

person entering into such agreement, contract, transaction, or swap has a preexisting, demonstrable commercial exposure, independent of such agreement, contract, transaction, or swap, that is more than de minimis.

"(C) Rule of construction.—Nothing in this subsection shall be construed to preempt any State law or rule that regulates or prohibits any agreement, contract, or transaction relating to any casino-style game, military action, political contest, sporting event, or United States governmental action.

"(D) Transition rule.—Any agreement, contract, or transaction described in subparagraph (B)(i) that was entered into on or before the date of enactment of this Act, may remain in effect solely until settlement, exercise, liquidation, or expiration in accordance with its terms, but may not, after the date of enactment of this Act, be newly listed, offered to a new holder, assigned, novated, rolled over, or made available for secondary trading on or through a registered entity."

Subtitle F—Toward a Uniform Bankruptcy Code

SEC. 261. FINDINGS.

Congress finds the following:

(1) Article I, Section 8, Clause 4 of the Constitution of the United States directs Congress to establish uniform laws on the subject of bankruptcies throughout the United States.

(2) The requirement of uniformity in bankruptcy law reflects a Constitutional judgment that relief from debt and the orderly resolution of insolvency must not vary arbitrarily based on creditor power, debtor status, or financial sophistication.

(3) Bankruptcy law has historically served two complementary purposes: providing a fresh start for honest but unfortunate debtors, and ensuring the fair and orderly reorganization or liquidation of distressed enterprises for the benefit of all stakeholders.

(4) Over time, amendments to the Bankruptcy Code and changes in bankruptcy practice have produced nonuniform outcomes in which similarly situated debtors are treated differently based on the type of debt incurred, the identity of creditors, or the procedural posture of a case.

(5) Certain categories of educational debt have been rendered effectively nondischargeable absent a showing of undue hardship, creating a deviation from uniform bankruptcy principles and imposing long-term financial burdens on individuals regardless of good faith efforts to repay.

(6) Amendments enacted in 2005 to [chapter 7 of title 11, United States Code](#), replaced discretionary judicial standards with mechanical presumptions of abuse, shifted burdens onto individual debtors, and eliminated the historical presumption in favor of granting relief, thereby impairing the uniform availability of a fresh start.

(7) At the same time, sophisticated financial actors have increasingly employed chapter 11 procedures, including expedited asset sales under [section 363 of title 11, United States Code](#), to retain control of distressed enterprises while shedding obligations to workers, retirees, and unsecured creditors.

(8) The use of insider transactions, credit bidding, and expedited sales in chapter 11 cases has, in some instances, undermined confidence in the fairness and integrity of the bankruptcy system and produced outcomes inconsistent with equitable treatment.

(9) Congress has a continuing responsibility to ensure that bankruptcy law operates in a uniform, fair, and transparent manner, consistent with Constitutional authority, and that neither individual debtors nor institutional actors are subject to special rules that distort outcomes or evade accountability.

SEC. 262. ADDRESSING STUDENT LOANS.

(a) Discharge of educational debt permitted.—[Section 523\(a\) of title 11](#), United States Code, is amended by striking paragraph (8).

(b) Repayment by certain institutions.—[Section 524 of title 11](#), United States Code, is amended by adding at the end the following:

"(n) (1) In this subsection:

"(A) The term 'cohort repayment rate', with respect to a covered institution of higher education or a category of student borrowers at such institution, means the percentage of student borrowers in the applicable cohort who are making at least some progress paying down their student loans within 3 years of entering repayment.

"(B) The term 'covered institution of higher education' means an institution of higher education (as defined in section 102 of the Higher Education Act of 1965 ([20 U.S.C. 1002](#))) that—

"(i) is a participant in the Federal Direct Loan Program under part D of title IV of the Higher Education Act of 1965 ([20 U.S.C. 1087a et seq.](#)); and

"(ii) has an enrollment in which not less than 33 percent of students have received a loan made, insured, or guaranteed under title IV of the Higher Education Act of 1965 ([20 U.S.C. 1070 et seq.](#)).

