

# Using Bankruptcy Law to Provide Relief from Criminal Legal System Debt



National  
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*Fighting Together  
for Economic Justice*

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# The Rise of Fines and Fees to Fund Court Operations and Law Enforcement

- Many states and localities rely heavily on fees and fines to fund their court systems, law enforcement agencies, departments of corrections, and departments of probation and parole.
- Use of fines and fees to redress low-level offenses increased significantly in the 1980s and then in the 2000s.
- Since early 2000s, at least 47 states have increased criminal and civil court fees or added new ones, and the categories of offenses that trigger fines have been expanded. Similarly, probation and parole departments have increased their reliance on fees to fund operations.

# Why Did Use of Fees and Fines Increase?

- 1980s Broken Windows Theory of Law Enforcement.
- Political expediency and ease – Raising taxes to fund government operations is extremely unpopular.
- Budget cuts for state and local courts and government operations over the past two decades.
- Many states prohibit local courts from raising taxes without a public referendum but raising fees does not have the same restrictions.

# The Rise of Fines and Fees to Fund Court Operations and Law Enforcement

- North Carolina courts collect at least 52 separate fees, disbursing them to four state agencies and 611 counties and municipalities. It uses fees to fund half of the state's judicial budget as well as jails, law enforcement, counties, and schools.
- In 2015, New Orleans, collected \$11.5 million in criminal legal system fees and fines. The \$ was distributed among eight agencies, providing funding for the municipal court, district court, public defenders, and traffic court.
- In Allegan County, Michigan, half of court-imposed fees went toward running the county courthouse, paying employee salaries, heating the court buildings, purchasing copy machines, and underwriting the cost of the county employee gym.

# Court-Imposed Debt is Vast and Not Well Understood

- In 2016, the Conference of State Court Administrators found that there are approximately 10 million people in the United States who own more than \$50 billion in criminal legal system debt.
- A recent FFJC report reviewing partial data provided by just 25 states, that at least \$ 27.6 billion in court fines and fees were owed in those states.
- These figures are underinclusive!
  - No one knows how much is owed in total because few states, courts, or law enforcement agencies comprehensively track this information — which is itself a problem requiring attention.

# The Criminal Legal System Affects Millions of People

- ~5 million people are arrested in the United States every year.
- Between 70-100 million people in the United States are living with a conviction record.
- ~4.5 million people in the United States are on government supervision.
- ~2.2 million people are currently incarcerated.
- All of these people have family and loved ones who are impacted by the criminal legal system contact.

# What are fines and fees?

- **Fines:** Financial penalties imposed after a conviction. Generally, the amount is set by statute depending on the conviction.
- **Fees:** Financial obligations imposed to raise revenue. In both criminal and civil/municipal courts, there are many types of fees.
- Fees are often imposed on people who are ticketed by law enforcement officers or arrested and then pushed through a given court system.
- Fees are often imposed on people regardless of whether the fee directly relates to their case.

# Where and When are these fees and fines imposed?

- Where?
  - Criminal Courts
  - All Civil Courts: Municipal, magistrate, and others including (housing courts, family courts, other specialty courts)
- When?
  - Upon receipt of a ticket.
    - E.g. Traffic tickets, low-level public ordinance violations (loitering, open container)
  - At sentencing in civil and criminal courts.
  - Immediately after sentencing.
  - During or after completion of a sentence which could include time incarcerated.



# Examples of Fees Imposed at or Immediately After Sentencing

- Prosecutors' fees
- Attorney fees
- Court costs fee
- Transcript fees
- Court clerk fees
- Filing clerk fees
- DNA database fees
- Victim Witness Fees
- Crime Lab Analysis Fees
- Jury Fees

Names of Real and Unintelligible Fees:

- Court Cost Clearing Trust Fund Fee
- Fine and Forfeiture Fund Fee
- Crime Stoppers Program Fee
- Crime Compensation Fee
- Crime Prevention Fund Fee

# Examples of Fees Imposed Upon Completion of a Sentence or While Under Supervision

- Monthly Supervision Fees
- Monitoring Device Fees
- Collection Fees
- Cost of Incarceration Fees
- Medical Care while Incarcerated
- Programs Fees
- Commissary Fees
- Phone Call Fees (inclusive of calls to attorneys)

# What's the Problem with Imposing Fines and Fees this way?

- Regressive system. If you have financial resources, you may be able to avoid the fines and fees entirely.
- Compromises Public Safety by Creating Perverse Incentives for Courts and for Law Enforcement Officers and Agencies.
- Runs Counter to the Goals of Reentry and Rehabilitation.
- Real devastating Impacts on People and Their Families.

