

109TH CONGRESS
1ST SESSION

S. 1787

To provide bankruptcy relief for victims of natural disasters, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 28, 2005

Mr. VITTER (for himself, Mr. GRASSLEY, Mr. CORNYN, and Mr. DEWINE) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

A BILL

To provide bankruptcy relief for victims of natural disasters,
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 “Relief to Victims of
5 Hurricane Katrina and Other Natural Disasters Act”.

6 **SEC. 2. DEFINITIONS; WHO MAY BE A DEBTOR.**

7 (a) CURRENT MONTHLY INCOME.—Section
8 101(10A)(B) of title 11, United States Code, is amend-
9 ed—

1 (1) by striking “and payments” and inserting
2 “payments”; and

3 (2) by inserting before the period at the end the
4 following: “, and payments to victims of a natural
5 disaster by a governmental unit or by a qualified re-
6 ligious or charitable entity or organization, as de-
7 fined in section 548(d)(4), which were made solely
8 on account of their status as victims of such natural
9 disaster”.

10 (b) NATURAL DISASTER; NATURAL DISASTER
11 ZONE.—Section 101 of title 11, United States Code, is
12 amended—

13 (1) by redesignating paragraphs (40A) and
14 (40B) as paragraphs (40C) and (40D), respectively;
15 and

16 (2) by inserting after paragraph (40) the fol-
17 lowing:

18 “(40A) The term ‘natural disaster’ means a
19 major disaster, as defined in section 102 of the Rob-
20 ert T. Stafford Disaster Relief and Emergency As-
21 sistance Act.

22 “(40B) The term ‘natural disaster zone’ means
23 the geographical area included in the determination
24 of a natural disaster.”.

1 (c) VICTIM OF NATURAL DISASTER.—Section 101 of
 2 title 11, United States Code, is amended by adding at the
 3 end the following:

4 “(56) The term ‘victim of a natural disaster’
 5 means an individual whose financial condition is ma-
 6 terially adversely affected due to—

7 “(A) damage sustained to the principal
 8 residence of that person, where such residence
 9 is located in a natural disaster zone, as a result
 10 of a natural disaster;

11 “(B) an inability to remain at the principal
 12 residence of that person, where such residence
 13 is located in a natural disaster zone, as a result
 14 of a natural disaster; or

15 “(C) an inability to work at the principal
 16 place of employment of that person, where such
 17 place of employment is located in a natural dis-
 18 aster zone, as a result of a natural disaster.”.

19 (d) WHO MAY BE A DEBTOR.—Section 109(h)(4) of
 20 title 11, United States Code, is amended by inserting
 21 “natural disaster,” after “disability,”.

22 **SEC. 3. AMENDMENTS TO CHAPTER 5.**

23 Section 521 of title 11, United States Code, is
 24 amended by adding at the end the following:

1 “(k) The court, after notice and a hearing upon mo-
 2 tion of the debtor, may extend any time period specified
 3 in this section as may be necessary, if the court finds
 4 that—

5 “(1) the debtor is a victim of a natural disaster;
 6 and

7 “(2) the status of the debtor as a victim of a
 8 natural disaster necessitates such extension of
 9 time.”.

10 **SEC. 4. AMENDMENTS TO CHAPTER 7.**

11 (a) REASONABLE NECESSARY EXPENSES.—Section
 12 707(b)(2)(A)(ii) of title 11, United States Code, is amend-
 13 ed by adding at the end the following:

14 “(VI) In addition, the monthly expenses of the debtor
 15 may include the actual reasonably necessary expenses in-
 16 curred as a result of being a victim of a natural disaster
 17 if the debtor provides documentation of such expenses,
 18 and a detailed explanation of why such expenses are rea-
 19 sonable and necessary, and why such expenses are not ac-
 20 counted for by the national standards, local standards,
 21 and other necessary expenses referred to in subclause
 22 (I).”.

23 (b) NATURAL DISASTER.—Section 707(b)(2)(B)(i) of
 24 title 11, United States Code, is amended by inserting “or

1 a natural disaster” after “such as a serious medical condi-
 2 tion or a call or order to active duty in the Armed Forces”.

3 **SEC. 5. AMENDMENTS TO CHAPTER 11.**

4 (a) **CONVERSION OF CASE.**—Section 1112(b) of title
 5 11, United States Code, is amended—

6 (1) in paragraph (2)(B)(i), by inserting “, in-
 7 cluding a natural disaster” before the semicolon; and

8 (2) in paragraph (3), by inserting “(including a
 9 natural disaster)” after “circumstances”.

