

CLLA'S 131st NATIONAL CONVENTION

LEGISLATIVE FORUM

May 14, 2025 4:00 p.m.



COMMERCIAL LAW LEAGUE OF AMERICA
EXPERTISE • INSIGHT • RESULTS

2025 - First 100 Days

- 2024 Recap: A GOP Sweep – Republicans control the White House, Senate, and House. The House margin is razor thin. In the Senate, the GOP has a 2-seat majority.
- President Trump's first 100 days:
 - DOGE – efforts to eliminate perceived government waste
 - Executive Orders targeting federal funding, freezing grants and contracts
 - Tariffs – comprehensive tariffs announced April 2, 10 percent flat rate and varying reciprocal rates. China subject to 54% tariff. E.U. 20%.
 - Government funding extension – to September.
 - Legislative energy devoted to President Trump's stated goal of passing a tax cut bill this year. Disagreement between House and Senate GOP on how to proceed.

The map displays the following distribution of results:

- Democratic Wins (Blue):** Washington, Oregon, California, Nevada, Arizona, New Mexico, Colorado, Utah, Wyoming, Montana, North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, Texas, Minnesota, Iowa, Missouri, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Florida, Virginia, Maryland, Delaware, Pennsylvania, New Jersey, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, Maine.
- Republican Wins (Red):** Idaho, Nevada, Arizona, New Mexico, Colorado, Utah, Wyoming, Montana, North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, Texas, Minnesota, Iowa, Missouri, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Florida, Virginia, Maryland, Delaware, Pennsylvania, New Jersey, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, Maine.
- Marginal States (Dark Red with Hatching):** Nevada, Arizona, New Mexico, Colorado, Utah, Wyoming, Montana, North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, Texas, Minnesota, Iowa, Missouri, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Florida, Virginia, Maryland, Delaware, Pennsylvania, New Jersey, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, Maine.

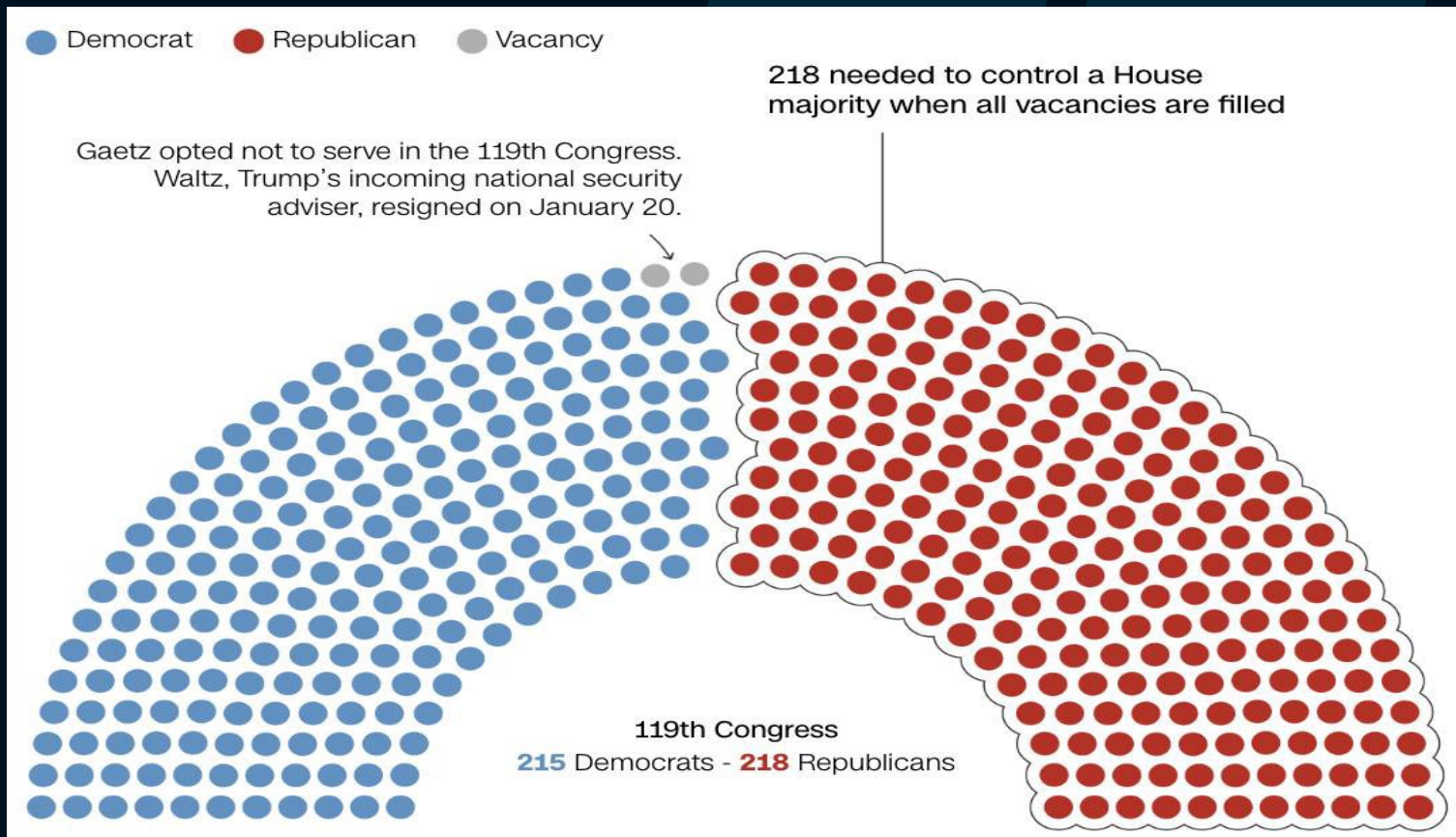
2024 Legislative Summary and 2025 Prospectus

