

CLLA'S 132st NATIONAL CONVENTION

LEGISLATIVE FORUM

May 13, 2026 4:00 p.m.



COMMERCIAL LAW LEAGUE OF AMERICA
EXPERTISE • INSIGHT • RESULTS

House of Representatives and Senate in 119th Congress

House of Representatives

- **217** *Republicans*
- **212** *Democrats*
- **1** *Independent*
- **5*** *Vacancies*

*Rep. Doug LaMalfa (R-CA) died 01/06/2026.

*Rep. Eric Swalwell (D-CA) resigned 04/14/2026.

*Rep. Tony Gonzales (R-TX) resigned 04/14/2026.

*Rep. Sheila Cherfilus-McCormick (D-FL) resigned 04/21/26.

*Rep. David Scott (D-GA) died 04/22/2026.

Senate

- **53** *Republicans*
- **45** *Democrats*
- **2** *Independent (Sens. Sanders and King caucus with the Democrats)*

Current Senate and House Projections for November Elections

House

- Both parties are projected to maintain at least 181 seats
- 34 seats lean Democrat while 21 lean Republican
- Consensus projections currently place 17 seats in the toss-up category
- Toss-up districts are located in Washington, California, Arizona, Colorado, Iowa, Texas, Wisconsin, Michigan, Ohio, Pennsylvania, New Jersey and New York.

Senate

- Democrats need to win four seats to take control
- Michigan, Maine and North Carolina are toss-ups

CLLA Creditors' Rights Critical Issues List

- Eliminating Attorneys and Commercial Collection Agencies from the FDCPA
- Monitoring State and Federal legislation and cases that expand protections for business debtors and guarantors
- Defining Hardship for Student Debtor Under 11 U.S.C. 523(A)(8)
- Uniform Foreign Country Money Judgments Act
- Recognition and Enforcement of Foreign Judgments

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
- The CLLA is actively engaging legislators to sponsor and reintroduce H.R. 7947

CRS State Legislative UPDATE

CLLA obtains State Legislative Tracking Action Network services with Stateside's, StateLink Connect

- This service provides notification of state legislation impacting creditors' rights via email with direct access and links to the Bill.
- Email legislative updates provide a description of the Issues, Bill Sponsor, Summary of Legislation, Bill I.D., Priority ratings, Bill Status History, Bill Outlook and Links to the Bill homepage, and all versions of the bill
- The CRS and GAC are exploring different options to disseminate relevant legislation to the sections and regions

CLLA Bankruptcy Section Critical Issues List

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

Our Work in the 117th and 118th Congresses

- We were successful in working with Sen. Grassley's office to push through a two-year extension of the \$7.5M Sub-V debt limit as well as a two-year increase of the debt limit for individuals filing for bankruptcy under Chapter 13. The Bankruptcy Threshold Adjustment and Technical Corrections Act – S. 3823, became law June 21, 2022 extending the debt limits for 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 introduce S. 4150, the Bankruptcy Threshold Adjustment Extension Act, which sought to further extend the Sub V and Chapter 13 debt limits by 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

House and Senate Bills Introduced for Permanent Sub V & Chap 13 Increases

- 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.
 - On February 26, 2026, Rep. Ben Cline along with Reps. Lee, Correa and Neguse introduced HR 7730, the Bankruptcy Threshold Adjustment Act of 2026, for reinstatement of the Subchapter V and Chapter 13 debt limits on a permanent basis. When through mark up in Judiciary and Ordered to be Reported on March 26, 2026.
 - Following our Hill Day Meetings with Sens. Grassley and Whitehouse, on March 4, 2026, Sen. Grassley along with Sens. Coons, Cornyn, Durbin, Graham and Whitehouse introduced a companion bill in the Senate (S 3977). That Bill has been placed on the Senate calendar and is eligible for a vote.
- Based on the bipartisan support in both the House and Senate, we are hopeful that a permanent increase of the Subchapter V and Chapter 13 debt limits will become law.

