

## Spotlighting Bankruptcy Legislation in the 119th Congress

While attention throughout this year has largely centered on Trump administration policies and large pieces of legislation such as H.R. 1, the “Big Beautiful Bill,” members of Congress are continuing to push legislative efforts on key bankruptcy issues. Those efforts were front and center at the House Judiciary Subcommittee on the Administrative State, Regulatory Reform, and Antitrust hearing<sup>1</sup> held in July that covered several important bankruptcy issues, including subchapter V and chapter 13 debt eligibility limits, chapter 7 trustee fees/compensation, extension of temporary bankruptcy judge-ships, data privacy in bankruptcy proceedings and student loan debt in bankruptcy.<sup>2</sup>

As the 119th Congress returns from its summer recess, this article will highlight a few select pieces of bankruptcy legislation that have been introduced in the first session, and provide a status report and prospects for further consideration.

### Amendment to Defense Appropriations Bill to Renew Higher Debt Limits for Sub V and Chapter 13

Senate Judiciary Committee Chairman Charles Grassley (R-Iowa) and Ranking Member Dick Durbin (D-Ill.) on July 31 submitted an amendment<sup>3</sup> to S.2296, the “National Defense Authorization Act for Fiscal Year 2026,” which would renew the higher debt limits for subchapter V and chapter 13 that expired last June. Specifically, the Grassley-Durbin amendment would extend the Bankruptcy Threshold Adjustment and Technical Corrections Act for two more years and contains a retroactivity provision for cases commenced on or after the June 21, 2024, sunset of the higher debt limits. The amendment is included with more than 600 submitted for consideration with S.2296 for when the Senate returns from its August recess.

As the original sponsor and co-sponsor of the Bankruptcy Threshold Adjustment and Technical Corrections Act that became Public Law No. 117-151 in 2022, Sens. Grassley and Durbin continue to push for an extension of the higher debt limits for subchapter V and chapter 13.

### The “Bankruptcy Administration Improvement Act of 2025”

Introduced by Sen. Chris Coons (D-Del.) and 10 bipartisan co-sponsors, the “Bankruptcy Administration Improvement Act of 2025”<sup>4</sup> (S.1659/H.R.3867) aims to:

1. increase the compensation of chapter 7 trustees to the level that is appropriate, overdue and proportionate with the level that was intended in 1994, by increasing the total compensation of trustees to \$120 per case;
2. ensure adequate funding of the U.S. Trustee system through the increase of certain fees, which will also apply to districts that are not part of a U.S. Trustee region as required by existing law; and
3. support the preservation of existing bankruptcy judge-ships that are urgently needed to handle existing and anticipated increases in business and consumer caseloads.

The bill states that it will not alter the filing fee under chapter 7 of title 11 of the U.S. Code, and will not modify, impair or supersede the current authority of the district courts of the U.S., or of bankruptcy courts, to waive the payment of filing fees by indigent individuals.

While legislation addressing chapter 7 trustee compensation has been introduced in previous Congresses, S.1659 is a bill on the move. The Bankruptcy Administration Improvement Act of 2025 passed the Senate by unanimous consent on Aug. 1 and is now awaiting consideration in the House. Its prospects for consideration are favorable, as Rep. Ben Cline (R-Va.) on June 10 introduced H.R.3867,<sup>5</sup> a companion to S.1659 that also received bipartisan co-sponsorship.

### The “Don’t Sell My DNA Act”

Senate Judiciary Committee Chairman Chuck Grassley (R-Iowa) joined Sens. John Cornyn (R-Texas) and Amy Klobuchar (D-Minn.) to introduce S.1916, the “Don’t Sell My DNA Act,”<sup>6</sup> on May 22 aiming to safeguard consumers’ sensitive genetic data during corporate bankruptcy proceedings. Rep. Ben Cline (R-Va.) was joined by Reps. Rep. Zoe Lofgren (D-Calif.) and Mark Harris (R-N.C.) to introduce H.R.4492,<sup>7</sup> the House companion to S.1916, on July 17.

1 “Bankruptcy Law: Overview and Legislative Reforms,” Hearing of the House Judiciary Subcommittee on the Administrative State, Regulatory Reform, and Antitrust (July 15, 2025), [judiciary.house.gov/committee-activity/hearings/bankruptcy-law-overview-and-legislative-reforms-0](https://judiciary.house.gov/committee-activity/hearings/bankruptcy-law-overview-and-legislative-reforms-0) (unless otherwise specified, all links in this article were last visited on Aug. 13, 2025).

