Michigan Alliance for Legal Reform

NEWS

Ruling Puts Regulated Industries, Licensed Professions in Crosshairs - Legislature Must Act

Lansing, MICH (July 31, 2026) – A new opinion from the Michigan Supreme Court overturns decades of case law, exposing regulated industries and licensed professions to overlapping regulations, greater uncertainty, abusive litigation, and higher costs.

Nessel v. Eli Lilly targets the Michigan Consumer Protection Act's regulatory compliance exemption, which broadly exempts transactions and conduct already regulated by the state or federal government. Today's decision upends the exemption as we know it, overturning decades of settled case law (*Smith v. Globe Life Insurance Company*, 1999, and *Liss v. Lewiston-Richards Inc.*, 2007) and adding new layers of red tape and litigation exposure for professions and industries already under extensive government oversight.

> "Today's decision upends decades of settled case law, exposing workers and job providers alike to abusive litigation, duplicative red tape, and higher costs that will ultimately be passed along to Michigan consumers," **said Zach Rudat, Director of the Michigan Alliance for Legal Reform.** "The Legislature must act now to codify the regulatory compliance exemption and restore clear, predictable standards for those already operating under extensive government oversight."

House Bill 5725 seeks to codify the MCPA's regulatory compliance exemption within the Michigan Consumer Protection Act and awaits further action in the Michigan House Judiciary Committee. Hear from Alliance member organizations about the importance of the regulatory compliance exemption:

> "If a small business isn't already regulated, it's dependent on a service or industry that is. Losing the regulatory compliance exemption places a significant burden on Main Street businesses across Michigan, exposing them to duplicative red tape, greater risk, and higher operating costs," **said Small Business Association of Michigan President and CEO Brian Calley**. "Restoring this exemption isn't just good policy – it's essential to preserving the ability of small businesses to operate, grow, and compete."

> "The hospitality industry is no stranger to costly rulings from the State Supreme Court with major real-world consequences," **said Michigan Restaurant & Lodging Association CEO Justin Winslow**. "We have also seen what can happen when common sense, bipartisan legislative solutions take precedence over out-of-state activists. We have another opportunity to deliver balanced reform by codifying the regulatory compliance exemption and I hope our elected officials seize it."

“Home ownership is surrounded by licensed and regulated industries. Families depend on licensed professionals like plumbers and electricians to maintain a home, and homebuilders and Realtors® to obtain a home in the first place,” **said Michigan Realtors® CEO Robert Campau**. “The cost of all these services, and home ownership in general, will increase in Michigan without the regulatory compliance exemption.”

“The regulatory compliance exemption is critical to stop healthcare costs from skyrocketing and providers from facing duplicate enforcement when they are already operating under rigorous regulation,” **said Tom George, MD, CEO of the Michigan State Medical Society.** “Codifying the exemption protects healthcare access, preventing higher costs for providers and patients alike.”

The Michigan Alliance for Legal Reform is a coalition of 45 Michigan associations and employers dedicated to reining in lawsuit abuse and restoring balance and fairness in Michigan’s legal system. Learn more at MIAllianceForLegalReform.com.

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