

An employer owed an employee \$200 in unpaid wages. A law of the state in which the employer and the employee reside and in which the employee works provides that the courts of that state must decide claims for unpaid wages within 10 days of filing.

After the employee filed a claim in state court pursuant to this law, the employer filed a voluntary bankruptcy petition in federal bankruptcy court. In the bankruptcy proceeding, the employer sought to stay further proceedings in the unpaid wages claim on the basis of a federal statute which provides that a person who files a federal bankruptcy petition receives an automatic stay of all proceedings against him or her in all federal and state courts. No other federal laws apply.

In addition to the supremacy clause of Article VI, what is the most obvious constitutional basis for the imposition of a stay of the unpaid wages claim in the state court?

- A. Congress's power to provide for the general welfare.
- B. Congress's power to provide uniform rules of bankruptcy.
- C. Congress's power to regulate commerce among the states.
- D. Congress's power to regulate the jurisdiction and procedures of the courts.

## Explanation:

### Enumerated congressional powers

(Article I, Section 8)

- Taxing & spending
- Interstate & foreign commerce
- War, armed forces, militia
- Coin & borrow money
- Immigration & naturalization
- Mail
- Copyright & patent laws
- Federal courts
- District of Columbia
- Bankruptcy
- Rules concerning captures

Here, a state law requires that a state court decide unpaid-wages claims within 10 days of filing. But a federal statute requires an automatic stay of such claims if a party files a federal bankruptcy petition. Since the **supremacy clause** establishes that **federal laws** take **precedence** over **conflicting state laws**, the federal statute will trump the state law so long as the statute is a valid exercise of Congress's **enumerated powers**.

One enumerated power is the authority to provide **uniform rules of bankruptcy** across the country, which prevent inconsistent laws and judgments in different states. Therefore, Congress's bankruptcy power provides the most obvious basis to stay the state court proceedings.

**(Choice A)** The taxing and spending clause gives Congress the power to tax and spend for the general welfare—not to regulate judicial procedures (eg, requiring a stay of all proceedings).

**(Choice C)** The **commerce clause** does not support a federal statute providing for a stay of court proceedings against a person who has filed a federal bankruptcy petition. That is because the statute does not regulate (1) the channels or instrumentalities of interstate commerce or (2) activities that substantially affect interstate commerce (eg, economic activities).

**(Choice D)** Articles I and III give Congress the power to regulate the jurisdiction and procedures of federal courts—not state courts. Therefore, this power does not allow Congress to require a stay of state court proceedings.

**Educational objective:**

The supremacy clause establishes that federal law takes precedence over conflicting state laws so long as the federal law is a valid exercise of Congress's enumerated powers—eg, the power to provide uniform rules of bankruptcy.

### **References**

- U.S. Const. art. I, § 8, cl. 4 (bankruptcy clause).
- U.S. Const. art VI, cl. 2 (supremacy clause).
- *Puerto Rico v. Franklin Cal. Tax-Free Trust*, 136 S. Ct. 1938, 1942 (2016) (holding that federal bankruptcy law preempts a municipal bankruptcy scheme).

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