"(C) The term 'covered student loan' means the original principal of a loan—

"(i) the first payment on which became due before the 10-year period (exclusive of any applicable suspension of the repayment period) ending on the date of the filing of the petition; and

"(ii) used by the debtor to make a payment to a covered institution of higher education on behalf of the debtor for the purpose of attaining an educational benefit.

"(D) The term 'Federal Direct PLUS Loan' means a Federal Direct PLUS Loan under part D of title IV of the Higher Education Act of 1965 ([20 U.S.C. 1087a et seq.](#)).

"(2) Institutional reimbursement.—If a covered student loan is discharged in a bankruptcy case under this title, the covered institution of higher education to which the debtor made a payment with the covered student loan shall pay to the Department of Education an amount equal to the applicable reimbursement percentage of the amount of the covered student loan that is discharged.

"(A) Applicable reimbursement percentage.—The applicable reimbursement percentage is the greater of—

"(i) the default-rate percentage determined under subparagraph (B); and

"(ii) the repayment-rate percentage determined under subparagraph (C).

"(B) Default-rate percentage.—Using the lowest cohort default rate of the covered institution of higher education, as determined under section 435(m) of the Higher Education Act of 1965 ([20 U.S.C. 1085\(m\)](#)), for the 3 fiscal years preceding the date on which the first payment on the covered student loan became due, the default-rate percentage is—

"(i) 50 percent, if such rate was equal to or more than 25 percent;

"(ii) 30 percent, if such rate was equal to or more than 20 percent but less than 25 percent;

"(iii) 20 percent, if such rate was equal to or more than 15 percent but less than 20 percent; and

"(iv) 0 percent, if such rate was less than 15 percent.

"(C) Repayment-rate percentage.—

"(i) General rule.—Except as provided in clause (ii), based on the cohort repayment rate of the covered institution of higher education with respect to borrowers other than those described in clause (ii), the repayment-rate percentage is—

"(I) 50 percent, if such rate was equal to or less than 20 percent;

"(II) 30 percent, if such rate was more than 20 percent but equal to or less than 25 percent;

"(III) 20 percent, if such rate was more than 25 percent but equal to or less than 30 percent; and

"(IV) 0 percent, if such rate was more than 30 percent.

"(ii) Graduate and professional PLUS loans.—With respect to a covered student loan that is a Federal Direct PLUS Loan received by a graduate or professional student for enrollment at the institution, based on the cohort repayment rate of the institution with respect to such borrowers, the repayment-rate percentage is—

"(I) 50 percent, if such rate was equal to or less than 35 percent;

"(II) 30 percent, if such rate was more than 35 percent but equal to or less than 40 percent;

"(III) 20 percent, if such rate was more than 40 percent but equal to or less than 45 percent; and

"(IV) 0 percent, if such rate was more than 45 percent.

"(3) Administration and collection.—

"(A) Notice.—After the discharge of a covered student loan becomes final and is no longer subject to appeal, the Secretary of Education shall determine the amount due under paragraph (2) and notify the covered institution of higher education of that amount.

"(B) Payment deadline.—The covered institution of higher education shall pay the amount due not later than 90 days after receiving notice under subparagraph (A).

"(C) Collection.—An amount not paid when due under subparagraph (B) shall constitute a debt owed to the United States, shall be subject to [subchapter II of chapter 37 of title 31](#), and may be collected by administrative offset or any other lawful means."

(c) Effective date.—This section and the amendments made by this section shall—

(1) take effect January 1, 2027; and

(2) apply to a petition filed or amended under [title 11](#), United States Code, on or after January 1, 2027, with respect to a debt for an educational benefit, overpayment, loan, scholarship, or stipend of a debtor.

SEC. 263. REPEALING THE PRESUMPTION OF ABUSE IN CHAPTER 7.

