



Senate Fiscal Agency  
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House Bill 4598 (as passed by the House)  
House Bill 4599 (Substitute H-1 as passed by the House)  
Sponsor: Representative Mike Harris (H.B. 4598)  
Representative Samantha Steckloff (H.B. 4599)  
House Committee: Regulatory Reform  
Senate Committee: Civil Rights, Judiciary, and Public Safety

Date Completed: 12-3-25

### **CONTENT**

**House Bill 4598 would amend the Organized Retail Crime Act to prohibit a person from knowingly engaging in gift card fraud.**

**House Bill 4599 (H-1) would amend the Organized Retail Crime Act to define terms related to House Bill 4598.**

The bills are tie-barred, and each bill would take effect 90 days after its enactment.

### **House Bill 4598**

Generally, the Act prohibits organized retail crime, which it defines as the theft of retail merchandise from a retail merchant with the intent or purpose of reselling, distributing, or otherwise reentering the retail merchandise in commerce, including the transfer of the stolen retail merchandise to another retail merchant or to any other person in exchange for anything of value.

The bill would expand the scope of organized retail crime to include gift card fraud. Specifically, the bill would prohibit a person from knowingly and with the intent to defraud doing any of the following:

- Acquiring a gift card or gift card redemption information.
- Altering or tampering with a gift card or gift card redemption information or exploiting a gift card holder, issuer, or seller.
- Obtaining money, goods, services or any other thing of value with a gift card or gift card redemption information that was acquired in violation of the bill.

The Act prescribes a felony punishable by up to five years' imprisonment or a maximum fine of \$5,000, or both, for committing organized retail crime.

### **House Bill 4599 (H-1)**

Under the bill, "gift card" would mean a physical or digital closed-loop gift card or open-loop gift card that is either activated or inactivated. "Gift card redemption information" would mean information unique to each gift card that allows the cardholder to access, transfer, or spend the funds on the gift card.

"Issuer" would mean a person that issues a gift card or the agent of the person with respect to that gift card. "Seller" would mean a merchant that is engaged in the business of selling gift cards to consumers.

MCL 752.1084 (H.B. 4598)  
Proposed MCL 752.1083a (H.B. 4599)

Legislative Analyst: Tyler VanHuyse

### **FISCAL IMPACT**

The bills would likely increase court costs and incarceration costs, should it result in additional charges and convictions for organized retail fraud. Alternatively, gift card fraud is a popular tool for scammers because it is not regulated as strictly as debit or credit card fraud. According to the Federal Trade Commission, gift card fraud/imposter scams were the most reported forms of fraud in the U.S. in 2022, with losses totaling approximately \$230.0 million nationwide.<sup>1</sup> Should the passage of the bill result in overall reductions in gift card fraud, the State and local governments would be positively, yet indirectly, affected to an indeterminate degree.

The bills would have an indeterminate but likely negative fiscal impact on the State and local governments. They could result in additional felony arrests and convictions increasing 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 proposed provisions. The average cost to State government for felony probation supervision is approximately \$5,800 per probationer per year. For any increase in prison intakes the average annual cost of housing a prisoner in a State correctional facility is an estimated \$50,100. Per diem rates range from \$106 to \$328 per day (average per diem is \$135), depending on the security level of the facility. Any associated increase in fine revenue would increase funding to public libraries.

Fiscal Analyst: Joe Carrasco, Jr.  
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<sup>1</sup> Federal Trade Commission, *Consumer Sentinel Network*, February 2023.

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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.