# Impact on People and Their Families

- Incarceration
- Extended Government Supervision
- Driver's license revocation/suspension
- Wage Garnishment
- Loss of Housing
- Loss of Employment
- Property and Tax Liens
- Consequences related to Negative effects on credit

# Disparate Impact of Criminal Legal System Debt

- Black and Latinx people are more likely to be arrested or ticketed than their white counterparts; once arrested or ticketed, they are more likely to be convicted; and once convicted, and they are more likely to experience lengthy prison sentences.
- In 2016, black civilians comprised 27% of all individuals arrested in the United States—double their share of the total population.
  - Black youth accounted for 15% of all U.S. children but made up 35% of juvenile arrests in that year.
  - In 2010, a study found that black people were 3.7 times more likely to be arrested for marijuana possession than their white counterparts, even though their rate of marijuana usage was comparable.
- African-American adults are 5.9 times as likely to be incarcerated than white adults and Latinx adults are 3.1 times as likely.
- This disproportionate treatment in the criminal legal system results in disproportionate fines and fees burdens associated with the system.

# Human Stories

- In Georgia, a young woman, "Beth," was arrested as a child for stealing school supplies. As a juvenile, she was convicted and placed on probation at \$40 a month.
  - Beth missed several payments and court appearances, which were a condition of her probation.
  - Although she suffered from mental illness and was under her mother's care, she was arrested for violating her probation.
  - Without an attorney present, the judge ordered that Beth be jailed without determining if she had the means to pay her probation fees or if she had willfully failed to pay.
  - Beth was released only after her mother came up with enough money to get her out.
  - Overall, Beth has been charged \$4,000 in court costs plus probation fees (which had accrued at \$40/month for several year).
  - Her social security disability income revoked for missing court and supervision payments.

# **Dischargeability Of Criminal Justice Debts Under Chapter 7**

# Chapter 7 Bankruptcy Basics

- Bankruptcy trustee gathers and sells all of the debtor's nonexempt assets to pay creditors
- Debtor can only keep certain exempt property
- Unsecured debts such as credit card and medical debt are discharged
- No payment plan
- Only for debtors who meet means test



# Benefits of Chap. 7

- Discharge stops creditors from taking or attempting to collect discharged debt
- Even if criminal justice debt not discharged, discharge of other debt can free up funds to help make payments

# Section 523(a)(7) of the Bankruptcy Code

Excepts from discharge in a Chapter 7 case  
a “fine, penalty, or forfeiture payable to and  
for the benefit of a governmental unit and is  
not compensation for actual pecuniary loss.”

# When is a debt non-dischargeable under a chap. 7?

If it is:

- a fine, penalty, or forfeiture, *and*
- payable to a governmental unit, *and*
- for the benefit of a governmental unit *and*
- not compensation for actual pecuniary loss

# Kelly v. Robinson

479 U.S. 36 (1986)

- In sentencing order, debtor ordered to pay “**restitution**” in exact **amount of overpayment** for welfare fraud
- Argued payment was **compensation** for monetary loss

# Kelly v. Robinson

- Found:
  - not only **compensation**, but also **punitive** = exempt from discharge
  - 523(a)(7) “preserv[ed] from discharge any condition a state criminal court imposes as **part of a criminal sentence.**”

# Since Kelly...

- Courts have **expanded discharge exceptions**- not just restitution but all costs in a sentencing order
- Explosion of **cost-shifting measures** placed on defendants
- Increase in use of bail
- **Disproportionate effect** on low-income, people of color

# Differentiating between costs

- Fines, penalties, fees and costs often lumped together
- If in sentencing order- generally non-dischargeable
- If not in sentencing order- if break them down, might allow for partial discharge depending on when and how assessed

CRIMINAL DIVISION

DOCKET NO:  
DATE OF ARREST: 01/26/2019  
OTN:  
SID:  
DOB:

**ORDER OF SENTENCE**

AND NOW, this 21st day of May, 2019, the defendant having been convicted in the above-captioned case is hereby sentenced by this Court as follows. The defendant is to pay all applicable fees and costs unless otherwise noted below:

**Count 1 - 18 § 3929 §§ A1 - Retail Theft-Take Mdse (M1)**

To be placed on Probation - County Regular Probation - for a minimum period of 1 Year(s) and a maximum period of 1 Year(s) to be supervised by ALLEGHENY COUNTY ADULT PROBATION.

