

117TH CONGRESS
1ST SESSION

H. R. 428

To amend title 11 of the United States Code to prohibit the payment of bonuses to highly compensated individuals employed by the debtor and insiders of the debtor to perform services during the bankruptcy case, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 21, 2021

Mr. STEUBE introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To amend title 11 of the United States Code to prohibit the payment of bonuses to highly compensated individuals employed by the debtor and insiders of the debtor to perform services during the bankruptcy case, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “No Bonuses Ahead
5 of Bankruptcy Filing Act of 2021”.

1 **SEC. 2. AMENDMENT.**

2 Section 503 of title 11 of the United States Code is
3 amended by adding at the end the following:

4 “(d)(1) During the 2-year period ending 1 year after
5 the date of the filing of the petition and notwithstanding
6 any other provision of this section, there shall neither be
7 allowed nor paid a bonus to—

8 “(A) an individual employed by the debtor at an
9 annual rate of compensation exceeding \$250,000;

10 “(B) an insider of the debtor; or

11 “(C) an individual employed by the debtor to
12 the extent that such bonus would cause that individ-
13 ual’s annual rate of compensation to exceed
14 \$250,000.

15 “(2) For purposes of this subsection, the term ‘bonus’
16 means a transfer to, or obligation incurred for the benefit
17 of, an individual employed by the debtor or insider of the
18 debtor as compensation for services in an amount that—

19 “(A) is in addition to the existing wages, salary,
20 or base compensation of an insider of the debtor or
21 individual employed by the debtor; and

22 “(B) can be construed as a form of retention,
23 incentive, or reward related to the services provided
24 to the debtor by the insider or the individual em-
25 ployed by the debtor.

1 The term ‘bonus’ does not include a sales commission. Nor
2 does the term ‘bonus’ include any transfer or obligation
3 pursuant to the terms of a collective bargaining agree-
4 ment.

5 “(3) The term ‘an individual employed by the debtor’
6 includes, but is not limited to, an employee, consultant,
7 or contractor.”.

8 **SEC. 3. EFFECTIVE DATE; APPLICATION OF AMENDMENT.**

9 (a) EFFECTIVE DATE.—Except as provided in sub-
10 section (b), this Act and the amendment made by this Act
11 shall take effect on the date of the enactment of this Act.

12 (b) APPLICATION OF AMENDMENT.—The amendment
13 made by this Act shall apply only with respect to cases
14 commenced under title 11 of the United States Code on
15 or after the date of the enactment of this Act.

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