117TH CONGRESS
2D Session

S. 3823

AN ACT

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,
SECTION 1. SHORT TITLE.

This Act may be cited as the "Bankruptcy Threshold Adjustment and Technical Corrections Act".

SEC. 2. BANKRUPTCY AMENDMENTS.

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

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

(2) in clause (iii), by striking "an issuer" and all that follows and inserting "a corporation described in clause (ii).".

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

(1) in subsection (a), by inserting "1182(1)," after "707(b),"; and

(2) in subsection (b), by inserting "1182(1)," after "707(b),".

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

"(e) Only an individual with regular income that owes, on the date of the filing of the petition, noncontingent, liquidated debts of less than $2,750,000 or an individual with regular income and such individual’s spouse, except a stockbroker or a commodity broker, that owe, on
the date of the filing of the petition, noncontingent, liq-
uidated debts that aggregate less than $2,750,000 may
be a debtor under chapter 13 of this title.’’.
(d) DEFINITION OF DEBTOR.—Section 1182(1) of
title 11, United States Code, is amended to read as fol-
lows:

“(1) DEBTOR.—The term ‘debtor’—

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

“(B) does not include—

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

“(ii) any debtor that is a corporation subject to the reporting requirements under section 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m, 78o(d)); or

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

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

(1) by striking “possession, perform” and inserting “possession—

“(A) perform”;

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

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

(B) by adding “and” at the end; and

(3) by adding at the end the following:

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

(f) CONFIRMATION OF PLAN.—Section 1191(e) of title 11, United States Code, is amended by striking paragraph (3) and inserting the following:
“(3)(A) The debtor will be able to make all payments under the plan; or

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

“(ii) the plan provides appropriate remedies, which may include the liquidation of nonexempt assets, to protect the holders of claims or interests in the event that the payments are not made.”.

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

(1) in subsection (c) by striking “subsection (a)” and inserting “subsections (a) and (f)”; and

(2) in subsection (f)(1)—

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

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

(h) EFFECTIVE DATE; APPLICABILITY.—

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

(2) Retroactive Application of Certain Amendments.—The amendments made by subsections (a), (d), (e), and (f) shall apply with respect to any case that—

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

(B) with respect to a case that was commenced on or after March 27, 2020 and before the date of enactment of this Act, is pending on the date of enactment of this Act.

(3) Effective Date of Technical Corrections to BAIA.—The amendments made by subsection (g) shall take effect as if enacted on October 1, 2021.

(i) Sunsets.—

(1) In General.—Effective on the date that is 2 years after the date of enactment of this Act—

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

(B) section 1182(1) of title 11, United States Code, is amended to read as follows:
“(1) DEBTOR.—The term ‘debtor’ means a small business debtor.”.

(2) AMOUNTS.—For purposes of applying subsection (e) of section 109 of title 11, United States Code, as amended by paragraph (1)(A), the amounts specified in such subsection shall be the amounts that were in effect on the day before the date of enactment of this Act.

Passed the Senate April 7, 2022.

Attest:

Secretary.
AN ACT

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

117TH CONGRESS
2D SESSION
S. 3823

THE AMENDMENT TO TITLE 11, UNITED STATES CODE, TO MODIFY THE ELIGIBILITY REQUIREMENTS FOR A DEBTOR UNDER CHAPTER 13