



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5763 (Substitute H-2 as reported with amendments)
Sponsor: Representative Alexander C. Lipsey
House Committee: Judiciary
Senate Committee: Judiciary

CONTENT

The bill would add Chapter 54a (Bankruptcy) to the Revised Judicature Act to allow a debtor in bankruptcy under the Federal Bankruptcy Code to exempt from the bankruptcy estate either property that is exempt under Federal law or (under Section 522 of the Code) property identified in the bill.

The bill would set the maximum value of specific types of property that would be exempt, such as household goods, appliances, furniture, and jewelry; clothing; fuel; burial rights; crops and farm animals; pets; a motor vehicle; a computer; tools of a trade; and a homestead. The bill also proposes exemptions for disability benefits; individual retirement accounts; pension plans; and (except for a joint debt) property held by a husband and wife as a tenancy by the entirety.

An exemption under the bill would not apply to a mortgage, lien, or security interest in the exempt property that was consensually given or lawfully obtained, unless the lien was obtained by judgment, attachment, levy, or similar legal process in connection with a court action or proceeding against the debtor.

Beginning March 1, 2005, the State Treasurer would have to adjust and publish each dollar amount in the bill every three years.

The bill also would amend Chapter 60 (Enforcement of Judgments) of the Act to specify that property held jointly by a husband and wife as a tenancy by the entirety would be exempt from execution under a judgment entered against only one spouse. ("Tenancy by the entirety" refers to a type of joint ownership available only to a husband and wife, where each owns the entire property and, after the death of one, the survivor takes the whole property without probate.)

Proposed MCL 600.5451 & 600.6023a

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have an indeterminate impact on the State and local units of government, depending on the extent to which they would be a party in a bankruptcy case.

Date Completed: 9-29-04

Fiscal Analyst: Bill Bowerman