

117TH CONGRESS
2D SESSION

H. R. 7494

To amend title 11, United States Code, to modify the eligibility requirements for a debtor under chapter 13, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 11, 2022

Mr. NEGUSE (for himself and Mr. CLINE) introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To amend title 11, United States Code, to modify the eligibility requirements for a debtor under chapter 13, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Bankruptcy Threshold
5 Adjustment and Technical Corrections Act”.

6 **SEC. 2. BANKRUPTCY AMENDMENTS.**

7 (a) DEFINITION OF SMALL BUSINESS DEBTOR.—
8 Section 101(51D)(B) of title 11, United States Code, is
9 amended—

1 (1) in clause (i), by inserting “under this title”
2 after “affiliated debtors”; and

3 (2) in clause (iii), by striking “an issuer” and
4 all that follows and inserting “a corporation de-
5 scribed in clause (ii).”.

6 (b) ADJUSTMENTS FOR INFLATION.—Section 104 of
7 title 11, United States Code, is amended—

8 (1) in subsection (a), by inserting “1182(1),”
9 after “707(b),”; and

10 (2) in subsection (b), by inserting “1182(1),”
11 after “707(b),”.

12 (c) WHO MAY BE A DEBTOR UNDER CHAPTER 13.—
13 Section 109 of title 11, United States Code is amended
14 by striking subsection (e) and inserting the following:

15 “(e) Only an individual with regular income that
16 owes, on the date of the filing of the petition, noncontin-
17 gent, liquidated debts of less than \$2,750,000 or an indi-
18 vidual with regular income and such individual’s spouse,
19 except a stockbroker or a commodity broker, that owe, on
20 the date of the filing of the petition, noncontingent, liq-
21 uidated debts that aggregate less than \$2,750,000 may
22 be a debtor under chapter 13 of this title.”.

23 (d) DEFINITION OF DEBTOR.—Section 1182(1) of
24 title 11, United States Code, is amended to read as fol-
25 lows:

1 “(1) DEBTOR.—The term ‘debtor’—

2 “(A) subject to subparagraph (B), means a
3 person engaged in commercial or business ac-
4 tivities (including any affiliate of such person
5 that is also a debtor under this title and exclud-
6 ing a person whose primary activity is the busi-
7 ness of owning single asset real estate) that has
8 aggregate noncontingent liquidated secured and
9 unsecured debts as of the date of the filing of
10 the petition or the date of the order for relief
11 in an amount not more than \$7,500,000 (ex-
12 cluding debts owed to 1 or more affiliates or in-
13 siders) not less than 50 percent of which arose
14 from the commercial or business activities of
15 the debtor; and

16 “(B) does not include—

17 “(i) any member of a group of affili-
18 ated debtors under this title that has ag-
19 gregate noncontingent liquidated secured
20 and unsecured debts in an amount greater
21 than \$7,500,000 (excluding debt owed to 1
22 or more affiliates or insiders);

23 “(ii) any debtor that is a corporation
24 subject to the reporting requirements
25 under section 13 or 15(d) of the Securities

1 Exchange Act of 1934 (15 U.S.C. 78m,
2 78o(d)); or

3 “(iii) any debtor that is an affiliate of
4 a corporation described in clause (ii).”.

5 (e) TRUSTEE.—Section 1183(b)(5) of title 11, United
6 States Code, is amended—

7 (1) by striking “possession, perform” and in-
8 serting “possession—

9 “(A) perform”;

10 (2) in subparagraph (A), as so designated—

11 (A) by striking “, including operating the
12 business of the debtor”; and

13 (B) by adding “and” at the end; and

14 (3) by adding at the end the following:

15 “(B) be authorized to operate the business
16 of the debtor;”.

17 (f) CONFIRMATION OF PLAN.—Section 1191(c) of
18 title 11, United States Code, is amended by striking para-
19 graph (3) and inserting the following:

20 “(3)(A) The debtor will be able to make all pay-
21 ments under the plan; or

22 “(B)(i) there is a reasonable likelihood that the
23 debtor will be able to make all payments under the
24 plan; and

1 “(ii) the plan provides appropriate remedies,
2 which may include the liquidation of nonexempt as-
3 sets, to protect the holders of claims or interests in
4 the event that the payments are not made.”.

5 (g) TECHNICAL CORRECTIONS TO THE BANKRUPTCY
6 ADMINISTRATION IMPROVEMENT ACT.—Section 589a of
7 title 28, United States Code is amended—

8 (1) in subsection (c) by striking “subsection
9 (a)” and inserting “subsections (a) and (f)”; and
10 (2) in subsection (f)(1)—

11 (A) in the matter preceding subparagraph
12 (A), by striking “subsections (b) and (c)” and
13 inserting “subsection (b)(5)”; and

14 (B) in subparagraph (A), by inserting
15 “needed to offset the amount” after
16 “amounts”.

17 (h) EFFECTIVE DATE; APPLICABILITY.—

18 (1) IN GENERAL.—Subsections (b) and (c) and
19 the amendments made by subsections (b) and (c)
20 shall take effect on the date of enactment of this
21 Act.

22 (2) RETROACTIVE APPLICATION OF CERTAIN
23 AMENDMENTS.—The amendments made by sub-
24 sections (a), (d), (e), and (f) shall apply with respect
25 to any case that—

1 (A) is commenced under title 11, United
 2 States Code, on or after March 27, 2020; and

3 (B) with respect to a case that was com-
 4 menced on or after March 27, 2020, and before
 5 the date of enactment of this Act, is pending on
 6 the date of enactment of this Act.

7 (3) EFFECTIVE DATE OF TECHNICAL CORREC-
 8 TIONS TO BAIA.—The amendments made by sub-
 9 section (g) shall take effect as if enacted on October
 10 1, 2021.

11 (i) SUNSETS.—

12 (1) IN GENERAL.—Effective on the date that is
 13 2 years after the date of enactment of this Act—

14 (A) subsection (e) of section 109 of title
 15 11, United States Code is amended to read as
 16 such subsection read on the day before the date
 17 of enactment of this Act; and

18 (B) section 1182(1) of title 11, United
 19 States Code, is amended to read as follows:

20 “(1) DEBTOR.—The term ‘debtor’ means a
 21 small business debtor.”.

22 (2) AMOUNTS.—For purposes of applying sub-
 23 section (e) of section 109 of title 11, United States
 24 Code, as amended by paragraph (1)(A), the amounts
 25 specified in such subsection shall be the amounts

1 that were in effect on the day before the date of en-
2 actment of this Act.