The following conditions are imposed:

Restitution Ordered - Restitution owed: Amount of restitution owed: \$121.00

Restitution will be disbursed to victim: [REDACTED] in Bethal Park, PA

Restitution Ordered - Restitution payment 30 days: The responsible party shall make payment to: Department of Court Records - Allegheny County. The court has established a payment plan in which the case payments will begin 30 days from the date of this order with first payment due on the first day of the following month. This

Restitution is imposed as a part of the sentence.

This sentence shall commence on 05/21/2019.

**Count 2 - 18 § 903 - Conspiracy - Retail Theft-Take Mdse (F3)**

Offense Disposition: Withdrawn

**Count 3 - 18 § 3929 §§ A1 - Retail Theft-Take Mdse (F3)**

Offense Disposition: Withdrawn

**Count 4 - 18 § 3929 §§ A1 - Retail Theft-Take Mdse (F3)**

Offense Disposition: Withdrawn

**Count 5 - 18 § 3929 §§ A1 - Retail Theft-Take Mdse (F3)**

Offense Disposition: Charge Changed

**Count 999 - 18 § 903 - Conspiracy - Retail Theft-Take Mdse (F3)**

Offense Disposition: Charge Changed



Commonwealth of Pennsylvania  
 Court of Common Pleas  
 County of Allegheny  
 5th Judicial District



**Itemized Account of Fines, Costs, Fees,  
 and Restitution**

Commonwealth of Pennsylvania  
 v.



No:

**Assessments to be paid by**

**Costs/Fees**

Dept of Records - Conviction (Allegheny)  
 Costs of Prosecution - CJEA  
 Judicial Computer Project  
 ATJ  
 DCR Civil Judgment Fee (Allegheny)  
 Record Management Fee (Allegheny)  
 Crime Victims Compensation (Act 96 of 1984)  
 Dept of Records - Conviction (Allegheny)  
 JCPS  
 District Attorney (Conviction) (Allegheny)  
 State Court Costs (Act 204 of 1976)  
 Record Management Fee (Allegheny)  
 OSP (Allegheny/State) (Act 35 of 1991)  
 Commonwealth Cost - HB627 (Act 167 of 1992)  
 Booking Center Fee (Allegheny)

OSP (Allegheny/State) (Act 35 of 1991)  
 Court Technology Fee (Allegheny)  
 Law Library User Fee (Allegheny)  
 Use of County (Conviction) (Allegheny)  
 Child Care Facility Fee (Allegheny)  
 CJES  
 Victim Witness Service (Act 111 of 1998)  
 OAG - JCP  
 Domestic Violence Compensation (Act 44 of 1988)  
 Firearm Education and Training Fund  
 Prob/Parole Admin Fee (Allegheny)

County Court Cost (Act 204 of 1976)

**Restitution**

Business Entity Restitution

**Distribution Account**

**Assessment Balance**

ALLEGHENY CO TREASURER - 10%	\$20 00
COMM - CJEA	\$50 00
COMM - JCP	\$8 00
COMM - ATJ	\$6 00
ALLEGHENY COUNTY PROTHY	\$45 00
ALLEGHENY CO TREASURER - RM	\$2 20
COMM - CVC	\$35 00
ALLEGHENY CO TREASURER - CC	\$180 00
COMM - JCPS	\$21 25
CTY - 02	\$25 00
COMM - COST	\$12 60
ALLEGHENY CO TREASURER - CO	\$3 30
COMM - PROB	\$270 00
COMM - CST1	\$10 80
ALLEGHENY CO TREASURER - CENTRAL	\$200 00
BOOKING FEE	
ALLEGHENY CO TREASURER - SUP	\$270 00
ALLEGHENY CO TREASURER - CTF	\$5 50
CTY - 02	\$7 00
CTY - 02	\$4 00
ALLEGHENY CO TREASURER - DC	\$5 00
COMM - CJES	\$2 50
COMM - VWS	\$25 00
COMM - OAG	\$2 50
COMM - DVC	\$10 00
COMM - FETA	\$5 00
ALLEGHENY CTY TREASURER -	\$240 00
PROB_PAROLE	
CTY	\$35 10
	<b>\$1,500.75</b>
ESCR - REST	\$121 00
	<b>\$121 00</b>
<b>Balance Due:</b>	<b>\$1,621.75</b>

