



Senate Fiscal Agency
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House Bills 4102 through 4107 (as passed by the House)
Sponsor: Representative Steve Marino (H.B. 4102)
Representative Vanessa Guerra (H.B. 4013)
Representative Beau Matthew LaFave (H.B. 4104)
Representative Ryan Berman (H.B. 4105)
Representative Robert Wittenberg (H.B. 4106)
Representative Diana Farrington (H.B. 4107)

House Committee: Financial Services
Judiciary
Senate Committee: Judiciary and Public Safety

Date Completed: 10-23-19

CONTENT

House Bill 4102 would amend the Michigan Penal Code to prohibit a person from collecting property or any other thing of value for the fighting, baiting, or shooting of an animal.

House Bill 4103 would amend the Penal Code to modify the definition of "financial transaction device" to include the use of cryptocurrency and distributed ledger technology.

House Bill 4104 would amend the Penal Code to modify the definition of "racketeering".

House Bill 4105 would amend the Penal Code to replace references to "money or personal property" with "money or *other* personal property", and specify that "money or other personal property" would include cryptocurrency.

House Bill 4106 would amend the Penal Code to specify that a person who altered a record made utilizing distributed ledger technology would be guilty of a felony punishable by up to 14 years' imprisonment.

House Bill 4107 would amend the Penal Code to include cryptocurrency in the definition of "monetary instrument".

Each bill would take effect 90 days after its enactment.

House Bill 4102

The Penal Code prohibits a person from knowingly organizing, promoting, or collecting money for the fighting, baiting, or shooting of an animal, and for permitting the use of a building, shed, room, yard, ground, premises, vehicle, or any other venue belonging to him or her or under his control for any of those purposes.

Under the bill, a person could not collect money, *property*, or *any other thing of value* for any of the purposes described above.

House Bill 4103

Under the Penal Code, "financial transaction device" means any of the following: a) an electronic funds transfer card; b) a credit card; c) a debit card; and d) a point-of-sale card.

The term also means any instrument device, card, plate, code, account number, personal identification number, or a record or copy of a code, account number, or personal ID number or other means of access to a credit account or deposit account or a driver license or State ID card used to access a proprietary account, other than access originated solely by a paper instrument, that can be used alone or in conjunction with another access device, for certain purposes specified in the Penal Code. Under the bill access to a credit account or deposit account would include through the use of cryptocurrency or distributed ledger technology.

"Cryptocurrency" would mean digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds, and that operates independently of a central bank.

"Distributed ledger technology" would mean any distributed ledger protocol and supporting infrastructure, including blockchain, that uses a distributed, decentralized, shared, and replicated ledger, whether use of the ledger is public or private, permissioned or permissionless, and that may include the use of electronic currencies or electronic tokens as a medium of electronic exchange.

House Bill 4104

The Penal Code defines "racketeering" as committing, attempting to commit, conspiring to commit, or aiding, abetting, soliciting, coercing, or intimidating a person to commit an offense for financial gain involving certain violations specified in the Penal Code.

Under the bill, the term, instead, would mean committing, attempting to commit, conspiring to commit, or aiding, abetting, soliciting, coercing, or intimidating a person to commit an offense for financial gain *by obtaining money, property, or any other thing of value*, involving those violations specified in the Penal Code.

House Bill 4105

The Penal Code specifies that an agent, servant, or employee of another person, governmental entity, or other legal entity who fraudulently disposes of or converts to his or her own use, or takes or secretes with intent to convert to his or her own use without the consent of his or her principal, any of the principal's money or personal property is guilty of embezzlement.

The Code includes a graduated sentencing structure that imposes more serious penalties for embezzling greater values of money or personal property or for repeat convictions.

The bill would replace references to "money or personal property" with "money or *other* personal property". "Money or other personal property" would include cryptocurrency. "Cryptocurrency" would mean digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds, and that operates independently of a central bank.

House Bill 4106

Under Section 248 of the Penal Code, a person who falsely makes, alters, forges, or counterfeits certain documents with intent to injure or defraud another person, is guilty of a felony punishable by up to 14 years' imprisonment.

The bill specifies that this provision would apply to a person who violated Section 248 by altering a record made using distributed ledger technology. "Distributed ledger technology" would mean any distributed ledger protocol and supporting infrastructure, including blockchain, that uses a distributed, decentralized, shared, and replicated ledger, whether use of the ledger is public or private, permissioned or permissionless, and that may include the use of electronic currencies or electronic tokens as a medium of electronic exchange.

House Bill 4107

The Penal Code defines "monetary instrument" as coin or currency of the United States or another country, or a group of countries, a traveler's check, personal check, bank check, money order, or investment security or negotiable instrument in bearer form or in any other form such that delivery is sufficient to pass title.

Under the bill, the term also would include cryptocurrency. "Cryptocurrency" would mean digital currency in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds, and that operates independently of a central bank.

MCL 750.49 (H.B. 4102)
750.157m (H.B. 4103)
750.159g (H.B. 4104)
750.174 (H.B. 4105)
750.248 (H.B. 4106)
750.411j (H.B. 4107)

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

House Bills 4102, 4104, and 4106

The bills could have a negative fiscal impact on State and local government. New felony arrests and convictions under the bills could increase resource demands on law enforcement, court systems, community supervision, jails, and correctional facilities. However, it is unknown how many additional 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.

House Bill 4103, 4105, and 4107

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

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.