

THIRD-PARTY ONLINE SERVICES

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<http://www.house.mi.gov/hfa>

House Bill 6173 (H-1) as referred to second committee

Sponsor: Rep. Sarah L. Lightner

1st Committee: Regulatory Reform

2nd Committee: Ways and Means

Complete to 2-5-21

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 6173 would add a new section 3 \textit{l} to the Michigan Consumer Protection Act to provide that if a *third party* offers online services that are performed by a state agency, department, or division, the third party must do all of the following:

- Have a *conspicuous notification* on its website stating that it is not an agency, department, or division of the state.
- Have a conspicuous notification on its website stating that its services are not endorsed or approved by an agency, department, or division of the state.
- Provide a link on its website to the state agency, department, or division website where a person can use the online service.
- Before a transaction for an online service is completed, ensure that there is a conspicuous notification of any fee it will charge for the online service.

Third party would mean a person that is not a state agency, department, or division.

Conspicuous notification would mean, at a minimum, for a notification that is on a website, a notification that is on the opening page of that website, is in a type size that is the same or larger than the largest type size on that website, and is in boldface, capital letters.

Failure to comply with the above requirements would be a violation of section 3 \textit{l} .

The Michigan Consumer Protection Act states that unfair, unconscionable, or deceptive methods, acts, or practices in the conduct of trade or commerce are unlawful, and it lists activities that constitute these methods, acts, or practices. The bill would add a violation of section 3 \textit{l} to that list. The bill would also require certain disclosures by a third party that offers online services that are performed by a state agency or department.

MCL 445.903 and proposed MCL 445.903 \textit{l}

BRIEF DISCUSSION:

Many services performed by state and local governments can be conducted online through governmental agency websites for free or for a nominal cost. Similar services may be offered by for-profit businesses whose fees in comparison may be similar, slightly higher, or, in some cases, exorbitant. In addition, some people may not realize that they are not

dealing directly with the government agency, or that a fee will be charged, until after the transaction is completed and the fee appears. In at least one case, a consumer who mistakenly used a private company to renew a registration paid a transaction fee that almost equaled the cost of the registration renewal.

The Consumer Protection Act protects residents from companies that use practices considered to be deceptive and provides remedies for consumers who feel that they have been harmed by such practices. By adding online services offered by third-party companies to the Consumer Protection Act, House Bill 6173 would protect the public by requiring those third-party providers to clearly notify consumers that the company is not a governmental agency, include links to governmental websites that perform the same services, and clearly indicate any fees that may be added to the transaction. The bill would ensure that consumers could make informed choices based on transaction fees, convenience, and personal preferences. Should a company fail to clearly post the required information, a consumer could seek the remedies available under the act.

FISCAL IMPACT:

The bill would not have a direct fiscal impact on the state or local units of government.

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