

[H.R. 4246, National Guard and Reservist Debt Relief Extension Act of 2015](#)

FLOOR SITUATION

On Wednesday, December 15, 2015, the House will consider [H.R. 4246](#), *the National Guard and Reservist Debt Relief Extension Act of 2015*, under suspension of the rules. H.R. 4246 was introduced on December 15, 2015 by Rep. Steve Cohen (D-TN) and was referred to the Committee on Judiciary.

SUMMARY

Under current law, National Guard members and active reservists are exempt from meeting certain “means test” income requirements to qualify for Chapter 7 bankruptcy protection. That exemption expires on December 19, 2015. H.R. 4246 extends this expiring exemption through 2019.

BACKGROUND

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 dramatically restructured the U.S. Bankruptcy Code. The Act established a “means test” to determine whether individual debtors have the financial ability to commit some portion of their monthly income to the repayment of their creditors. If a debtor has the ability to repay, his or her filing of a chapter 7 bankruptcy case is presumed to be “substantial abuse” and his case may be dismissed.¹

Compared to a chapter 13 bankruptcy case, in which a debtor with the means to repay creditors obtains a discharge from prepetition debts generally after adhering to a 3- to 5-year repayment plan, a debtor in a chapter 7 case obtains a discharge relatively quickly and without the repayment condition. Thus, many debtors prefer to file a chapter 7 case if they are able and have no non-exempt assets of significant value.²

In 2008, the National Guard and Reservists Debt Relief Act was enacted in an attempt to alleviate some of the unique financial hardships that military reservists and members of the National Guard

¹ See [House Report 112-256](#) at 2.

² Id.

face upon their return from active service. H.R. 4246 extends the means test exemption for such military personnel, which is set to expire on December 19, 2015, until December 19, 2019.

COST

A Congressional Budget Office (CBO) cost estimate for H.R. 4246 is currently unavailable; however, the CBO [estimated](#) that nearly identical legislation in the 112th Congress had no impact on the federal budget.

STAFF CONTACT

For questions or further information please contact [John Huston](#) with the House Republican Policy Committee by email or 6-5539.