

116TH CONGRESS
1ST SESSION

H. R. 1557

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

MARCH 6, 2019

Mrs. BUSTOS (for herself, Mr. BURCHETT, Ms. SLOTKIN, and Mrs. AXNE) 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 2019”.

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) Notwithstanding any other provision of this
5 section, there shall neither be allowed nor paid a bonus
6 to—

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

9 “(B) an insider of the debtor; or

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

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

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

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

25 The term ‘bonus’ does not include a sales commission. Nor
26 does the term ‘bonus’ include any transfer or obligation

1 pursuant to the terms of a collective bargaining agree-
2 ment.

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

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

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

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

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