(a) In general.—[Section 707 of title 11](#), United States Code, is amended—

(1) in the section heading, by striking "Dismissal of a case or conversion to a case under chapter 11 or 13" and inserting "Dismissal"; and

(2) by amending subsection (b) to read as follows:

"(b) Consumer debtors.—

"(1) Dismissal for substantial abuse.—After notice and a hearing, the court, on its own motion or on a motion by the United States trustee (or bankruptcy administrator, if any), but not at the request or suggestion of any party in interest, may dismiss a case filed by an individual debtor under this chapter whose debts are primarily consumer debts if it finds that the granting of relief would be a substantial abuse of the provisions of this chapter.

"(2) Presumption in favor of relief.—There shall be a presumption in favor of granting the relief requested by the debtor.

"(3) Charitable contributions.—In making a determination whether to dismiss a case under this section, the court may not take into consideration whether a debtor has made, or continues to make, charitable contributions (as defined in section 548(d)(3)) to a qualified religious or charitable entity or organization (as defined in section 548(d)(4))."

(b) Clerical amendment.—The table of sections for [chapter 7 of title 11](#), United States Code, is amended by striking the item relating to section 707 and inserting the following:

"707. Dismissal."

SEC. 264. CORPORATE LIABILITY PARTITIONING AND BAD FAITH BANKRUPTCY FILINGS.

(a) Conversion or dismissal under chapter 11.—[Section 1112 of title 11](#), United States Code, is amended—

(1) in subsection (b)—

(A) in paragraph (2)(A), by striking "within a reasonable period of time" and inserting "not later than 24 months after the date of the filing of the petition"; and

(B) in paragraph (4)—

(i) in subparagraph (O), by striking "and" at the end;

(ii) in subparagraph (P), by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(Q) with respect to the dismissal of a case under this chapter, the filing of a petition for relief or the continuation of a case under this title that is—

"(i) objectively futile; or

"(ii) in subjective bad faith."; and

(2) by adding at the end the following:

"(g) (1) For the purpose of subsection (b)(4)(Q), the court shall presume that a petition has been filed or that a case is continuing under this title in subjective bad faith if the court determines that the debtor manufactured the venue for the case.

"(2) The presumption under paragraph (1) may be rebutted only based on clear and convincing evidence.

"(h) (1) For the purpose of subsection (b)(4)(Q), the court shall conclusively presume that a petition has been filed or that a case under this title is continuing in subjective bad faith if the court determines that—

"(A) a purpose or effect of the filing or continuation is to—

"(i) gain a tactical litigation advantage;

"(ii) impose undue delay upon creditors; or

"(iii) cap the total amount of the liability of the debtor to 2 or more creditors holding protected claims (as defined in section 362(p)(1)) if the debtor or any affiliate has property of value sufficient to pay in full as those claims would come due;

"(B) during the 4-year period preceding the date of the filing of the petition, the debtor was the subject of, or was formed or organized in connection with, a divisional merger or similar transaction changing the corporate structure of and affecting the financial condition of the debtor or an affiliate;

"(C) during the 4-year period preceding the date of the filing of the petition, the debtor engaged in a transfer of substantial assets to or for the benefit of any insider or affiliate, or incurred substantial obligations from or for the benefit of any insider or affiliate, if the transfer or incurrence of obligations, notwithstanding subsections (e) through (g) and (j) of section 546, is avoidable under section 544(b) or subsection (a)(1) or (e) of section 548; or

"(D) the debtor does not have a valid reorganizational purpose.

"(2) In making a determination under paragraph (1)(D), the court shall consider and give weight to whether any appointed creditors' committee supports the dismissal of the case.

"(i) In a determination under subsection (g) or (h), the debtor shall have the burden of proof."

(b) Limitations on certain stays and injunctions.—[Section 105 of title 11](#), United States Code, is amended by adding at the end the following:

"(e) Notwithstanding subsection (a) of this section, any provision of title 28, the Federal Rules of Bankruptcy Procedure, or any applicable nonbankruptcy law, the court may not issue any order, process, or judgment that has the purpose or effect of overriding or nullifying section 362(b)(27) of this title."

