

119TH CONGRESS
2D SESSION

S. 3977

AN ACT

To amend title 11, United States Code, to modify certain bankruptcy eligibility requirements, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Bankruptcy Threshold
3 Adjustment Act of 2026”.

4 **SEC. 2. DEBT LIMIT MODIFICATIONS.**

5 (a) MODIFICATION TO THE SMALL BUSINESS BANK-
6 RUPTCY DEBT LIMIT.—Section 1182(1) of title 11,
7 United States Code, is amended to read as follows:

8 “(1) DEBTOR.—The term ‘debtor’—

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

23 “(B) does not include—

24 “(i) any member of a group of affili-
25 ated debtors under this title that has ag-
26 gregate noncontingent liquidated secured

1 and unsecured debts in an amount greater
 2 than \$7,500,000 (excluding debt owed to 1
 3 or more affiliates or insiders);

4 “(ii) any debtor that is a corporation
 5 subject to the reporting requirements
 6 under section 13 or 15(d) of the Securities
 7 Exchange Act of 1934 (15 U.S.C. 78m,
 8 78o(d)); or

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

11 (b) MODIFICATION TO THE CONSUMER BANKRUPTCY
 12 DEBT LIMIT.—Section 109 of title 11, United States Code
 13 is amended by striking subsection (e) and inserting the
 14 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 that aggregate less than \$2,750,000
 18 or an individual with regular income and such individual’s
 19 spouse, except a stockbroker or a commodity broker, that
 20 owe, on the date of the filing of the petition, noncontin-
 21 gent, liquidated debts that aggregate less than \$2,750,000
 22 may be a debtor under chapter 13 of this title.”.

1 **SEC. 3. EFFECTIVE DATE.**

2 The amendments made by this Act shall apply to any
3 case that is commenced under title 11, United States
4 Code, on or after the date of enactment of this Act.

Passed the Senate August 3, 2026.

Attest:

Secretary.

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