting to commit, conspiring to commit, or aiding or abetting, soliciting, coercing, or intimidating a person to commit an offense for financial gain, involving certain violations specified in the Code. The bill would include a felony violation of Chapter 45 (Insurance Fraud) of the Insurance Code concerning insurance fraud.

(Under Chapter 45, particular acts or omissions committed by any person knowingly, and with intent to injure, defraud, or deceive, are designated fraudulent insurance acts.)

A person who commits a pattern of racketeering activity is guilty of a felony punishable by up to 20 years' imprisonment and/or a maximum fine of \$100,000. The sentencing court also may order the person to pay court costs and/or pay the State or local law enforcement agency the costs of investigation and prosecution.

MCL 750.159g

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bill would have a negative fiscal impact on the State and local government. New felony arrests and convictions under the proposed bill could increase resource demands on law enforcement, court systems, community supervision, jails, and correctional facilities. However, it is unknown how many people would be prosecuted under the bill's provisions. The average cost to State government for felony probation supervision is approximately \$3,024 per probationer per year. For any increase in prison intakes, in the short term, the marginal cost to State government is approximately \$5,315 per prisoner per year. Any additional revenue from imposed fines would go to local libraries.

Fiscal Analyst: Joe Carrasco

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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.