# Itemization of costs in sentencing order

- Can be useful if debtor subsequently charged for other costs at a later date
- Can compare to sentencing order itemization and argue not part of sentencing order

# Examples

- “Cost of prosecution”
  - costs for filing,
  - transcripts,
  - depositions, and
  - mileage for witnesses and prosecution staff

## *Ask:*

- If not included in sentencing order,
  - who assessed the charge? Clerk v. Judge
  - for whose benefit was the charge assessed? Private party v. State
  - was charge for compensation of actual pecuniary loss?

# The Importance of Parsing: In re Lopez, 531 B.R. 554 (Bankr. E.D. Pa. 2015) & No. 13-3620 (3rd. Cir. June 10, 2014)

- Crime Victims Compensation Fund \$18.20
- Domestic Violence Compensation \$50
- Victim/Witness Services Fund \$25
- Criminal Lab Fees \$135
- Diversion Program Fees \$115
- Lien Filings \$74
- Collection Fees \$238.57
- Firearm Education and Training Fund \$15
- Offender Supervision Program \$250
- State Court Costs \$40.90
- Commonwealth Costs \$41.70
- County Court Costs \$183.40
- Judicial Computer Project Fees \$24
- Access to Justice \$6
- Clerk of Quarter Sessions Fees \$150
- **TOTAL: \$1,367.77**

# In re Lopez, 579 Fed.Appx. 100 (3rd. Cir. June 10, 2014)(non precedential)

- “On remand, and assuming that the requisite information has been provided, amounts that were not imposed as part of a criminal sentence, and are plainly not ‘fines,’ ‘penalties,’ or ‘forfeitures,’ should be discharged without hesitation.”

After 3<sup>rd</sup> Cir. Opinion, Stipulated down to:

Lien Filing Fee	42 P.A. C.S.A. § 9730.1(a)	\$ 18.50
State Court Cost	42 P.S. § 1725.1(b)	\$ 10.30
Commonwealth Cost	42 P.S. § 1725.1(b)	\$ 8.90
County Court Cost	42 P.S. § 1725.1(b)	\$ 28.80
Domestic Violence Compensation	35 P.S. § 10182	\$ 10
Firearm Act	61 P.S. § 6308	\$ 5
Clerk of Quarter Sessions	42 PA C.S.A. 21081	\$ 5
Crime Victims Compensation	18 P.S. § 11.1101(b)(1)	\$ 35
Victim Witness Service	18 P.S. § 11.1101(b)(1)	\$ 25
Judicial Computer Project	42 P.S. § 3733(a)	\$ 8
Access to Justice	42 P.S. § 3733(a.1)	\$ 2
Criminal Lab Fee <i>Later conceded non-dischargeable</i>	42 P.S. § 1725.3	\$ 135
Offender Supervision/Probation	18 P.S. § 11.1102	\$ 250

Total: \$541.50

\$35.79 of collection costs also at issue

# In re Lopez, 531 B.R. 554 (Bankr. E.D. Pa. 2015)

- It appears that it is common practice for the cost itemization to be prepared after the fact in the Philadelphia Court system. “Best practice” would no doubt be for costs to be concurrently itemized and attached to a sentencing order.

# Dischargeable

(In re Lopez, 531 B.R. 554 (Bankr. E.D. Pa. 2015))

*breakdown of underlying purpose = compensatory*

**\*\*Not part of sentencing order**

Cost	Reason for Discharge	Amount
Collection Costs (paid to private collection agency to pursue recovery of unpaid costs imposed on debtor)	Payable to and for the benefit of a private debt collector or for the benefit of the court as compensation for losses incurred by securing private debt collection services	\$35.70
Lien Filing Fee (for filing of civil judgment 3 months after sentence)	Compensation for actual pecuniary loss	\$18.50
Probation Supervision Fee (monthly fees for providing probation services to debtor)	Imposed to defray costs of supervising probation - compensatory	\$250
		<b>TOTAL: \$304.20</b>



# Non-Dischargeable

(In re Lopez, 531 B.R. 554 (Bankr. E.D. Pa. 2015))

