

119TH CONGRESS
1ST SESSION

S. 3424

AN ACT

To amend titles 11 and 28, United States Code, to modify the compensation payable to trustees serving in cases under chapter 7 of title 11, United States Code, to extend the term of certain temporary offices of bankruptcy judges, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Bankruptcy Adminis-
3 tration Improvement Act of 2025”.

4 **SEC. 2. FINDINGS.**

5 Congress finds the following:

6 (1) Congress has amended the laws governing
7 bankruptcy fees as necessary to ensure that the
8 bankruptcy system remains self-supporting, while
9 also fairly allocating the costs of the system among
10 those who use the system.

11 (2) Because of the importance for the bank-
12 ruptcy system to be self-funded, at no cost to tax-
13 payers, Congress has closely monitored the funding
14 needs of the bankruptcy system, including by requir-
15 ing periodic reporting by the Attorney General re-
16 garding the United States Trustee System Fund.

17 (3) Because the system governing bankruptcies
18 of various types is interconnected, Congress has es-
19 tablished fees, including filing fees, quarterly fees in
20 chapter 11 cases, and other fees, that together fund
21 the courts, judges, United States trustees, and trust-
22 ees serving in bankruptcy cases under chapter 7 of
23 title 11, United States Code.

24 (4) Trustees serving in bankruptcy cases under
25 chapter 7 of title 11, United States Code, are vital
26 to the functioning of the bankruptcy system, as they

1 provide services at the front lines of the bankruptcy
2 process, administering thousands of cases.

3 (5) Chapter 7 bankruptcy trustees provide valu-
4 able returns of assets to government creditors, in-
5 cluding the Internal Revenue Service, the Depart-
6 ment of Agriculture, the Small Business Administra-
7 tion, and other Federal, State, and municipal gov-
8 ernments.

9 (6) Due to the work of the chapter 7 bank-
10 ruptcy trustees, millions of dollars are also disbursed
11 annually to private creditors of all types, including
12 medical providers, unsecured creditors, small busi-
13 nesses, and micro-enterprises such as domestic sup-
14 port providers.

15 (7) Despite the essential role of chapter 7 bank-
16 ruptcy trustees, since 1994 the amount of compensa-
17 tion paid to these trustees has not been increased.
18 As in 1994, bankruptcy trustees receive only \$60
19 per case (composed of \$45 from subsection
20 330(b)(1), and \$15 from subsection 330(b)(2), of
21 title 11, United States Code) in nearly 90 percent of
22 chapter 7 cases, and bankruptcy trustees receive no
23 compensation at all for cases in which the filing fee
24 is waived by the bankruptcy court.

(8) Since 1994, there have been significant increases in salaries, attorney fees, budget appropriations, filing fees, and court-related fees associated with chapter 7 bankruptcies. In contrast, the \$60 paid to chapter 7 trustees has remained the same and has not even been increased for inflation. In 2021, Congress attempted to implement a mechanism that would give chapter 7 trustees a raise, but the trustees only received increased compensation for 1 fiscal year. Based on Consumer Price Index estimates, the \$60 paid to trustees in 1994 would be the equivalent of over \$125 today.

(9) This Act and the amendments made by this Act—

(A) increase the compensation of chapter 7 bankruptcy 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;

(B) ensure adequate funding of the United States trustee system through the increase of certain fees, which will also apply to districts that are not part of a United States trustee region as required by existing law; and

1 (C) support the preservation of existing
2 bankruptcy judgeships that are urgently needed
3 to handle existing and anticipated increases in
4 business and consumer caseloads.

5 (10) This Act will not alter the filing fee under
6 chapter 7 of title 11, United States Code, and will
7 not modify, impair, or supersede the current author-
8 ity of the district courts of the United States, or of
9 bankruptcy courts, to waive the payment of filing
10 fees by indigent individuals.

11 **SEC. 3. TRUSTEE COMPENSATION.**

12 (a) COMPENSATION OF OFFICERS.—Section 330 of
13 title 11, United States Code, is amended—

14 (1) in subsection (b)(1) by striking “\$45” and
15 inserting “\$105”; and

16 (2) by striking subsection (e).

17 (b) REMAINDER OF FEES.—Notwithstanding any
18 other provision of law, the remainder of fees collected
19 under section 1930(a)(1)(A) of title 28, United States
20 Code, after compensating trustees under section 330(b)(1)
21 of title 11, United States Code, shall be deposited as fol-
22 lows:

23 (1) \$63.51 in the special fund of the Treasury
24 established under section 1931 of title 28, United
25 States Code.

(2) \$25.00 in the special fund established in accordance with section 10101(b) of the Deficit Reduction Act of 2005 (28 U.S.C. 1931 note).

(3) \$51.49 in the United States Trustee System Fund established under section 589a of title 28, United States Code.

(c) UNITED STATES TRUSTEE SYSTEM FUND.—Section 589a of title 28, United States Code, is amended—

(1) in subsection (b)(1)(A), by striking “40.46 percent of the fees collected” and inserting “\$51.49 of the fees collected in each case”; and

(2) in subsection (f)(1)—

(A) in subparagraph (D) by striking “Fourth” and inserting “Second”;

(B) by striking subparagraphs (B) and (C); and

(C) by redesignating subparagraph (D) as subparagraph (B).