- Legislating in essence evaporated once election season began last year.
- In the 119th, the major legislative event thus far has been the continuing resolution extending government funding – passed March 15.
- Senate focused on confirming President Trump's appointees and judges, plus budget and tax items.

2024 Legislative Summary and 2025 Prospectus

- Tax bill – major focus of the Republican caucus and White House
 - President Trump and House Freedom Caucus debating on specifics of tax bill. HFC refusing to accept the Senate tax bill draft.
 - Disagreement is over level of spending cuts. Senate proposal identifies 4 billion in cuts to spending as offsets. HFC wants \$2 trillion (yes, with a T).
 - Pres. Trump at the NRCC dinner, April 8 – “Get vote done, stop showboating”

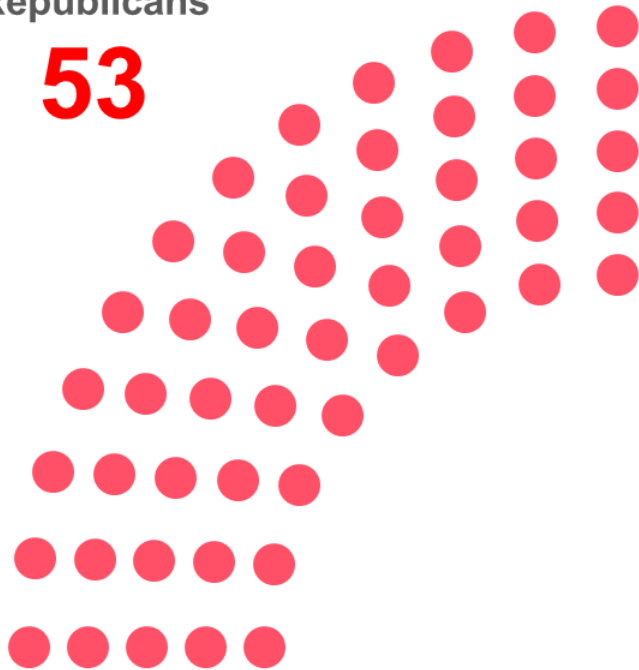
House of Representatives in 119th Congress