*associated with the criminal proceeding, statutorily mandated*

Cost	Statute	Amount
State Court Cost	42 P.S. § 1725.1(b)	\$10.30
Commonwealth Cost	42 P.S. § 1725.1(b)	\$8.90
County Court Cost	42 P.S. § 1725.1(b)	\$28.80
Domestic Violence Compensation	35 P.S. § 10182	\$10
Firearm Act	61 P.S. § 6308	\$5
Clerk of Quarter Sessions	42 PA C.S.A. 21081	\$5
Crime Victims Compensation	18 P.S. § 11.1101(b)(1)	\$35
Victim Witness Service	18 P.S. § 11.1101(b)(1)	\$25
Judicial Computer Project	42 P.S. § 3733(a)	\$8
Access to Justice	42 P.S. § 3733(a.1)	\$2
Criminal Lab Fee	42 P.S. § 1725.3	\$135 (conceded non-dischargeable at summary judgment oral argument)
		<b>TOTAL: \$273</b>

# Costs of Incarceration

- If not in sentencing order and not automatically imposed by statute upon conviction and sentencing, still:
  - Do not fully compensate government for incarcerations costs
  - **Non-dischargeable**

# Pay-to-Stay

- Can challenge **Pay-to-Stay** programs
  - pay to leave during day or serve time at more lenient facility
  - Not penal
  - Cost shifting program
  - Assessed after sentencing

# Pre-trial Incarceration

## *Practice Tip:*

Can challenge because:

- Person not yet convicted
- **Not yet a fine, penalty, or forfeiture**  
(523(a)(7))
- **Equal Protection**
  - if incurred due to indigence
  - eg: jail fees where remain incarcerated because can't afford bail

# Bail Bonds

**Dischargeable** when:

- Owed to a commercial bail bond agent, even if ultimately paid to state
  - Not a “fine, penalty, or forfeiture”
  - Not owed “to and for the benefit of a governmental unit.”
  - Not part of sentencing order
- Forfeiture judgments against bail bond company
  - Not penal but contractual

# Bail Bonds Con't

**Non-dischargeable** when:

- Bail bond debt **owed to court**
  - **penalty** or **forfeiture** for failure to appear
  - eg: father who did not produce defendant son could not discharge debt
    - **payable to government**
    - **penal not compensatory**

# Restitution

## Non-dischargeable

- if in a criminal sentencing order (*Kelly*)
- even if owed to government or victim
  - state “benefits” from such payments because they help to carry out criminal judgments
- Eg.s:
  - required by sentencing order in theft conviction;
  - set as condition to probation;
  - paid to state for distribution to victim

# Restitution Con't

## Possibly Dischargeable

- Restitution obligations imposed in civil or administrative proceedings
  - does it meet the specific requirements for nondischargeability in § 523(a)(7)?
    - Paid to or for the benefit of the government or
    - whether debt was considered to be penal rather than compensatory in character
  - Eg: Ordered by **disciplinary board**

*\*\* Always analyze actual debt*



# Civil and Administrative Penalties

## Generally Non-Dischargeable

- 523(a)(7)-No distinction between civil and criminal debt
- Still includes a review of whether:
  - the fine penalty, or forfeiture
  - is payable to, and for the benefit of, a government entity and
  - it serves a punitive v. compensatory purpose

# Examples of *non-dischargeable* civil penalties

- licensing law, labor law violations
- zoning & environmental protection statute violations
- neglect of property
- illegal access to utilities
- failing to disclose income while receiving unemployment benefits

Punitive in nature, not purely compensatory

# Examples of *dischargeable* civil fees and costs

- Attorney fees and costs:
  - awarded to government unit in civil case
  - awarded in consumer fraud cases
  - when ordered to pay for litigating in bad faith
- Certain civil restitution to make victims whole paid to victim

Purely compensatory in nature to reimburse state/victim

# **Dischargeability Of Criminal Justice Debts Under Chapter 13**

# Chapter 13 bankruptcy

- Pay disposable income under plan for three to five years
- Most unsecured creditors receive pro-rata share of payments
- Discharge of balance due on dischargeable debts:
  - Upon completion of plan
  - Or “hardship discharge” (same as ch. 7)

# Dischargeability in Chapter 13

Upon completion of plan debtor obtains discharge of all debts provided for in plan, but exceptions include:

- criminal fines or restitution
- “if included in a sentence on the debtor’s conviction of a crime”

