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119TH CONGRESS
2D SESSION

H. R. 9035

To amend title 11 of the United States Code to ensure oil, gas, and coal companies that are debtors in bankruptcy fulfill environmental reclamation obligations.

IN THE HOUSE OF REPRESENTATIVES

MAY 26, 2026

Mr. MIN (for himself, Mr. HUFFMAN, Ms. ANSARI, Mrs. GRIJALVA, and Ms. DEXTER) introduced the following bill; which was referred to the Committee on the Judiciary, and in addition to the Committee on Natural Resources, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

To amend title 11 of the United States Code to ensure oil, gas, and coal companies that are debtors in bankruptcy fulfill environmental reclamation obligations.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Ending Fossil Fuel Bailouts Act of 2026''.

SEC. 2. DEFINITIONS.

Section 101 of title 11 of the United States Code is amended—

(1) by inserting after paragraph (5) the following:

''(5A) The term 'coal' has the meaning given such term in section 2 of chapter 1156 of the Act of August 31, 1954 (68 Stat. 1009; 30 U.S.C. 552).'';

(2) by inserting after paragraph (17) the following:

''(17A) The term 'executive officer' with respect to a fossil fuel company means—

''(A) the president, or any officer in charge, of a principal business unit, division or function of the fossil fuel company, such as sales, administration or finance;

''(B) any officer of the fossil fuel company who performs a policy-making function; or

''(C) any other individual who performs similar policy making functions for a fossil fuel company.'';

(3) by inserting after paragraph (26) the following:

''(26A) The term 'fossil fuel company' means an entity that has engaged in the exploration, pro-

duction, refinement, or distribution of oil, gas, coal, or any derivative of oil, gas, or coal for profit.

''(26B) The term 'gas' means natural gas as defined in section 2(1) of the Natural Gas Policy Act of 1978.'';

(4) by redesignating paragraphs (40A) and (40B) as paragraphs (40B) and (40C); and

(5) by inserting after paragraph (40) the following:

''(40A) The term 'oil' has the meaning given such term in section 311(a)(1) of the Federal Water Pollution Control Act.''.

SEC. 3. PRIORITIZATION OF EXPENSES.

(a) COST RECOVERY.—Section 506 of title 11 of the United States Code is amended—

(1) in subsection (c) by inserting ''Unless otherwise provided by this section,'' before ''The trustee may recover from property''; and

(2) by inserting after subsection (d) the following:

''(e) With respect to the accumulated and projected reclamation costs associated with the complete cleanup of fossil fuel operations and retirement of fossil fuel assets pursuant to applicable Federal, State, and local laws and reclamation requirements, the trustee shall—

''(1) consider such costs as necessary costs and expenses for preserving, or disposing of, such property securing an allowed secured claim pursuant to subsection (c); and

''(2) recover from the property securing an allowed secured claim such sums necessary to fulfill all fossil fuel reclamation costs.''.

(b) PRIORITIZATION OF UNSECURED CLAIMS.—Section 507 of title 11 of the United States Code is amended by adding at the end the following:

''(e) With respect to a debtor that is a fossil fuel company, the following expenses and claims have priority in the following order:

''(1) Wages, salaries, commissions, and benefits pursuant to subsections (4) and (5) owed to an employee that is not an executive officer of the company.

''(2) Accumulated and projected reclamation costs associated with the complete cleanup of fossil fuel operations and retirement of fossil fuel assets pursuant to applicable Federal, State, and local laws and reclamation requirements, with priority given to costs in the following order:

''(A) Any unfulfilled environmental bond obligation.

"(B) Environmental reclamation requirements or administrative or civil penalties administered by Federal, State, or local governments, including requirements or penalties pursuant to—

"(i) Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.);

"(ii) the Clean Air Act (42 U.S.C. 7401 et seq.);

"(iii) the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.);

"(iv) the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.);

"(v) the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et seq.);

"(vi) the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.);

"(vii) the Mineral Leasing Act (30 U.S.C. 181 et seq.);

"(viii) the Safe Drinking Water Act (42 U.S.C. 300f et seq.); or

''(ix) any similar environmental law of a State where such operations and assets are situation.

