

## HR 3311

Small Business Reorganization Act of 2019

**Congress:** 116 (2019–2021, Ended)

**Chamber:** House

**Policy Area:** Finance and Financial Sector

**Introduced:** Jun 18, 2019

**Current Status:** Became Public Law No: 116-54.

**Latest Action:** Became Public Law No: 116-54. (Aug 23, 2019)

**Law:** 116-54 (Enacted Aug 23, 2019)

**Official Text:** <https://www.congress.gov/bill/116th-congress/house-bill/3311>

### Sponsor

**Name:** Rep. Cline, Ben [R-VA-6]

**Party:** Republican • **State:** VA • **Chamber:** House

### Cosponsors (3 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Cicilline, David N. [D-RI-1]	D · RI		Jun 18, 2019
Rep. Cohen, Steve [D-TN-9]	D · TN		Jun 18, 2019
Rep. Collins, Doug [R-GA-9]	R · GA		Jun 18, 2019

### Committee Activity

Committee	Chamber	Activity	Date
Judiciary Committee	House	Referred to	Jun 28, 2019

### Subjects & Policy Tags

#### Policy Area:

Finance and Financial Sector

### Related Bills

Bill	Relationship	Last Action
116 S 1091	Identical bill	<b>Apr 9, 2019:</b> Read twice and referred to the Committee on the Judiciary.

## **Small Business Reorganization Act of 2019**

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

(Sec. 2) The bill provides for the appointment of a trustee for a small business debtor filing under these new procedures. The trustee must assist in developing a reorganization plan, account for the property of the debtor, attend certain hearings and conferences, and ensure that the debtor complies with payments required under the plan.

As under current law, a debtor may operate their business as a debtor in possession during the reorganization. The bill sets forth the rights and powers of a debtor in possession, as well as the procedures for removing a debtor in possession.

The bill provides reporting requirements for debtors and reduces the amount of disclosures required by debtors under current law.

Under these new procedures, only a debtor is allowed to file a reorganization plan. Currently, creditors may also submit plans for court approval for small businesses filing under Chapter 11.

The bill sets forth requirements regarding the filing and contents of a plan of reorganization. A debtor must submit all or a portion of future income to the trustee as needed to execute the plan.

The bill provides authority to the bankruptcy court to approve a reorganization plan for small businesses over the objections of the creditors. However, the plan may not discriminate unfairly, and must be fair and equitable towards each class of claims or interests that is impaired under, and has not accepted, the plan. Currently, creditors must generally vote to approve such a plan. Under a fair and equitable plan as established by this bill, a debtor's projected disposable income for at least three years, but no longer than five, must go towards payments under the plan.

(Sec. 3) 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.

The bill also revises venue criteria for proceedings connected with a Chapter 11 bankruptcy case. Currently, an action to recover a debt against a noninsider (i.e., those that are not relatives, general partners, and directors or officers of the debtor) of less than \$13,650 must be brought in the district court where the defendant resides. The bill increases that amount to \$25,000.

(Sec. 5) This bill takes effect 180 days after enactment.

## Actions Timeline

---

- **Aug 23, 2019:** Signed by President.
- **Aug 23, 2019:** Became Public Law No: 116-54.
- **Aug 13, 2019:** Presented to President.
- **Aug 1, 2019:** Passed/agreed to in Senate: Passed Senate without amendment by Voice Vote.(consideration: CR S5321)
- **Aug 1, 2019:** Passed Senate without amendment by Voice Vote. (consideration: CR S5321)
- **Aug 1, 2019:** Message on Senate action sent to the House.
- **Jul 24, 2019:** Received in the Senate, read twice.
- **Jul 23, 2019:** Reported by the Committee on Judiciary. H. Rept. 116-171.
- **Jul 23, 2019:** Placed on the Union Calendar, Calendar No. 131.
- **Jul 23, 2019:** Mr. Cicilline moved to suspend the rules and pass the bill, as amended.
- **Jul 23, 2019:** Considered under suspension of the rules. (consideration: CR H7217-7220)
- **Jul 23, 2019:** DEBATE - The House proceeded with forty minutes of debate on H.R. 3311.
- **Jul 23, 2019:** Passed/agreed to in House: On motion to suspend the rules and pass the bill, as amended Agreed to by voice vote.(text: CR H7217-7219)
- **Jul 23, 2019:** On motion to suspend the rules and pass the bill, as amended Agreed to by voice vote. (text: CR H7217-7219)
- **Jul 23, 2019:** Motion to reconsider laid on the table Agreed to without objection.
- **Jul 11, 2019:** Committee Consideration and Mark-up Session Held.
- **Jul 11, 2019:** Ordered to be Reported by Voice Vote.
- **Jun 28, 2019:** Referred to the Subcommittee on Antitrust, Commercial, and Administrative Law.
- **Jun 18, 2019:** Introduced in House
- **Jun 18, 2019:** Referred to the House Committee on the Judiciary.