SEC. 4. BANKRUPTCY FEES.

(a) QUARTERLY FEES.—Section 1930(a)(6)(B) of title 28, United States Code, is amended—

(1) in clause (i), by striking “5-year” and inserting “10-year”; and

(2) in clause (ii)—

(A) in subclause (I)—

1 (i) by inserting “the greater of” be-
2 fore “0.4”; and

3 (ii) by striking “and” at the end and
4 inserting “or”; and

5 (B) in subclause (II), by striking “0.8”
6 and inserting “0.9”.

7 (b) PERIOD FOR DEPOSITS.—Section 589a(f) of title
8 28, United States Code, as amended by section 3(c)(2),
9 is amended by striking “2026” each place it appears and
10 inserting “2031”.

11 (c) DEPOSITS OF CERTAIN FEES FOR FISCAL YEARS
12 2026 THROUGH 2031.—Notwithstanding section 589a(b)
13 of title 28, United States Code, for each of fiscal years
14 2026 through 2031—

15 (1) the fees collected under section 1930(a)(6)
16 of title 28, United States Code, less the amount
17 specified in subparagraph (2) of this subsection,
18 shall be deposited as specified in section 589a(f) of
19 title 28, United States Code, as amended by this
20 Act; and

21 (2) \$5,400,000 of the fees collected under sec-
22 tion 1930(a)(6) of title 28, United States Code, shall
23 be deposited in the general fund of the Treasury.

1 **SEC. 5. EXTENSION OF TERM OF CERTAIN TEMPORARY OF-**
 2 **FICES OF BANKRUPTCY JUDGE.**

3 (a) BANKRUPTCY ADMINISTRATION IMPROVEMENT
 4 ACT OF 2020.—Section 4 of the Bankruptcy Administra-
 5 tion Improvement Act of 2020 (28 U.S.C. 152 note) is
 6 amended—

7 (1) in subsection (a)(2)—

8 (A) in subparagraph (A)(i), by striking “5
 9 years” and inserting “10 years”; and

10 (B) in subparagraph (B)(i), by striking “5
 11 years” and inserting “10 years”;

12 (2) in subsection (b)(2)—

13 (A) in subparagraph (A)(i), by striking “5
 14 years” and inserting “10 years”;

15 (B) in subparagraph (B)(i), by striking “5
 16 years” and inserting “10 years”;

17 (C) in subparagraph (C)(i), by striking “5
 18 years” and inserting “10 years”;

19 (D) in subparagraph (D)(i), by striking “5
 20 years” and inserting “10 years”;

21 (E) in subparagraph (E)(i), by striking “5
 22 years” and inserting “10 years”; and

23 (F) in subparagraph (F)(i), by striking “5
 24 years” and inserting “10 years”;

25 (3) in subsection (c)(2)—

1 (A) in subparagraph (A)(i), by striking “5
2 years” and inserting “10 years”; and

3 (B) in subparagraph (B)(i), by striking “5
4 years” and inserting “10 years”;

5 (4) in subsection (d)(2)—

6 (A) in subparagraph (A)(i), by striking “5
7 years” and inserting “10 years”; and

8 (B) in subparagraph (B)(i), by striking “5
9 years” and inserting “10 years”;

10 (5) in subsection (e)(2)(A), by striking “5
11 years” and inserting “10 years”; and

12 (6) in subsection (f)(2)(A), by striking “5
13 years” and inserting “10 years”.

14 (b) BANKRUPTCY JUDGESHIP ACT OF 2017.—Sec-
15 tion 1003(b)(2)(A) of the Bankruptcy Judgeship Act of
16 2017 (28 U.S.C. 152 note) is amended by striking “5
17 years” and inserting “10 years”.

18 **SEC. 6. EFFECTIVE DATE; APPLICATION OF AMENDMENTS.**

19 (a) IN GENERAL.—Except as provided in subsection
20 (b), the amendments made by this Act shall take effect
21 on the first day of the calendar quarter that first occurs
22 on or after the date of enactment of this Act.

23 (b) EXCEPTIONS.—

24 (1) COMPENSATION OF OFFICERS.—Section 3
25 and the amendments made by section 3 shall apply

1 to any case under title 11, United States Code, com-
2 menced on or after October 1 that first occurs after
3 the date of enactment of this Act—

4 (A) under chapter 7 of title 11, United
5 States Code; or

6 (B) under chapter 11, 12, or 13 of title 11,
7 United States Code, that is converted to a case
8 under chapter 7 of title 11, United States Code.

9 (2) BANKRUPTCY FEES.—Section 4 and the
10 amendments made by section 4 shall apply to—

11 (A) any case commenced or pending under
12 chapter 11 of title 11, United States Code, on
13 the first day of the calendar quarter that first
14 occurs on or after the date of enactment of this
15 Act; and

16 (B) quarterly fees payable under section
17 1930(a)(6) of title 28, United States Code, as
18 amended by section 4, for disbursements made
19 in any calendar quarter that begins on or after
20 the date of enactment of this Act.

Passed the Senate December 10, 2025.

Attest:

Secretary.

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