''(3) Any unsecured claim.

''(4) A claim by a shareholder of the fossil fuel company debtor.

''(5) The order of claims described in section 507(a).

''(f) With respect to a debtor that is a fossil fuel company, the estate of which has insufficient funds to cover the claims described in paragraphs (1) and (2) of subsection (e)—

''(1) the court may recover the compensation of the executive officers of the debtor that is a fossil fuel company during the 5-year period preceding the date of the filing of the petition; and

''(2) the following entities shall be strictly liable under the rules of joint and several liability to cover those claims:

''(A) A private equity firm that owns a share in the fossil fuel company debtor.

''(B) A parent company of the fossil fuel company debtor.

''(C) A hedge fund that owns a share in the fossil fuel company debtor.''.

SEC. 4. LIMITATIONS ON DISCHARGEABILITY.

Section 523(a) of title 11 of the United States Code is amended—

(1) in paragraph (19) by striking ''or'' at the end;

(2) in paragraph (20) by striking the period at the end and inserting a semicolon; and

(3) by adding at the end the following:

''(21) for an environmental bond; or

''(22) for the accumulated and projected reclamation costs associated with the complete cleanup of fossil fuel operations and retirement of fossil fuel assets pursuant to applicable Federal, State, and local laws and reclamation requirements, including—

''(A) the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.);

''(B) the Clean Air Act (42 U.S.C. 7401 et seq.);

''(C) the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.);

''(D) the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.);

''(E) the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1201 et seq.);

''(F) the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.);

''(G) the Mineral Leasing Act (30 U.S.C. 181 et seq.);

''(H) the Safe Drinking Water Act (42 U.S.C. 300f et seq.); and

''(I) any similar environmental law of a State where such operations and assets are situated.''.

SEC. 5. PROHIBITION ON ABANDONMENT OF FOSSIL FUEL ASSETS.

Section 554 of title 11 of the United States Code is amended by adding at the end the following:

''(e) No property of the estate may be abandoned as burdensome to the estate under this section if the property was or may be utilized to facilitate the exploration, production, refinement, or distribution of oil, gas, coal, or any derivative of oil, gas, or coal.''.

SEC. 6. EXTENSION TO LOOK-BACK PERIOD FOR FRAUDULENT TRANSFERS AND OBLIGATIONS.

Section 548(a) of title 11 of the United States Code is amended—

(1) in paragraph (1) by striking ''The trustee'' and inserting ''Unless specified otherwise in this section, the trustee''; and

(2) by adding at the end the following:

''(3) With respect to a debtor that is a fossil fuel company, the trustee may avoid any transfer (including any transfer to or for the benefit of an insider under an employment contract) of an interest of the debtor in property, or any obligation (including any obligation to or for the benefit of an insider under an employment contract) incurred by the debtor, that was made or incurred on or within 10 years before the date of the filing of the petition if the debtor acted pursuant to subparagraphs (A) and (B) of paragraph (1).''.

SEC. 7. LIMITATION ON TRANSFER OF CERTAIN LEASES.

(a) DEFINITIONS.—In this section:

(1) COVERED LEASE.—The term ''covered lease'' means—

(A) an oil, gas, or coal lease issued under the Mineral Leasing Act (30 U.S.C. 181 et seq.); and

(B) a lease issued under the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.).

(2) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior.

(b) LIMITATION.—The Secretary shall include in each covered lease issued after the date of enactment of this Act a provision prohibiting the leaseholder from transferring the covered lease to another person if the lessee has filed a petition for bankruptcy under title 11 of the United States Code.

SEC. 8. EFFECTIVE DATE; APPLICATION OF AMENDMENTS.

(a) EFFECTIVE DATE.—Except as provided in subsection (b), this Act and the amendments made by this Act shall take effect on the date of the enactment of this Act.

(b) APPLICATION OF AMENDMENTS.—The amendments made by this Act shall apply only to cases commenced under title 11 of the United States Code on and after the date of enactment of this Act.

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