2 See “Legislative Highlights,” XLIV *ABI Journal* 8, 12, 87, August 2025, [abi.org/abi-journal/legislative-highlights-august-2025](https://abi.org/abi-journal/legislative-highlights-august-2025).

3 See Congressional Record — Senate, p. 5125 (July 31, 2025), [congress.gov/119/crec/2025/07/31/171/132/CREC-2025-07-31-pt1-PgS5125-2.pdf](https://congress.gov/119/crec/2025/07/31/171/132/CREC-2025-07-31-pt1-PgS5125-2.pdf).

4 S.1659, the “Bankruptcy Administration Improvement Act of 2025,” Introduced May 7, 2025, Engrossed in the Senate on Aug. 1, 2025, [congress.gov/119/bills/s1659/BILLS-119s1659es.pdf](https://congress.gov/119/bills/s1659/BILLS-119s1659es.pdf).

5 H.R.3867, the “Bankruptcy Administration Improvement Act of 2025,” Introduced June 10, 2025, [congress.gov/119/bills/hr3867/BILLS-119hr3867h.pdf](https://congress.gov/119/bills/hr3867/BILLS-119hr3867h.pdf).

6 S.1916, the “Don’t Sell My DNA Act,” Introduced May 22, 2025, [congress.gov/119/bills/s1916/BILLS-119s1916is.pdf](https://congress.gov/119/bills/s1916/BILLS-119s1916is.pdf).

7 H.R.4492, the “Don’t Sell My DNA Act,” Introduced July 17, 2025, [congress.gov/119/bills/hr4492/BILLS-119hr4492h.pdf](https://congress.gov/119/bills/hr4492/BILLS-119hr4492h.pdf).

The “Don’t Sell My DNA Act” is the legislative response to the bankruptcy filing of 23andMe, a personal genomics and biotechnology company best known for providing a consumer genetic testing service in which customers provided a saliva sample that was laboratory analyzed to generate reports relating to the customer’s ancestry and genetic predispositions to health-related topics. The company filed for chapter 11 protection<sup>8</sup> on March 23, 2025, after financial struggles and challenges, including a massive data breach in 2023 affecting 6.9 million customer accounts.

Under current law, the Bankruptcy Code protects certain forms of personal information from being sold, such as one’s Social Security number, but fails to protect personal genetic information.

“Consumers should feel confident that any personal information shared with a public company isn’t up for grabs when that company files for bankruptcy,” Sen. Grassley said at the time of the bill’s introduction. “This bill would fill gaps in current law to help safeguard consumers’ genetic information and ensure Americans’ DNA isn’t treated like any other financial asset.”

According to the bill sponsors,<sup>9</sup> the “Don’t Sell My DNA Act” strengthens consumer privacy protections by:

- modernizing the Bankruptcy Code to include genetic information in the definition of “personally identifiable information”;
- requiring written notice and affirmative consumer consent prior to the use, sale or lease of genetic information during bankruptcy proceedings; and
- requiring the trustee or debtor in possession of genetic information to permanently delete any data not subject to a sale or lease.

The bill would apply immediately to all pending, newly filed or reopened bankruptcy cases after its enactment.

The issue of genetic data privacy in bankruptcy was the focus of hearings in June in both chambers. The House Oversight Committee held a hearing<sup>10</sup> on June 10 that highlighted serious national security and privacy concerns surrounding the potential future ownership and control of 23andMe, Inc. Members stressed that all companies, including 23andMe, must ensure that foreign adversaries or hostile private entities can’t access, manipulate or exploit Americans’ DNA. The next day, the Senate Judiciary Committee held a hearing<sup>11</sup> featuring members of the committee repeatedly raising con-

cerns about customer data and genetic material making their way into the hands of individuals, companies or nations who would want to use the information to harm the U.S. or individuals.

While mark-up hearings have not been scheduled for either bill in each of their respective committees of referral, prospects for further consideration are probable given the bipartisan attention to the issue and sponsorship of the legislation.

