

S 1091

Small Business Reorganization Act of 2019

Congress: 116 (2019–2021, Ended)

Chamber: Senate

Policy Area: Finance and Financial Sector

Introduced: Apr 9, 2019

Current Status: Read twice and referred to the Committee on the Judiciary.

Latest Action: Read twice and referred to the Committee on the Judiciary. (Apr 9, 2019)

Official Text: <https://www.congress.gov/bill/116th-congress/senate-bill/1091>

Sponsor

Name: Sen. Grassley, Chuck [R-IA]

Party: Republican • **State:** IA • **Chamber:** Senate

Cosponsors (6 total)

| Cosponsor | Party / State | Role | Date Joined |
|---------------------------------|---------------|------|--------------|
| Sen. Blumenthal, Richard [D-CT] | D · CT | | Apr 9, 2019 |
| Sen. Ernst, Joni [R-IA] | R · IA | | Apr 9, 2019 |
| Sen. Klobuchar, Amy [D-MN] | D · MN | | Apr 9, 2019 |
| Sen. Tillis, Thomas [R-NC] | R · NC | | Apr 9, 2019 |
| Sen. Whitehouse, Sheldon [D-RI] | D · RI | | Apr 9, 2019 |
| Sen. Blackburn, Marsha [R-TN] | R · TN | | May 13, 2019 |

Committee Activity

| Committee | Chamber | Activity | Date |
|---------------------|---------|-------------|-------------|
| Judiciary Committee | Senate | Referred To | Apr 9, 2019 |

Subjects & Policy Tags

Policy Area:

Finance and Financial Sector

Related Bills

| Bill | Relationship | Last Action |
|-------------|----------------|--|
| 116 HR 3311 | Identical bill | Aug 23, 2019: Became Public Law No: 116-54. |

Small Business Reorganization Act of 2019

This bill creates new bankruptcy procedures for small businesses filing under Chapter 11 and otherwise revises provisions related to venue and trustee responsibilities in Chapter 11 bankruptcies.

For small businesses filing under these new procedures, the bill provides for the appointment of a trustee, sets forth requirements regarding the filing, contents, and confirmation of a plan of reorganization, and establishes the conditions of a discharge.

Among other things, the bill provides authority to the bankruptcy court to approve a reorganization plan for these small businesses over the objections of the creditors. Currently, creditors must generally vote to approve such a plan. Additionally, only a debtor is allowed to file a plan. Under current law, creditors may also submit plans for court approval. The bill also generally reduces the required disclosures for these small businesses.

The bill also provides additional standards a trustee must meet in order to void a preferential transfer for all Chapter 11 filers. (Preferential transfers generally occur when a debtor transfers property before filing bankruptcy that is beneficial to one creditor to the detriment of others.) Specifically, a trustee may only void such a transfer based on reasonable due diligence and must take into account a party's known or reasonably knowable affirmative defenses.

Actions Timeline

- **Apr 9, 2019:** Introduced in Senate
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