(c) Automatic stay.—[Section 362 of title 11](#), United States Code, is amended—

(1) in subsection (b)—

(A) by redesignating paragraphs (27), (28), and (29) as paragraphs (28), (29), and (30), respectively; and

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

"(27) under subsection (a) of this section, of the commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against an entity that is not a debtor in a case under this title, or any act to obtain or recover property of such entity, on account of or with respect to a protected claim against such entity, the debtor, or the estate (including a protected claim that is property of the debtor or the estate against such entity), if, during the 4-year period preceding the date of the filing of the petition, the debtor was the subject of, or was formed or organized in connection with, a divisional merger, spinoff, corporate restructuring, or other transaction changing the corporate structure of, and affecting the financial condition of, the debtor or an affiliate;" and

(2) by adding at the end the following:

"(p) For the purposes of paragraph (27):

"(1) The term 'protected claim' means—

"(A) a claim that—

"(i) is against a nondebtor entity or against property of a nondebtor entity that is alleged to be directly or indirectly liable for a claim described in subparagraph (B) against the debtor; and

"(ii) arises by reason of—

"(I) the nondebtor entity's ownership of a financial interest in the debtor, a past or present affiliate of the debtor, or a predecessor in interest of the debtor;

"(II) the nondebtor entity's involvement in the management of the debtor or a predecessor in interest of the debtor or the nondebtor entity's service as an officer, director, or employee of the debtor or a related party;

"(III) the nondebtor entity's provision of insurance to the debtor or a related party;
or

"(IV) the nondebtor entity's involvement in a transaction changing the corporate structure, or in a loan or other financial transaction affecting the financial condition, of the debtor or a related party, including—

"(aa) involvement in providing financing (debt or equity) or advice to an entity involved in such a transaction; or

"(bb) acquiring or selling a financial interest in an entity as part of such a transaction; or

"(B) a claim—

"(i) against the debtor or a nondebtor entity or property of the debtor or a nondebtor entity;

"(ii) relating to injury, contamination, damage, or loss, including any claim for reimbursement, indemnity, contribution, or subrogation;

"(iii) affecting, directly or indirectly, not less than 100 individuals on or after the date of the filing of the petition;

"(iv) allegedly caused, directly or indirectly, by the presence of, or exposure to, a product, material, or substance designed, marketed, manufactured, sold, modified, extracted, serviced, or in any way used by the debtor or the nondebtor entity; and

"(v) arising, directly or indirectly, from acts or omissions of—

"(I) the debtor;

"(II) a predecessor in interest of the debtor; or

"(III) a past or present affiliate of the debtor.

"(2) The term 'related party' has the meaning given the term in section 524(g)(4)(A)(iii).".

(d) Technical amendments.—

(1) Automatic stay.—[Section 362\(o\) of title 11](#), United States Code, is amended by striking "(27)" and inserting "(28)".

(2) Setoff.—[Section 553 of title 11](#), United States Code, is amended—

(A) in subsection (a)—

(i) in paragraph (2)(B)(ii), by striking "362(b)(27)" and inserting "362(b)(28)"; and

(ii) in paragraph (3)(C), by striking "362(b)(27)" and inserting "362(b)(28)"; and

(B) in subsection (b)(1), by striking "362(b)(27)" and inserting "362(b)(28)".

(3) Relief that may be granted upon filing petition for recognition.—[Section 1519\(f\) of title 11](#), United States Code, is amended by striking "(27)" and inserting "(28)".

(4) Relief that may be granted upon recognition.—[Section 1521\(f\) of title 11](#), United States Code, is amended by striking "(27)" and inserting "(28)".

(e) Application and rule of construction.—This section and the amendments made by this section shall—

(1) apply with respect to any case under [title 11](#), United States Code, filed or pending on or after the date of enactment of this Act; and

(2) not be construed to affect the validity of any final judgment or order confirming a plan under [chapter 11 of title 11](#), United States Code, that was entered before the date of enactment of this Act.

