



Seventy-Fourth Congress, Session II
Chapter 210 — 49 Stat. 1203 — Public, No. 515 (H. R. 6982)
April 11, 1936

AN ACT To amend section 80 of chapter 9 of an Act to amend the Act entitled “An Act to establish a uniform system of bankruptcy throughout the United States”, approved July 1, 1898.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subparagraphs (a) and (d) of section 80 of chapter 9 of an Act to amend an Act entitled “An Act to establish a uniform system of bankruptcy throughout the United States”, approved July 1, 1898, and Acts amendatory thereof and supplementary thereto be, and the same are hereby, amended to read as follows:

“Sec. 80. Municipal debt readjustments.—(a) Any municipality or other political subdivision of any State, including (but not hereby limiting the generality of the foregoing) any county, city, borough, village, parish, town, or township, unincorporated tax or special assessment district, and any school, drainage, irrigation, reclamation, levee, sewer, or paving, sanitary, port, improvement, or other districts (hereinafter referred to as a ‘taxing district’), may file a petition stating that the taxing district is insolvent or unable to meet its debts as they mature, and that it desires to effect a plan of readjustment of its debts. The petition shall be filed with the court in whose territorial jurisdiction the taxing district or the major part thereof is located and for any such district having no officials of its own the petition shall be filed by the municipality or political subdivision, the officials of which have power to contract on behalf of said district or to levy the special assessments within such district. The petition shall be accompanied by payment to the clerk of a filing fee of \$100, which shall be in addition to the fees required to be collected by the clerk under other chapters of this Act. The petition shall state that a plan of readjustment has been

prepared, is filed and submitted with the petition, and that creditors of the taxing district owning not less than 30 per centum in the case of drainage, irrigation, reclamation, and levee districts (except as hereinafter provided) and owning not less than 51 per centum in the case of all other taxing districts in amount of the bonds, notes, and certificates of indebtedness of the taxing district affected by the plan, excluding bonds, notes, or certificates of indebtedness owned, held, or controlled by the taxing district in a fund or otherwise, have accepted it in writing. The petition shall be accompanied with such written acceptance and with a list of all known creditors of the taxing district, together with their addresses so far as known to the taxing district, and description of their respective claims showing separately those who have accepted the plan of readjustment, together with their separate addresses, the contents of which list shall not constitute admissions by the taxing districts in a proceeding under this chapter or otherwise. Upon the filing of such a petition the judge shall enter an order either approving it as properly filed under this chapter, if satisfied that such petition complies with this chapter and has been filed in good faith, or dismissing it, if not so satisfied. If creditors holding 5 per centum in amount of the bonds, notes, or certificates of indebtedness shall, within ninety days after the first publication of the notice provided for in subdivision (c), clause (1), of this chapter, appear and controvert the facts alleged in the petition, the judge shall decide the issues presented, and unless the material allegations of the petition are sustained, shall dismiss the petition: *Provided, however,* That such written acceptance of not less than 30 per centum of the creditors of drainage, irrigation, reclamation, and levee districts, shall not be required in any case where a loan shall have been authorized to the petitioning taxing district by an agency of the United States Government, for the purpose of enabling any such petitioning district to reduce and refinance its outstanding indebtedness.

“(d) The plan of readjustment shall not be confirmed until it has been accepted in writing, filed in the proceeding, by or on behalf of creditors holding at least 51 per

centum in amount of the claims of each class in the case of drainage, irrigation, reclamation and levee districts and creditors holding two-thirds in amount of the claims of each class in the case of all other taxing districts whose claims have been allowed and would be affected by the plan, and by creditors holding 51 per centum in the case of drainage, irrigation, reclamation, and levee districts and creditors holding 75 per centum in the case of all other taxing districts in amount of the claims of all classes of the taxing district affected by the plan, but excluding claims owned, held, or controlled by a taxing district, and such plan has been accepted and approved by the taxing district in a writing filed in the proceeding, signed in its name by an authorized authority: *Provided, however,* That it shall not be requisite to the confirmation of the plan that there be such acceptance by any creditor or class of creditors (a) whose claims are not affected by the plan, or (b) if the plan makes provision for the payment of their claims in cash in full or (c) if provision is made in the plan for the protection of the interests, claims or liens of such creditors or class of creditors.”

APPROVED, April 11, 1936.