11 U.S.C. § 1328(a)

# Compare Chapters 7 and 13- Cannot Discharge:

- Chapter 7
  - Fine
  - Penalty
  - Forfeiture
  - Payable to or for benefit of the government
  - Not compensation for actual pecuniary loss
- Chapter 13
  - Criminal fine
  - Restitution
  - Included in sentence upon conviction of a crime

# Chapter 13 has changed

- 1978 Code – criminal justice debt dischargeable in ch. 13
- 1990 *Pa. DPW v. Davenport*, 495 U.S. 552 (1990)
- 1990 discharge exception for “restitution included in a sentence on the debtor’s conviction of a crime” added to § 1328(a)
- 1994 “criminal fine” exception added



# Chapter 13 Advantage

- Possible to discharge civil fines and penalties
  - Parking and traffic fines
  - Civil/criminal defined by state law
- Criminal fine or penalty must be included in sentence upon conviction
  - Guilty plea

# Chapter 13 Issues

- Treatment of *non-dischargeable* debt in chapter 13 plan
- Three issues
  - Can plan modify existing payment schedule?
  - Can plan pay off criminal justice debt ahead of other debts?
  - Protection against ongoing enforcement?:
    - Automatic stay
    - Plan confirmation order

# Modify Payment Schedule

- Extend monthly payments to make them more affordable
- Potential for two conflicting orders:
  - Bankruptcy court plan confirmation order
  - State court sentencing order
- *In re Coulter*, 305 B.R. 748 (Bankr. D.S.C. 2003)
  - Bankruptcy plan confirmation order entitled to *res judicata* treatment

# Preferential Treatment Under Plan

- Goal: prioritize plan payments toward criminal justice debt
- Problem: Plans cannot “discriminate unfairly” against classes of creditors
  - 11 U.S.C. § 1322(b)(1)
- Discrimination can be fair:
  - Facilitates success of plan
  - Essential to avoid a concrete harm

# The Automatic Stay

- Powerful bankruptcy protection. 11 U.S.C. § 362(a)
- *But* exception for: “commencement or continuation of a criminal proceeding or action against the debtor” 11 U.S.C. § 362(b)(1)
  - Should protect against collection of dischargeable debts
  - Non-automatic stay an option
  - Bad check, child support prosecutions – collection purpose
  - Intersection with plan confirmation order

# The Automatic Stay

Does the automatic stay require return of property seized before bankruptcy filing?

Stay prohibits “any act . . . to exercise control over property of the estate” 11 U.S.C. § 362(a)(3)

*City of Chicago v. Fulton*, 141 S. Ct. 585 (2021)

- City’s retention of seized car not an “act”
- Property may be recoverable under other Code sections (11 U.S.C. § 542(a))

# Raising Dischargeability Claims

- Determinations not automatic
- Discharge orders are not specific
  - Refer to § 523(a)(7) terms
- Post-bankruptcy debt collection proceeds at creditor's risk
- If debt discharged, debtor's option:
  - Proceeding to enforce discharge order
  - Declaratory relief, injunction, sanctions

# Other Exceptions to Discharge

Exceptions under § 523(a) for debts:

- arising from false pretenses, false representations, actual fraud (§523(a)(2));
- fraud while acting in a fiduciary capacity, embezzlement, larceny (§523(a)(4));
- willful or malicious injury to property or person (§ 523(a)(6))



# The § 523(a)(2),(4),(6) Exceptions to Discharge

- Discharged unless creditor timely seeks non-dischargeability determination
- Need not have been prior criminal proceeding
- Can be restitution payable to victim.
- Chapter 13 differences:
  - Debts for willful and malicious injury to property are dischargeable
  - For injury to person must be pre-petition civil damages award (11 U.S.C. § 1328(a)(4))

# Proposed Code Changes

- Amend § 523(a)(7) to:
  - Exclude from discharge only items specifically designated as fines, penalties, restitution in sentencing order
  - Make unspecified costs and charges presumptively dischargeable
  - Allow discharge of charges designed to finance government operations and pay for debt collection
    - Warren-Nadler Consumer Bankruptcy Reform Act of 2020 (Dec. 2020) S. 4991, H.R. 8902

# Proposed Code Changes

Amend § 523(a)(7) to apply time-based standard:

If more than 3 years after later of either sentencing order or release from confinement, then

Creditor must show debtor has resources to pay all or significant part of fines/penalty/restitution

Warren-Nadler Consumer Bankruptcy Reform Act of 2020 (Dec. 2020) S. 4991, H.R. 8902



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