SEC. 265. WORKER AND CONSUMER PROTECTION IN BANKRUPTCY.

(a) Priority for wages in bankruptcy.—[Section 507\(a\) of title 11](#), United States Code, is amended—

(1) in paragraph (4)—

(A) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(B) in the matter preceding clause (i), as so redesignated, by inserting "(A)" before "Fourth";

(C) in subparagraph (A), as so designated, in the matter preceding clause (i), as so redesignated—

(i) by striking "\$10,000" and inserting "\$20,000";

(ii) by striking "within 180 days"; and

(iii) by striking "or the date of the cessation of the debtor's business, whichever occurs first"; and

(D) by adding at the end the following:

"(B) Severance pay described in subparagraph (A)(i) shall be deemed earned in full upon the layoff or termination of employment of the individual to whom the severance pay is owed."; and

(2) in paragraph (5)—

(A) in subparagraph (A)—

(i) by striking "within 180 days"; and

(ii) by striking "or the date of the cessation of the debtor's business, whichever occurs first"; and

(B) by striking subparagraph (B) and inserting the following:

"(B) for each such plan, to the extent of the number of employees covered by each such plan multiplied by \$20,000."

(b) Priority for severance pay and employee-benefit contributions.—[Section 503\(b\) of title 11](#), United States Code, is amended—

(1) in paragraph (8)(B), by striking "and" at the end;

(2) in paragraph (9), by striking the period and inserting a semicolon; and

(3) by adding at the end the following:

"(10) severance pay owed to employees of the debtor (other than to an insider of the debtor or a senior executive officer of the debtor), under a plan, program, or policy generally applicable to employees of the debtor (but not under an individual contract of employment), or owed pursuant to a collective bargaining agreement, for layoff or termination on or after the date of the filing of the petition, which pay shall be deemed earned in full upon such layoff or termination of employment; and

"(11) any contribution due on or after the date of the filing of the petition under an employee welfare benefit plan, as defined in section 212 of the POPULIST Act."

(c) Priority for violations of labor and employment laws.—

(1) [Section 503\(b\)\(1\)\(A\)\(ii\) of title 11](#), United States Code, is amended by inserting after "(ii)" the following: "any back pay, civil penalty, or damages for a violation of any Federal or State labor and employment law, including the Worker Adjustment and Retraining Notification Act ([29 U.S.C. 2101 et seq.](#)) and any comparable State law, and".

(2) Section 5(a)(1) of the Worker Adjustment and Retraining Notification Act ([29 U.S.C. 2104\(a\)\(1\)](#)) is amended, in the matter following subparagraph (B)—

(A) by inserting "which for purposes of this sentence shall consist of the days, in the notification period, that are or that follow the date of the prohibited closing or layoff under this Act," after "period of the violation,"; and

(B) by inserting "calendar" after "60".

(d) Collateral surcharge for employee obligations.—[Section 506\(c\) of title 11](#), United States Code, is amended—

(1) by inserting "(1)" before "The trustee"; and

(2) by adding at the end the following:

"(2) If 1 or more employees of the debtor have not received wages, accrued vacation, severance, or any other compensation owed under a plan, program, policy, or practice of the debtor, or pursuant to the terms of a collective bargaining agreement, for services rendered on or after the date of the commencement of the case, or the debtor has not made a contribution due under an employee welfare benefit plan, as defined in section 212 of the POPULIST Act, on or after the date of the commencement of the case, such unpaid obligations shall be—

"(A) deemed—

"(i) reasonable, necessary costs and expenses of preserving, or disposing of, property securing an allowed secured claim; and

"(ii) benefiting the holder of the allowed secured claim; and

"(B) recovered by the trustee for payment to the employees or the employee welfare benefit plan, as applicable, even if the trustee, or a predecessor or successor in interest, has otherwise waived the provisions of this subsection under an agreement with the holder of the allowed secured claim or a successor or predecessor in interest of the holder of the allowed secured claim."

