
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL
No. 2102 Session of
2019

INTRODUCED BY ZABEL, MILLARD, MURT, DONATUCCI, McNEILL, FREEMAN,
SCHLOSSBERG, DELLOSO, CALTAGIRONE, OTTEN, YOUNGBLOOD,
ISAACSON, INNAMORATO, ZIMMERMAN AND ROEBUCK, DECEMBER 2, 2019

REFERRED TO COMMITTEE ON FINANCE, DECEMBER 2, 2019

AN ACT

1 Prohibiting the payment of bonuses by debtors who receive a
2 public benefit.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the No Bonuses in
7 Bankruptcy Act.

8 Section 2. Definitions.

9 The following words and phrases when used in this act shall
10 have the meanings given to them in this section unless the
11 context clearly indicates otherwise:

12 "Banking institution." An institution as defined in section
13 102(r) of the act of November 30, 1965 (P.L.847, No.356), known
14 as the Banking Code of 1965.

15 "Bonus." The term means:

16 (1) A transfer by a debtor to, or obligation incurred
17 for the benefit of, an insider or an employee, consultant or

contractor of the debtor as compensation for services in an amount that:

(i) is in addition to the person's existing wages, salary or base compensation; and

(ii) is a form of retention incentive or reward related to the services provided to the debtor.

(2) The term bonus does not include:

(i) A sales commission.

(ii) A transfer or obligation under the terms of a collective bargaining agreement.

"Commonwealth agency." An executive agency, independent agency or a State-affiliated entity.

"Credit union." As defined in 17 Pa.C.S. § 102 (relating to application of title).

"Debtor." A domestic corporation for profit, banking institution or credit union that files a petition for relief under 11 U.S.C. (relating to bankruptcy).

"Domestic corporation for profit." A corporation for profit organized under the laws of this Commonwealth.

"Executive agency." As defined in 62 Pa.C.S. § 103 (relating to definitions).

"Independent agency." As defined in 62 Pa.C.S. § 103.

"Insider." Any of the following:

(1) A director of a debtor.

(2) An officer of a debtor.

(3) An individual in control of a debtor.

(4) A relative of an individual under paragraph (1), (2) or (3).

"Public benefit." Any of the following awarded by a Commonwealth agency:

- 1 (1) A grant.
- 2 (2) A loan.
- 3 (3) A subsidy.
- 4 (4) A tax credit.
- 5 (5) Any other funding.

6 "Relative." A spouse, parent, sibling or child of an
7 individual.

8 "State-affiliated entity." As defined in 62 Pa.C.S. § 103.

9 Section 3. Prohibition.

10 Except as permitted under Federal law, a debtor that has
11 received a public benefit within the 10-year period preceding
12 the filing of a bankruptcy petition may not pay a bonus in
13 excess of the greater of \$100,000 or 10% of the final annual
14 rate of compensation to:

15 (1) an employee, consultant or contractor of the
16 corporation receiving an annual rate of compensation
17 exceeding \$250,000 at any time during the year ending on the
18 date of filing of the bankruptcy petition; or

19 (2) an insider.

20 Section 4. Applicability.

21 This act applies to debtors that receive a public benefit
22 after the effective date of this section.

23 Section 5. Effective date.

24 This act shall take effect in 90 days.