

103^D CONGRESS
1ST SESSION

H. R. 272

To amend title 11 of the United States Code to establish a priority for the payment of claims for retiree health benefits in liquidation cases under chapters 7 and 11.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1993

Mr. McCOLLUM introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To amend title 11 of the United States Code to establish a priority for the payment of claims for retiree health benefits in liquidation cases under chapters 7 and 11.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. PRIORITY OF CLAIMS FOR RETIREE HEALTH**
4 **BENEFITS.**

5 (a) DEFINITION.—Section 101 of title 11, United
6 States Code, is amended—

7 (1) by redesignating the last four paragraphs as
8 paragraphs (58), (59), (60), and (61),

1 (2) in paragraph (60), as so redesignated, by
2 striking “and” at the end,

3 (3) in paragraph (61), as so redesignated, by
4 striking the period at the end and inserting “; and”,
5 and

6 (4) by adding at the end the following:

7 “(62) ‘retiree health benefits’ means payments
8 to any entity or person for the purpose of providing
9 or reimbursing payments for retired employees and
10 their spouses and dependents, for medical, surgical,
11 or hospital care benefits under any plan, fund, or
12 program (through the purchase of insurance or oth-
13 erwise) maintained or established in whole or in part
14 by the debtor prior to filing a petition commencing
15 a case under this title.”.

16 (b) PRIORITY UNDER CHAPTER 7.—(1) Section
17 726(a)(1) of title 11, United States Code, is amended to
18 read as follows:

19 “(1) first—

20 “(A) except as provided in subparagraph
21 (B), in payment of claims of the kind specified
22 in, and in the order specified in section 507 of
23 this title; and

24 “(B) immediately after payment of claims
25 of the kind specified in section 507(a)(4), in

1 payment of allowed unsecured claims for retiree
2 health benefits, but only to the extent of the ag-
3 gregate amount that represents \$10,000 multi-
4 plied by the number of former employees with
5 respect to whom a retiree health benefit ac-
6 crues;”.

7 (2) Section 724(b)(2) of title 11, United States Code,
8 is amended by inserting “, and to holders of claims for
9 retiree health benefits payable under section 726(a)(1)(B)
10 of this title,” after “this title”.

11 (c) PRIORITY UNDER CHAPTER 11.—Section
12 1129(a) of title 11, United States Code, is amended—

13 (1) in paragraph (9)—

14 (A) in subparagraph (B)—

15 (i) by inserting “subject to subpara-
16 graph (D)” after “receive”, and

17 (ii) by striking “and” at the end,

18 (B) in subparagraph (C) by striking the
19 period at the end and inserting “; and”, and

20 (C) by adding at the end the following:

21 “(D) if liquidation is proposed in the plan,
22 with respect to a class of claims for retiree
23 health benefits, such class will receive imme-
24 diately after payment of claims of the kinds

1 specified in paragraphs (1), (2), (3), and (4) of
2 section 507(a) of this title—

3 “(i) if such class has accepted the
4 plan, deferred cash payments of a value, as
5 of the effective date of the plan; or

6 “(ii) if such class has not accepted the
7 plan, cash on the effective date of the plan;
8 equal to the allowed aggregate amount of such
9 claims, but only to the extent of the aggregate
10 amount that represents \$10,000 multiplied by
11 the number of former employees with respect to
12 whom a retiree health benefit accrues.”, and

13 (2) by amending paragraph (13) to read as fol-
14 lows:

15 “(13) The plan provides—

16 “(A) except as provided in subparagraph
17 (B), for the continuation after its effective date
18 of payment of all retiree benefits (as defined in
19 section 1114 of this title) at the level estab-
20 lished pursuant to subsection (e)(1)(B) or (g)
21 of section 1114 of this title, at any time prior
22 to confirmation of the plan, for the duration of
23 the period the debtor has obligated itself to pro-
24 vide such benefits; and

1 “(B) if the plan provides for liquidation,
2 for the payment of allowed unsecured claims for
3 retiree health benefits, but only to the extent of
4 the aggregate amount that represents \$10,000
5 multiplied by the number of former employees
6 with respect to whom a retiree health benefit
7 accrues.”.

8 **SEC. 2. RULE OF CONSTRUCTION.**

9 The amendments made by this Act shall not be con-
10 strued to limit any priority to which claims for retiree
11 health benefits are entitled under the provisions of title
12 11 of the United States Code that are not amended by
13 this Act.

14 **SEC. 3. EFFECTIVE DATES; APPLICATION OF AMENDMENTS.**

15 (a) EFFECTIVE DATE.—Except as provided in sub-
16 section (b), this Act and the amendments made by section
17 1 shall take effect on the date of the enactment of this
18 Act.

19 (b) APPLICATION OF AMENDMENTS.—(1) Except as
20 provided in paragraph (2), the amendments made by sec-
21 tion 1 shall apply only with respect to cases commenced
22 under title 11, United States Code, after the date of the
23 enactment of this Act.

24 (2) The amendments made by section 1 shall apply
25 with respect to—

1 (A) cases commenced under chapter 11 of title
2 11, United States Code on or after March 1, 1989;
3 and

4 (B) cases converted from chapter 11 of title 11,
5 United States Code, to chapter 7 of such Code on
6 or after September 1, 1991.

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