Senate in 119th Congress

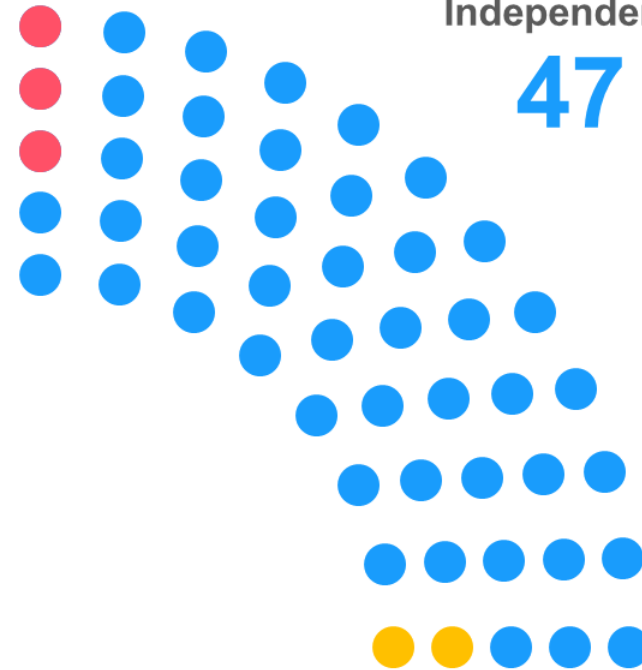
Republicans

53



Democrats/
Independents

47



Sub V Permanent Extension

- The CLLA continues to support reinstatement on a permanent basis of the CARES Act increases of the debt limits to \$7.5 Million for Subchapter V and \$2.75 Million, irrespective of whether the debt is secured or unsecured, for Chapter 13, which reverted back to the original enacted amounts on June 21, 2024, when the Bankruptcy Threshold Adjustment and Technical Corrections Act sunset.
- As of April 11, 2025, the debt limits for Chapter 13 are \$526,700 for unsecured debt and \$1,580,125 for secured debt and the debt limit for Subchapter V is \$3,024,725.
 - There is still support to reinstate the increased debt limits.
 - S. 4150 (introduced April 17, 2024), Bankruptcy Threshold Adjustment Extension Act sought to reinstate the debt limits but never made it out of committee.
 - Sen. Durbin, sponsor; and co-sponsors: Sens. Graham, Grassley, Whitehouse, Coons and Cornyn
 - As of yet, no extension bill has been introduced in the 119th Congress.

CLLA Creditors' Rights Critical Issues List

- Eliminating Attorneys and Commercial Collection Agencies from the FDCPA
- No Third-Party Releases in Bankruptcy Court
- UCC Article 2 Changes
- Defining Hardship for Student Debtor Under 11 U.S.C. 523(A)(8)
- Uniform Foreign Country Money Judgments Act
- Hague Choice of Court Agreements Convention
- Recognition and Enforcement of Foreign Judgments
- Prohibit Government-Backed Student Loans From Being Given to For-Profit Colleges

H.R. 7947, Restoring Court Authority Over Litigation Act of 2024

- **H.R. 7947, introduced by Rep. Scott Fitzgerald, is drafted and follows the spirit of H.R. 5082, the Practice of Law Technical Clarification Act of 2018 which the CLLA supported, for the purpose of eliminating and/or clarifying the appropriate supervisory and regulatory mechanisms and discipline for attorneys engaged in litigation activities.**
- **H.R. 7947 is supported by multiple organizations, including the American Bar Association and the National Creditors Bar Association.**
- **H.R. 7947 would confirm that the maintenance and judicial oversight of attorneys engaged in litigation activity is within the purview of state and federal courts, as well as state regulatory authorities already engaged in attorney regulation.**

Uniform Law Commission

CLLA Participation with the ULC Assignment for Benefit of Creditors Committee

- An assignment for benefit of creditors (ABC) is a voluntary, debtor-initiated state law alternative to the bankruptcy process, state receiverships, and voluntary workouts. Though initiated by the debtor, ABCs may provide benefits to creditors as well as debtors that alternative procedures do not. However, ABC statutes vary widely from state to state, as do custom and practice; thus, the use of ABCs varies across the country. The Study Committee on Assignment for Benefit of Creditors recommended that a drafting committee be formed to address (1) state ABC law's interaction with bankruptcy and other state and federal laws; (2) choice of law rules, including whether an ABC should be treated as a security interest; (3) court involvement in the ABC process; and (4) transparency, due process, conflicts of interest, and adequate notice procedures, particularly with respect to duties of assignees. This committee will draft a uniform or model act on the subject. See www.uniformlaws.org.

