

# Regulatory Compliance Exemption: The Case for Preventing Duplicative Red Tape



## What it is:

For decades, the Michigan Consumer Protection Act (MCPA) has included a regulatory compliance exemption. This exemption ensures that transactions or conduct already regulated by state or federal law are not subject to duplicative MCPA oversight.

This long-standing framework has provided certainty, stability and predictability for licensed professions and regulated industries – ranging from agriculture, construction, energy, and manufacturing to healthcare, housing, finance, transportation, tourism, and more – allowing them to serve Michigan consumers efficiently and safely.

## What's at risk:

Today, this long-standing safeguard is under attack. Efforts to overturn or repeal the regulatory compliance exemption would expose every state- or federally-regulated industry to:

Duplicative and conflicting regulatory standards

Abusive or expansive litigation

Increased legal and compliance costs

Greater uncertainty for businesses and consumers alike

These costs don't disappear – they are ultimately passed along to consumers in the form of higher prices, fewer service options and reduced investment.

## The fine print:

The MCPA's regulatory compliance exemption currently faces a two-pronged threat:

- Pending Michigan Supreme Court case: *Nessel v. Eli Lilly & Co.*
- Senate Bill 134 before the Michigan Legislature, repealing the longstanding exemption.

If either effort succeeds, the result would be the same: higher costs, fewer services and less certainty for Michigan employers and the people they serve.

This is not a theoretical risk. It would upend decades of settled law and fundamentally change how regulated industries operate in Michigan – without delivering new or better consumer protections.

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## The bottom line for consumers:

More regulation does not automatically mean better protection.

Michigan already regulates these industries through specialized agencies with subject-matter expertise. Removing the exemption would just layer additional bureaucracy on top of existing oversight, creating confusion rather than accountability.

## The Solution:

By preserving, strengthening and codifying the regulatory compliance exemption, Michigan can:

- **Protect** consumers and businesses alike
- **Prevent** unnecessary and duplicative red tape
- **Maintain** clear accountability through existing regulatory systems
- **Provide** the economic certainty critical industries need for growth, job creation and service delivery

# FAQS

## I don't work in a licensed profession or regulated industry. How does this affect me?

Without the exemption, regulated industries would face higher operational and legal costs – costs that are ultimately passed on to consumers. Consumers would also likely see fewer options and reduced access to essential regulated services they rely on every day.

## Does the exemption undermine consumer protections?

No. The exemption doesn't remove accountability – it simply prevents duplicative regulation when robust oversight already exists. Consumer protections remain firmly in place through state and federal regulators designed to oversee these industries.

None of these reforms will stop anyone from filing a lawsuit in Michigan. Our goal isn't to block access to justice; our goal is to prevent bad actors from abusing our legal system for profit.