(e) Protection for employees in a sale of assets.—

(1) [Section 363 of title 11](#), United States Code, as amended by section 213(k) of this Act, is further amended by adding at the end the following:

"(q) (1) In approving a sale or lease of property of the estate under this section, or under a plan under chapter 11, the court shall give substantial weight to the extent to which a prospective purchaser or lessee, respectively, of the property will—

"(A) preserve the jobs of the workforce of the debtor; and

"(B) maintain the terms and conditions of employment of the workforce of the debtor.

"(2) If there are 2 or more offers to purchase or lease property of the estate under this section, or under a plan under chapter 11, that qualify under the procedures approved by the court, the court shall approve the offer that best—

"(A) preserves the jobs of the workforce of the debtor; and

"(B) maintains the terms and conditions of employment of the workforce of the debtor.

"(r) (1) Any party seeking to purchase or lease property of the estate under this section, or under a plan under chapter 11, shall represent to the court the effect of such a transaction with respect to—

"(A) the preservation of the jobs of the workforce of the debtor; and

"(B) the maintenance of the terms and conditions of employment of the workforce of the debtor.

"(2) The court shall expressly include in an order approving a purchase or lease of property of the estate under this section, or under a plan under chapter 11, any representation made by a purchaser or lessee under paragraph (1).

"(3) With respect to such a purchase or lease—

"(A) the court shall have jurisdiction over the purchaser or lessee to enforce the order;

"(B) the purchaser or lessee shall promptly disclose any material noncompliance; and

"(C) the court may impose any appropriate remedy, including injunctive relief."

(2) [Section 1123\(b\)\(4\) of title 11, United States Code](#), is amended by inserting ", which sale shall be subject to the requirements under subsections (q), (r), and (s) of section 363," after "property of the estate".

(3) [Section 1129\(a\) of title 11, United States Code](#), as amended by section 213(l) of this Act, is further amended by adding at the end the following:

"(17) If the plan provides for the sale of all or substantially all of the property of the estate, the sale meets the requirements under subsections (q) and (r) of section 363 of this title."

(f) Protection of gift card purchasers.—

(1) Definition of gift card.—[Section 101 of title 11, United States Code](#), is amended by inserting after paragraph (26) the following:

"(26A) The term 'gift card' means a paper or electronic promise, plastic card, or other payment code or device that is—

"(A) redeemable at—

"(i) a single merchant; or

"(ii) an affiliated group of merchants that share the same name, mark, or logo;

"(B) issued in a specified amount, regardless of whether that amount may be increased in value or reloaded at the request of the holder;

"(C) purchased on a prepaid basis in exchange for payment; and

"(D) honored by the single merchant or affiliated group of merchants described in subparagraph (A) upon presentation for goods or services."

(2) Consumer deposit priority.—[Section 507\(a\) of title 11, United States Code](#), as amended by subsection (a) of this section, is further amended by striking paragraph (7) and inserting the following:

"(7) Seventh, allowed unsecured claims of individuals, to the extent of \$1,800 for each such individual, arising from the deposit, before the commencement of the case, of money in connection with—

"(A) the purchase, lease, or rental of property;

"(B) the purchase of services, for the personal, family, or household use of such individuals, that were not delivered or provided; or

"(C) the purchase of a gift card with respect to which funds exist that have not been redeemed."

SEC. 266. CORPORATE BANKRUPTCY ABUSE.

(a) Protection against abusive sales.—[Section 363 of title 11, United States Code](#), as amended by section 265(e)(1) of this Act, is further amended by adding at the end the following:

"(s) Chapter 11 sales affecting workers, retirees, and unsecured creditors.—In addition to subsections (q) and (r), the following requirements apply:

"(1) Definitions.—In this subsection:

"(A) Distressed claim purchaser.—The term 'distressed claim purchaser' means a person that, alone or together with an affiliate—

"(i) acquired by purchase, assignment, or other transfer, during the 2-year period ending on the date of the filing of the petition or at any time after that date, all or part of a claim against the debtor; and

"(ii) proposes to acquire through a significant sale control of the debtor, substantially all of the operating assets of the debtor, or a material business, facility, operating unit, or line of business of the debtor.