CLLA Bankruptcy Section Critical Issues List

1. **Subchapter V Developments and Extension**
2. **Student Loan Crisis**
3. **Third Party Releases**
4. **Bankruptcy Venue Reform**
5. **Effective Date of Chapter 11 Plans**
6. **Preference Reform**
7. ***Bartenwerfer***

BANKRUPTCY VENUE REFORM

(118th Congress 2023-2024)

- **HR 1017 (Lofgren and Buck (BUCK RETIRED))**
 - currently 10 members support in 118th
- **Senate Bill companion Bill introduced by Sen. McConnell (April 10, 2024; S. 4095) Sen. Schumer (April 10, 2024; S. 4096)**
- **Prior Venue Bills**
 - National Association of Attorney Generals Endorsement (42 AGs joined)
 - 160 Bankruptcy Judges (sitting and retired) Joint Letter
 - 21 Law Professors Joint Letter

BANKRUPTCY VENUE REFORM

(119th Congress 2025-2026)

- **Continue to build cosponsors in the Senate and House**
- **Cases for reform:**
 - Growing Concern to Limit Forum/Judge Shopping**
 - Concentration of cases filed in the “Magnet Courts” disenfranchises smaller creditors, employees and retirees**
 - Appears that larger entities manipulate venue for desired results which undermines public confidence in the bankruptcy system**
 - **Expand the development of bankruptcy law to more than two or three districts**
 - **Empowers smaller trade creditors, landlords and employees**
 - **Local interests and control**
 - **Tie-In to Salient Events:**
 - **Dismissal of Red River Talc (J&J reboot)**
 - **SDTX Chief Judge David Jones unethical behavior**
 - **Purdue Pharma - Sackler’s continued attempts to sweeten the pot**
- **CLLA and Venue Group are the backbone with local and state-based groups throughout the country**

Our Work in the 117th and 118th Congress

- We successfully worked with Sen. Grassley's office to push through a two-year extension of the raised Sub-V limit as well as a two-year increase to the debt limit for individuals filing for bankruptcy under Chapter 13.
- The Bankruptcy Threshold Adjustment and Technical Corrections Act – S. 3823, became law on June 21, 2022, extending the debt limits for filing Subchapter V and Chapter 13 to June 21, 2024.
- On April 17, 2024, Senator Durbin, along with co-sponsors Graham, Whitehouse, Grassley, Coons, and Cornyn introduced S. 4150, the Bankruptcy Threshold Adjustment Extension Act, which sought to further extend the Sub V and Chapter 13 debt limits for an additional 2 years. The Bill was stalled and never made it to the floor.
- We have built strong relationships in this area and continue our push to make permanent the increased debt limits for Sub V and Chapter 13.

Our Work in the 118th Congress

- CLLA continues to work on the primary issues affecting our industry.
- One of the main issues is bankruptcy venue reform. Reps. Lofgren and Buck re-introduced the Bankruptcy Venue Reform Act in the 118th Congress. A Senate companion bill was just introduced by Sen. McConnell that tracks House Bill 1017 and includes patent cases too.
- The House and Senate bills garnered strong bipartisan support over the course of the last two Congresses, with activity centered on the House bill, which ended with 16 bipartisan cosponsors. We have built a good relationship with staff in Rep. Lofgren's office and continue to be in contact with them regarding building cosponsors.

CLLA Hill Day 2025 – Recap

- CLLA held its Hill Day on March 3rd.
- CLLA members attended several, in-person and virtual, meetings across two days on the Hill with various House and Senate offices, including meeting directly with members of Congress on some occasions.
- We were able to forge personal connections with staff and members that will serve us well in the future as we continue to advocate for the League's positions.

CLLA PAC

**“In order to have friends,
you need to be friendly.”**

-George Webster
