

117TH CONGRESS
1ST SESSION

H. R. 5554

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

OCTOBER 12, 2021

Mrs. BUSTOS (for herself and Mr. BURCHETT) 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 in Bank-

5 ruptcy Act of 2021”.

1 **SEC. 2. AMENDMENTS.**

2 (a) ALLOWANCE OF ADMINISTRATIVE EXPENSES.—

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

5 “(d)(1) Notwithstanding any other provision of this
6 section, there shall neither be allowed nor paid a bonus
7 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 (b) PREFERENCES.—Section 547 of title 11 of the
9 United States Code is amended by adding at end the fol-
10 lowing:

11 “(j) Notwithstanding any other provision of this sec-
12 tion, the trustee may avoid any transfer of an interest of
13 the debtor in property made within 180 days before the
14 date of the filing of the petition if such transfer is the
15 payment of a bonus of the kind that would be disallowed
16 under subsection (c) or (d) of section 503.”.

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

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

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

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