"(B) Employee and retiree obligations.—The term 'employee and retiree obligations' means, with respect to current or former employees associated with the business or assets to be transferred—

"(i) accrued pension obligations;

"(ii) obligations to provide retiree health benefits; and

"(iii) obligations under a collective bargaining agreement.

"(C) Related purchaser.—The term 'related purchaser' means—

"(i) an insider or controlling equity holder of the debtor; or

"(ii) an affiliate of an insider or controlling equity holder of the debtor.

"(D) Significant sale.—The term 'significant sale' means a sale or other transfer, outside the ordinary course of business or under a plan under chapter 11, of—

"(i) all or substantially all of the operating assets of the debtor; or

"(ii) a material business, facility, operating unit, or line of business of the debtor.

"(2) Sales to related purchasers and distressed claim purchasers.—

"(A) Presumption.—A significant sale to a related purchaser or distressed claim purchaser shall be presumed not to be in the best interests of the estate.

"(B) Approval standard.—The court may approve a significant sale to a related purchaser or distressed claim purchaser only if the proponent of the sale demonstrates by clear and convincing evidence that—

"(i) the sale is necessary to preserve going concern value or prevent a material and imminent diminution of the value of the business or assets to be transferred;

"(ii) the sale resulted from a fair, open, and competitive process reasonably designed to obtain the highest attainable value consistent with paragraph (4);

"(iii) the identity of each person that directly or indirectly controls the purchaser, each material relationship between the purchaser and the debtor or an insider of the debtor, the price paid to acquire each claim proposed to be used in a credit bid, and each material side agreement relating to the sale have been disclosed to the court and parties in interest, subject to an appropriate protective order;

"(iv) the consideration and other terms of the sale are fair and reasonable; and

"(v) no feasible alternative reorganization or transaction would preserve comparable going concern value while better protecting the interests of employees, retirees, and unsecured creditors.

"(C) Burden of proof.—The burden of proof under this paragraph shall rest with the proponent of the sale.

"(3) Credit bidding by related purchasers and distressed claim purchasers.—

"(A) General rule.—Notwithstanding subsection (k), in a significant sale the court shall, for cause, limit or deny the right of a related purchaser or distressed claim purchaser to credit bid.

"(B) Cause.—For purposes of subparagraph (A), cause includes a circumstance in which—

"(i) the claim was acquired for materially less than the amount proposed to be credit bid, and permitting the proposed credit bid would be reasonably likely to suppress or materially impair competitive cash bidding;

"(ii) allowance of the bid would impair employee and retiree obligations or the equitable treatment of unsecured creditors;

"(iii) the bid would enable an insider or an affiliate of an insider to retain or regain control of the debtor or its business without paying fair value; or

"(iv) the claim is subject to a bona fide dispute or a substantial challenge concerning allowance, validity, priority, extent, avoidance, or subordination.

"(C) Alternative bidding procedures.—If credit bidding is limited or denied under this paragraph, the court shall require bidding procedures reasonably designed to elicit fair market value through cash or cash-equivalent consideration immediately available to the estate.

"(4) Protection of employees and retirees.—

"(A) General rule.—The court may not approve a significant sale unless—

"(i) the purchaser and the terms of the sale provide for the assumption, continuation, cure, or satisfaction, as applicable, of employee and retiree obligations, including obligations protected under sections [1113](#) and [1114](#); or

"(ii) the proponent of the sale demonstrates by clear and convincing evidence that no feasible alternative transaction or reorganization would preserve such obligations to a greater extent while preserving comparable going concern value.

"(B) Comparative consideration.—In determining whether an alternative is feasible and whether a significant sale is in the best interests of the estate, the court shall give priority consideration to the long-term interests of employees and retirees and the equitable treatment of unsecured creditors. A greater immediate recovery for a financial creditor, standing alone, shall not be sufficient to reject an alternative that better preserves those interests.

