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April 2, 2026

Honorable Charles Grassley
Senate President Pro Tempore
Chairman, Committee on the Judiciary
United States Senate
135 Hart Senate Office Building
Washington, DC 20510

Honorable Ben Cline
2443 Rayburn House Office Building
Washington, DC 20515-4606

Re: Supplement to Letter Regarding Continued Support for Maintaining Subchapter V Eligibility at \$7,500,000 to Clarify Support for Chapter 13 Increased Debt Limits

On behalf of the American Bankruptcy Institute (ABI), I write to provide an update to ABI's March 24, 2026, letter reaffirming ABI's strong support for legislation increasing the debt cap back to \$7,500,000 for Subchapter V eligibility.

The purpose of this addendum is to clarify that in addition to supporting legislation that increases the Subchapter V debt cap, ABI also supports efforts by Congress to increase the debt limits for chapter 13 bankruptcy filers. For ready reference, please find attached the Final Report of ABI's Consumer Commission (*see* § 3.10 at p. 146), which recommended the following (referencing the debt caps in effect at the time):

(a) Congress should amend section 109(e) to provide that an individual is eligible for chapter 13 if the individual has less than \$3,000,000 in total noncontingent, liquidated debts, eliminating the distinction between secured and unsecured debts. The new debt limit should continue to be adjusted for inflation according to section 104(a).

Currently, an individual is eligible for chapter 13 relief if that person has “noncontingent, liquidated, unsecured debts of less than \$419,275 and noncontingent, liquidated, secured debts of less than \$1,257,850.” These amounts are automatically adjusted for inflation every three years.

In its Final Report, the Commission noted that the chapter 13 debt limits no longer work well given the amounts of outstanding household debt, and that the debt limits sometimes lead to satellite litigation that often does not advance any core bankruptcy policy. Therefore, the Commission recommended that Congress amend section 109(e) so that an individual is eligible for chapter 13 relief if that individual has less than \$3,000,000 in total debts.

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Committee Member**

ABI remains available to provide additional data, case studies or testimony at your convenience.

Thank you for your attention to this important matter. The views and statements expressed in this letter are presented on behalf of the organization and are not intended to reflect the positions of any individual member.

Sincerely,

A handwritten signature in black ink, appearing to read "Amy A. Quackenboss". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Amy A. Quackenboss
Executive Director
American Bankruptcy Institute

cc: Hon. John Cornyn
Hon. Richard Durbin
Hon. Sheldon Whitehouse
Hon. Lindsey Graham
Hon. Christopher Coons

Hon. J. Luis Correa
Hon. Laurel M. Lee
Hon. Joe Neguse
Hon. Darrell Issa
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