BANKRUPTCY VENUE REFORM **(118th Congress 2023-2024)**

- HR 1017 (Lofgren and Buck (BUCK RETIRED))
 - 10 members support in 118th
- Senate companion bills introduced by Sen. McConnell (April 10, 2024; S. 4095) Sen. Schumer (April 10, 2024; S. 4096)
- Support for Prior Venue Bills
- National Association of Attorney Generals Endorsement with an independent policy paper (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
- Case 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
 - Results:
 - Dismissal of Red River Talc (J&J reboot)
 - SDTX conflicts
 - Multi-Color manufactured venue loophole
 - Last minute bank accounts and post office boxes establish venue

Our Work in the 119th Congress

- CLLA continues to work on important issues affecting the practice of bankruptcy law
- On March 26, 2026, Reps. Lofgren and Cline introduced HR 8111, the Bankruptcy Venue Reform Act, a re-introduction of the bill sponsored by Reps. Lofgren and Buck in the 118th Congress
- We are now working on introduction of a companion bill in the Senate. There is bipartisan support for bankruptcy venue reform in Congress and it is growing. We have built a good relationship with Reps. Lofgren's and Cline's offices and working to move the legislation forward
- And bipartisan bills introduced in the House and Senate (HR 7730 & S 3977) show promise of a permanent increase in the Subchapter V and Chapter 13 debt limits

CLLA Hill Day 2026 – Recap

- CLLA held its Hill Day on March 2nd and 3rd.
- CLLA members attended critical in-person meetings with House and Senate representatives resulting in HR 8111, a foundation for a Senate companion bill and several pathways forward for the legislation in the 119th Congress.
- We continue to build personal connections with staff and members that will serve us well in the future as we continue to advocate for the League's legislative positions.

Correcting Bartenwerfer

- In *Bartenwerfer v Buckley* 598 US 69 (2023) the US Supreme Court reaffirmed that the scienter for fraud may be imputed from the actual wrongdoer to an innocent non-acting partner or agent debtor. And then the Court went on not only to establish joint liability on the underlying debt but also joint nondischargeability under Section 523(a)(2)(A).
- Expands exposure for individuals who neither participated in or knew of the fraudulent conduct. This conflicts with the purpose of bankruptcy to provide the honest but unfortunate debtor with a fresh start.
- Also opens the door to expansion of nondischargeability with respect to larceny and embezzlement situations (Section 523(a)(4)).
- Alter ego, community property, innocent spouse issues.
- Amend Section 523 and there is bipartisan interest in the Senate on the idea.

Dischargeability Of Student Loans

In 2019, the CLLA's Bankruptcy and Creditors Rights Sections collectively drafted an amendment to § 523(a)(8) to more objectively define what would constitute "hardship" in order to discharge a student loan obligation. After presenting the proposal to members of Congress at Hill Day in 2024, the amendment was modified at the request of Sen. Whitehouse's staff to eliminate an ambiguity. The revised proposal was presented to Sen. Whitehouse's staff at this year's Hill Day. We are hopeful that serious consideration will be given to the proposed amendment and introduced as a bill.

- The CLLA amendment uses objective criteria to determine a debtor's financial ability to pay back student loans similar to the standards applied in the DOJ/DOE Guidelines.
- While the DOJ/DOE Guidelines have shown proven success, they are only policy and not statutory and could be discontinued at any time.
- The CLLA continues to push for legislation that will provide a more certain outcome for both lenders and debtors seeking discharge of student loan debt.

CLLA at the U.S. Supreme Court

- On March 3rd, 4 CLLA members were admitted and sworn-in to the SCOTUS: Ben Farrow, Dan Kerrick, Owen Hare and Michael Townsend.
- Admittees and other Hill Day participants had the opportunity to watch live Oral Arguments in the matter of *Hunter v. United States*, No. 24-1063. While the underlying issues in Hunter were based in criminal law and plea agreements, the Court extensively discussed whether plea deals are subject to contract defenses like unconscionability and public policy.



CLLA PAC

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

-George Webster
