119TH CONGRESS
1ST SESSION

S. 1659

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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Bankruptcy Administration Improvement Act of 2025''.

SEC. 2. FINDINGS.

Congress finds the following:

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

(2) Because of the importance for the bankruptcy system to be self-funded, at no cost to taxpayers, Congress has closely monitored the funding needs of the bankruptcy system, including by requiring periodic reporting by the Attorney General regarding the United States Trustee System Fund.

(3) Because the system governing bankruptcies of various types is interconnected, Congress has established fees, including filing fees, quarterly fees in chapter 11 cases, and other fees, that together fund the courts, judges, United States trustees, and trustees serving in bankruptcy cases under chapter 7 of title 11, United States Code.

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

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

(5) Chapter 7 bankruptcy trustees provide valuable returns of assets to government creditors, including the Internal Revenue Service, the Department of Agriculture, the Small Business Administration, and other Federal, State, and municipal governments.

(6) Due to the work of the chapter 7 bankruptcy trustees, millions of dollars are also disbursed annually to private creditors of all types, including medical providers, unsecured creditors, small businesses, and micro-enterprises such as domestic support providers.

(7) Despite the essential role of chapter 7 bankruptcy trustees, since 1994 the amount of compensation paid to these trustees has not been increased. As in 1994, bankruptcy trustees receive only $60 per case (composed of $45 from subsection 330(b)(1), and $15 from subsection 330(b)(2), of title 11, United States Code) in nearly 90 percent of chapter 7 cases, and bankruptcy trustees receive no compensation at all for cases in which the filing fee 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

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

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

SEC. 3. TRUSTEE COMPENSATION.

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

(1) in subsection (b)(1) by striking ''$45'' and inserting ''$105''; and

(2) by striking subsection (e).

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

(1) $63.51 in the special fund of the Treasury established under section 1931 of title 28, United 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), by striking paragraph (1) and inserting the following:

"(1) 28.33 percent of the fees collected under section 1930(a)(1)(B);"; 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)(II), by striking ''0.8'' and inserting ''1.1''.

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

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

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

(2) $5,400,000 of the fees collected under section 1930(a)(6) of title 28, United States Code, shall be deposited in the general fund of the Treasury.

SEC. 5. EXTENSION OF TERM OF CERTAIN TEMPORARY OFFICES OF BANKRUPTCY JUDGE.

(a) BANKRUPTCY ADMINISTRATION IMPROVEMENT ACT OF 2020.—Section 4 of the Bankruptcy Administration Improvement Act of 2020 (28 U.S.C. 152 note) is amended—

(1) in subsection (a)(2)—

(A) in subparagraph (A)(i), by striking "5 years" and inserting "10 years"; and

(B) in subparagraph (B)(i), by striking "5 years" and inserting "10 years";

(2) in subsection (b)(2)—

(A) in subparagraph (A)(i), by striking "5 years" and inserting "10 years";

(B) in subparagraph (B)(i), by striking "5 years" and inserting "10 years";

(C) in subparagraph (C)(i), by striking "5 years" and inserting "10 years";

(D) in subparagraph (D)(i), by striking "5 years" and inserting "10 years";

(E) in subparagraph (E)(i), by striking "5 years" and inserting "10 years"; and

(F) in subparagraph (F)(i), by striking "5 years" and inserting "10 years";

(3) in subsection (c)(2)—

(A) in subparagraph (A)(i), by striking "5 years" and inserting "10 years"; and

(B) in subparagraph (B)(i), by striking "5 years" and inserting "10 years";

(4) in subsection (d)(2)—

(A) in subparagraph (A)(i), by striking "5 years" and inserting "10 years"; and

(B) in subparagraph (B)(i), by striking "5 years" and inserting "10 years";

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

(6) in subsection (f)(2)(A), by striking "5 years" and inserting "10 years".

(b) BANKRUPTCY JUDGESHIP ACT OF 2017.—Section 1003(b)(2)(A) of the Bankruptcy Judgeship Act of 2017 (28 U.S.C. 152 note) is amended by striking "5 years" and inserting "10 years".

SEC. 6. EFFECTIVE DATE; APPLICATION OF AMENDMENTS.

(a) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this Act shall take effect on October 1 that first occurs after the date of enactment of this Act.

(b) EXCEPTIONS.—

(1) COMPENSATION OF OFFICERS.—Section 3 and the amendments made by section 3 shall apply to any case under title 11, United States Code, commenced on or after October 1 that first occurs after the date of enactment of this Act—

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

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

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

(A) any case pending under chapter 11 of title 11, United States Code, on or after October 1 that first occurs after the date of enactment of this Act; and

(B) quarterly fees payable under section 1930(a)(6) of title 28, United States Code, for disbursements made in any calendar quarter that begins on or after October 1 that first occurs after the date of enactment of this Act.

Passed the Senate August 1, 2025.

Attest:

Secretary.

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