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Illinois House Passes SB 1738: Modest but Meaningful Increases to Consumer Bankruptcy Exemptions Head to Governor's Desk

Springfield, IL – May 21, 2025 the Illinois House of Representatives passed Senate Bill 1738, which now heads to Governor JB Pritzker's desk for signature. This legislation updates Illinois' personal property and homestead exemptions, offering modest but meaningful relief for consumer bankruptcy debtors across the state.

SB 1738 increases the homestead exemption from \$15,000 to \$50,000 for a single individual and to \$100,000 when two or more individuals own the property. These changes aim to provide more robust protections for homeowners facing financial hardship.

The bill also updates other key personal property exemptions, including:

- Raising the motor vehicle exemption from \$2,400 to \$3,600;
- Increasing the exemption for implements, professional books, or tools of the debtor's trade from \$1,500 to \$2,250.

In addition, SB 1738 introduces an automatic exemption for judgment debtors in consumer debt cases. This provision grants an automatic \$1,000 exemption in a debtor's equity interest held in checking, savings, or credit union accounts for judgments entered on or after January 1, 2020. This \$1,000 is considered part of the debtor's existing \$4,000 personal property exemption. The bill is set to take effect on **January 1, 2026**.

The National Association of Consumer Bankruptcy Attorneys (NACBA) has spent nearly two years negotiating this bill and is proud to have worked in close partnership with our allies at Legal Action Chicago to bring these protections forward.

"While these increases are modest, they represent a step in the right direction for Illinois families," said Krista D'Amelio, NACBA Director of Government Affairs. "We know these changes will benefit some consumer bankruptcy debtors, and NACBA remains committed to advocating for stronger protections that help individuals achieve a true fresh start and retain the essential personal property they need to do so."

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About NACBA

The National Association of Consumer Bankruptcy Attorneys (NACBA) is the only nationwide organization dedicated to serving the needs of consumer bankruptcy attorneys and their clients. Founded in 1992, NACBA has been at the forefront of legislative advocacy, educational programming, and professional support for its members.