10 (b) **WHO MAY FILE A PLAN.**—Section 1121(e)(3) of
 11 title 11, United States Code, is amended—

12 (1) in subparagraph (A), by inserting “(i)”
 13 after “(A)”;

14 (2) in subparagraph (C), by striking the period
 15 at the end and inserting “; or”;

16 (3) by redesignating subparagraphs (B) and
 17 (C) as clauses (ii) and (iii), respectively; and

18 (4) by adding at the end the following:

19 “(B) the debtor, after providing notice to
 20 parties in interest (including the United States
 21 trustee) demonstrates that the debtor is unable
 22 to meet the deadline because of a natural dis-
 23 aster and a new deadline is imposed at the time
 24 the extension is granted and the order extend-

1 ing the time is signed before the expiration of
2 the existing deadline.”.

3 (c) **EXTENSION OF TIME FOR SMALL BUSINESSES.**—

4 Chapter 11 of title 11, United States Code, is amended—

5 (1) in the table of sections, by adding at the
6 end the following:

“§ 1117. Extension of time for small businesses”;

7 and

8 (2) in subchapter I, by adding at the end the
9 following:

10 **“§ 1117. Extension of time for small businesses**

11 “In a small business case, the court after notice and
12 a hearing may extend any deadline specified in this chap-
13 ter if the court finds that such extension is—

14 “(1) necessary to protect the best interests of
15 creditors and the estate; and

16 “(2) warranted by a natural disaster.”.

17 **SEC. 6. AMENDMENTS TO CHAPTER 13.**

18 (a) **CONVERSION OR DISMISSAL.**—Section 1307(e) of
19 title 11, United States Code, is amended by adding at the
20 end the following:

21 “The court, after notice and a hearing on motion of the
22 debtor, may extend any time period specified in this sub-
23 section as may be necessary, if—

24 “(1) the debtor is a victim of a natural disaster;

1 “(2) the status of the debtor as a victim of a
2 natural disaster necessitates such extension of time;
3 and

4 “(3) the debtor files an affidavit stating that
5 such tax return was destroyed or lost as a result of
6 such natural disaster, and that the debtor has re-
7 quested a copy of such tax return from the taxing
8 authority.”.

9 (b) FILING OF PREPETITION TAX RETURNS.—Sec-
10 tion 1308 of title 11, United States Code, is amended by
11 adding at the end the following:

12 “(d) The court, after notice and a hearing on motion
13 of the debtor, may extend any time period specified in this
14 subsection as may be necessary, if—

15 “(1) the debtor is a victim of a natural disaster;

16 “(2) the status of the debtor as a victim of a
17 natural disaster necessitates such extension of time;
18 and

19 “(3) the debtor files an affidavit stating that
20 such tax return was destroyed or lost as a result of
21 such natural disaster and that the debtor has re-
22 quested a copy of such tax return from the taxing
23 authority.”.

1 **SEC. 7. VENUE IN CASE OF NATURAL DISASTER.**

2 Section 1408 of title 28, United States Code, is
3 amended—

4 (1) by striking “Except” and inserting the fol-
5 lowing:

6 “(a) IN GENERAL.—Except”; and

7 (2) by adding at the end the following:

8 “(b) ALTERNATIVE VENUE IN CASE OF NATURAL
9 DISASTER.—

10 “(1) IN GENERAL.—If an individual cannot file
11 a case under title 11 in a district court described in
12 subsection (a) because the individual is a victim of
13 a natural disaster (as defined in section 101 of title
14 11), then such case may be filed by such individual
15 in the district court for the district in which the in-
16 dividual has resided during the 30-day period pre-
17 ceding the date of filing, upon providing the affidavit
18 required under paragraph (2).

19 “(2) AFFIDAVIT REQUIRED.—An individual de-
20 scribed in paragraph (1) shall provide to the court
21 an affidavit stating that—

22 “(A) such individual is a victim of a nat-
23 ural disaster (as defined in section 101 of title
24 11); and

25 “(B) a venue change is necessary because,
26 due to the natural disaster, the individual is not

1 able to reside in the district in which that indi-
2 vidual would otherwise be required to commence
3 the case under subsection (a).”.

4 **SEC. 8. EFFECTIVE DATE; APPLICATION OF AMENDMENTS.**

5 (a) **EFFECTIVE DATE.**—This Act and the amend-
6 ments made by this Act shall take effect on October 18,
7 2005.

8 (b) **APPLICATION OF AMENDMENTS.**—The amend-
9 ments made by this Act shall apply only with respect to
10 cases commenced under title 11, United States Code, after
11 October 17, 2005.

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