## The “Private Student Loan Bankruptcy Fairness Act of 2025,” and the “Student Loan Bankruptcy Improvement Act of 2025”

Rep. Steve Cohen (D-Tenn.) reintroduced the “Private Student Loan Bankruptcy Fairness Act”<sup>12</sup> in January, aiming to ensure that privately issued student loans will once again be treated like other consumer debt and be dischargeable in bankruptcy. Rep. Lou Correa later introduced the “Student Loan Bankruptcy Improvement Act of 2025”<sup>13</sup> following the House Judiciary Committee’s hearing in July looking at key bankruptcy issues. The bill aims to remove the term “undue” from debt-relief requirements to give borrowers a better chance of getting financial relief.

While neither bill has attracted a Republican co-sponsor, making both of their prospects unfavorable for consideration in the Republican-controlled House, the issue of student loan debt will continue to receive legislative attention as collections on student loans have resumed following the COVID-19 pandemic. Department of Education data showed that nearly 5.6 million borrowers were between 91 and 180 days behind on their payments as of March 31.

## The “Protecting Employees and Retirees in Business Bankruptcies Act of 2025”

Sens. Dick Durbin (D-Ill.) and Josh Hawley (R-Mo.) on April 9 re-introduced the “Protecting Employees and Retirees in Business Bankruptcies Act.”<sup>14</sup> The act would modify chapter 11 procedures by expanding available claims for employees and retirees and granting them improved priority, while placing restrictions on excessive compensation for executives. Despite receiving bipartisan support at introduction, the bill has not been scheduled for hearing to date in the Senate Judiciary Committee, and its prospects for further consideration are uncertain.

Be sure to keep an eye on these bills and the “Legislative News” section of [abi.org](https://abi.org) to keep up to date on the latest bill introductions concerning key bankruptcy issues! [abi](https://abi.org)

8 Joe Hernandez, “23andMe Is Filing for Bankruptcy. Here’s What It Means for Your Genetic Data,” NPR (March 24, 2025), [npr.org/2025/03/24/nx-s1-5338622/23andme-bankruptcy-genetic-data-privacy](https://npr.org/2025/03/24/nx-s1-5338622/23andme-bankruptcy-genetic-data-privacy).

9 “Grassley, Cornyn Introduce Bipartisan Bill to Safeguard Consumers’ Genetic Data After 23andMe Bankruptcy Sparks Privacy Concerns,” Press Release from the Senate Judiciary Committee (May 27, 2025), [judiciary.senate.gov/press/rep/releases/grassley-cornyn-introduce-bipartisan-bill-to-safeguard-consumers-genetic-data-after-23andme-bankruptcy-sparks-privacy-concerns](https://judiciary.senate.gov/press/rep/releases/grassley-cornyn-introduce-bipartisan-bill-to-safeguard-consumers-genetic-data-after-23andme-bankruptcy-sparks-privacy-concerns).

10 “Wrap Up: Congress Taking Action to Ensure the Safety of Americans’ Personal DNA Data,” House Committee on Oversight and Government Reform Press Release (June 10, 2025), [oversight.house.gov/release/wrap-up-congress-taking-action-to-ensure-the-safety-of-americans-personal-dna-data](https://oversight.house.gov/release/wrap-up-congress-taking-action-to-ensure-the-safety-of-americans-personal-dna-data).

11 “23 and You: The Privacy and National Security Implications of the 23andMe Bankruptcy,” Senate Judiciary Committee Hearing (June 11, 2025), [judiciary.senate.gov/committee-activity/hearings/23-and-you-the-privacy-and-national-security-implications-of-the-23andme-bankruptcy](https://judiciary.senate.gov/committee-activity/hearings/23-and-you-the-privacy-and-national-security-implications-of-the-23andme-bankruptcy).

12 H.R.423, the “Private Student Loan Bankruptcy Fairness Act of 2025,” Jan. 15, 2025, [congress.gov/119/bills/hr423/BILLS-119hr423ih.pdf](https://congress.gov/119/bills/hr423/BILLS-119hr423ih.pdf).

13 H.R.4444, the “Student Loan Bankruptcy Improvement Act of 2025,” Introduced July 16, 2025, [congress.gov/119/bills/hr4444/BILLS-119hr4444ih.pdf](https://congress.gov/119/bills/hr4444/BILLS-119hr4444ih.pdf).

14 S.1381, the “Protecting Employees and Retirees in Business Bankruptcies Act of 2025,” Introduced April 9, 2025, [congress.gov/119/bills/s1381/BILLS-119s1381is.pdf](https://congress.gov/119/bills/s1381/BILLS-119s1381is.pdf).