"(C) Expedition.—A need to conduct a significant sale promptly shall not reduce the burden of proof or any substantive requirement under this subsection.

"(5) Specific findings.—The court shall make specific findings on the record concerning each requirement applicable under paragraphs (2) through (4). Consent to a significant sale or the absence of an objection shall not relieve the court of the duty to make such findings.

"(6) Application to plan sales.—This subsection applies to a significant sale provided for under a plan under chapter 11. For purposes of such a sale, a reference in this subsection to the proponent of the sale includes the proponent of the plan."

(b) Confirmation of plans providing for significant sales.—[Section 1129\(a\) of title 11, United States Code](#), as amended by section 265(e)(3) of this Act, is further amended—

(1) in paragraph (17), by striking the period at the end and inserting "; and"; and

(2) by adding at the end the following:

"(18) if the plan provides for a sale to which [section 363\(s\)](#) applies, the requirements of such section are satisfied."

(c) Duties of United States trustees.—[Section 586\(a\)\(3\) of title 28, United States Code](#), is amended—

(1) in subparagraph (H), by striking "and" at the end;

(2) in subparagraph (I), by striking the semicolon at the end and inserting "; and"; and

(3) by adding at the end the following:

"(J) monitoring proposed sales under [section 363\(b\) of title 11](#) or under a plan under chapter 11 of such title, including expedited sales, significant sales under [section 363\(s\)](#) of

such title, and sales involving credit bidding, and, whenever the United States trustee determines it to be appropriate—

"(i) filing comments or objections concerning compliance with [subsections \(q\), \(r\), and \(s\) of section 363 of title 11](#), the best interests of the estate, the fairness of the sale process, and the treatment of employees, retirees, and unsecured creditors;

"(ii) seeking limitations on or denial of credit bidding for cause under [section 363\(k\) or 363\(s\) of title 11](#); and

"(iii) appearing and being heard under [section 307 of title 11](#) and participating, including as amicus curiae, in appellate proceedings involving the interpretation or application of [section 363](#) or [1129](#) of title 11;".

(d) Duties of bankruptcy administrators.—The Judicial Conference of the United States shall require each bankruptcy administrator appointed under [section 302\(d\)\(3\)\(I\) of the Bankruptcy Judges, United States Trustees, and Family Farmer Bankruptcy Act of 1986](#) (Public Law 99–554; 100 Stat. 3123) to perform the duties specified in [section 586\(a\)\(3\)\(J\) of title 28, United States Code](#), as added by subsection (c), in the same manner and to the same extent as a United States trustee.

(e) Application.—

(1) Pending and future cases.—The amendments made by this section shall apply in any case under [title 11, United States Code](#), filed or pending on or after the date of enactment of this Act with respect to a sale or plan for which a final order authorizing the sale or confirming the plan was not entered before such date.

(2) Completed sales.—Nothing in this section or the amendments made by this section shall affect the validity of a sale or transfer consummated before the date of enactment of this Act.

Subtitle G—Public Ownership and Voluntary Value Sharing

SEC. 271. FINDINGS AND PURPOSE.

(a) Findings.—Congress finds the following:

(1) Human history reveals that many cultures have developed traditions of voluntary sharing, redistribution, gift giving, potlatch, jubilee, mutual aid, and public generosity to reduce excessive concentrations of wealth and simultaneously strengthen social bonds.

(2) Modern corporations and other business entities are legal persons created by law and granted special privileges by the people; these privileges are justified by the capacity of these entities to serve the public good, empower citizens to pool resources toward collective goals, build productive capacity, and create value for the communities and nation that make their existence and success possible.

(3) In the 21st century, the United States has the ability to recreate the ancient social function of voluntary value sharing utilizing a digital monetary system. This subtitle establishes a public channel through which business entities and natural persons may express gratitude to