



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4901 (Substitute H-1 as discharged)
Sponsor: Representative Brenda Carter
House Committee: Insurance and Financial Services
Senate Committee: Government Operations (discharged)

CONTENT

The bill would amend Chapter 54A (Bankruptcy) of the Revised Judicature Act to modify the value of types of property and expand the types of property exempt from inclusion in a debtor's estate.

Generally, an individual who can no longer pay the individual's debts may file for either Chapter 13 or Chapter 7 bankruptcy, if eligible.¹ The U.S. Bankruptcy Code allows an individual debtor to exempt certain property from the debtor's estate, including certain retirement funds, professionally prescribed health aids, social security benefits, unemployment compensation, or local public assistance benefits, among others.² The Code also allows states to establish their own bankruptcy property exemptions. In Michigan, a debtor may elect to abide by Federal or State exemptions. The bill would modify the types of property a debtor could exempt from the debtor's estate under State law and increase the amounts that would be exempt.

The bill also would require the State Treasurer to adjust the amounts of exemption for each type of exemption after the first adjustment date, by an amount determined by the State Treasurer to reflect the cumulative change in the Consumer Price Index for the three-year period ending on December 31 preceding the adjustment date and rounded to the nearest \$25.

MCL 600.5451

PREVIOUS LEGISLATION

(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)

The bill is similar to Senate Bill 409 from the current Legislative Session. Senate Bill 409 passed the Senate and is currently in the House.

Legislative Analyst: Nathan Leaman

FISCAL IMPACT

The bill would have no fiscal impact on State or local courts.

Date Completed: 12-18-24

Fiscal Analyst: Michael Siracuse

¹ Referring to Chapter 7 and Chapter 13 of the U.S. Bankruptcy Code. For more information on individual eligibility for Chapter 7 bankruptcy, see www.uscourts.gov.

² For more information on Federally exempt property, see uscode.house.gov.