FOR IMMEDIATE RELEASE
August 4, 2026

NACBA Applauds Senate Passage of the Bankruptcy Threshold Adjustment Act of 2026

Legislation would permanently raise Chapter 13 and Subchapter V debt limits and eliminate separate secured and unsecured debt thresholds

WASHINGTON, D.C. – The National Association of Consumer Bankruptcy Attorneys (NACBA) applauds the U.S. Senate's passage of **S. 3977, the Bankruptcy Threshold Adjustment Act of 2026**, on August 3, 2026. The bipartisan legislation would permanently modernize bankruptcy eligibility thresholds for individuals and small businesses.

The legislation would:

- Increase the Chapter 13 eligibility limit under Section 109(e) to aggregate noncontingent, liquidated debts of **less than $2.75 million**
- Increase the Subchapter V eligibility limit under Section 1182(1) to aggregate noncontingent, liquidated secured and unsecured debts of **not more than $7.5 million**
- Eliminate the separate secured and unsecured debt limits
- Establish the adjusted thresholds permanently, without a sunset provision
- Apply the changes to bankruptcy cases commenced on or after the date of enactment

"These updated thresholds are essential to ensuring that individuals, families, and small business owners can access the bankruptcy options Congress intended to provide," said Richard Nemeth, NACBA President. "Outdated and divided debt limits have prevented financially distressed debtors from using Chapter 13 and Subchapter V, even when those proceedings would offer the most efficient and effective path forward. Senate passage is an important victory, and we urge the House to act promptly."

The Senate's action marks a significant breakthrough after similar legislation failed to advance in the previous Congress. NACBA has continued working closely with bipartisan congressional champions to build support for permanent reforms that reflect current economic conditions and the realities facing consumer debtors and small businesses.

S. 3977 now moves to the House of Representatives. NACBA is working with bipartisan supporters to secure passage of the Senate-approved legislation and send it to the President for enactment.

"NACBA members see firsthand what happens when arbitrary and outdated debt limits block access to an appropriate bankruptcy remedy," said Ike Shulman, NACBA Legislative Committee Co-chair. "Making these adjustments permanent will provide greater certainty to debtors, attorneys, courts, trustees, and creditors. We thank the Senate sponsors and supporters who helped move this important legislation forward."

About NACBA

The National Association of Consumer Bankruptcy Attorneys is the only national organization dedicated to serving the needs of consumer bankruptcy attorneys and protecting the rights of consumer debtors. Formed in 1992, NACBA has more than 1,500 members across all 50 states and Puerto Rico.

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