



AMERICANS FOR TAX REFORM

LEGISLATIVE ALERT

1920 L STREET, N.W. - SUITE 200 - WASHINGTON, D.C. 20036 - 202-785-0266 - [HTTP://WWW.ATR.ORG](http://www.ATR.org)
MATT CLARK, FEDERAL AFFAIRS MANAGER MCLARK@ATR.ORG

ATR Supports Passage of Bankruptcy Reform

WASHINGTON — Today the House will vote on H.R. 975, the Bankruptcy Abuse Prevention and Consumer Protection Act of 2003. Passage of this legislation is essential to reforming the country's overburdened bankruptcy system. The legislation slows the rise of bankruptcy cases in the United States by placing restrictions on those who qualify to file for bankruptcy and educating debtors on how to better handle their financial responsibilities. Similar bankruptcy reform passed both the House and Senate last year with broad bipartisan support.

Americans for Tax Reform strongly supports passage of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2003, **without the provision attached to the Senate version of the bill last year by Sen. Charles E. Schumer (D-NY) that prevents pro-life advocates who have been fined from having those penalties erased in bankruptcy.**

The last few years have seen record levels of bankruptcy filing among individuals. In 1996, the number of personal bankruptcy cases exceeded one million for the first time in history. Just one year later, the number of bankruptcy petitions in the U.S. had risen by 20 percent. Current bankruptcy filings are now at triple the levels of the early 1980s. Many of these bankruptcies can be traced to lenient state bankruptcy laws.

Over 70 percent of bankruptcy filers choose to petition under Chapter 7 of the Bankruptcy Code which erases nearly all debt, **even in cases where high-income filers could afford to pay at least part of what they owe.**

The Bankruptcy Abuse Prevention and Consumer Protection Act restricts Chapter 7 filing, and requires those who can repay some of what they owe to do it. It also closes loopholes that allow some debtors to evade child support and alimony payments. In addition, the bill ensures debtors explore other financial management options such as credit counseling prior to filing for bankruptcy. Finally, it establishes penalties for creditors who do not make good-faith efforts to reach settlement with debtors outside of the bankruptcy system.

ATR supports this important step toward combating the growing number of bankruptcy cases in the United States.

ATR MAY RATE THIS VOTE IN OUR ANNUAL CONGRESSIONAL RATINGS