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Michigan Poverty Law Program Condemns Governor's Veto of Critical Consumer Protection Bills

Veto Blocks Financial Protections for Thousands of Struggling Michigan Families

LANSING, Mich. — The Michigan Poverty Law Program (MPLP) expressed profound disappointment today after Governor Whitmer vetoed House Bills 4900 and 4901, long-awaited legislation that would have modernized Michigan's outdated garnishment and bankruptcy exemption laws, protected the federal Earned Income Tax Credit (EITC) from being seized by out-of-state debt collectors, and provided meaningful financial protections for low-income families across the state.

"Today's veto is a devastating setback for low-income Michiganders who are already struggling to make ends meet," said Libby Benton, Director of the Michigan Poverty Law Program. "These bills would have protected families from losing the wages, bank account funds, homes, and vehicles they need to keep food on the table, maintain housing, and get to work. By rejecting these commonsense reforms, the Governor has chosen to preserve a system that pushes working families deeper into financial crisis."

Michigan's current exemption laws allow many families facing debt collection to have their wages garnished to a level below a livable standard, their bank accounts emptied, and essential assets seized. They also fail to protect the federal Earned Income Tax Credit (EITC)—a tax benefit specifically designed to help low-income working families afford basic necessities.

HB 4900 would have ensured that EITC refunds remained in the hands of the families they were intended to support, rather than allowing them to be diverted to debt collectors. An estimated $46M of EITC money is captured from 78,000 Michigan families each year. Together, HB 4900 and HB 4901 would have updated protections that have remained largely unchanged for decades, ensuring that families could retain the basic resources necessary to meet their everyday needs while continuing to repay their debts.

The harm will fall hardest on low-income households and communities of color, who are disproportionately impacted by debt collection actions. Thousands of Michigan families will continue to face impossible choices between paying rent, buying groceries, obtaining medication, and keeping reliable transportation because these overdue reforms will not take effect.

MPLP remains committed to working with policymakers, advocates, and community partners to secure meaningful protections for Michigan consumers and ensure that no family is pushed further into poverty simply because they have fallen behind on a debt.

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