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Description

The Senate debates a bill designed to make it much harder for consumers who are in debt to get a fresh start through bankruptcy laws. Critics say the bill is a handout to credit card companies. Supporters say it is reform long overdue. In April 2005, the bill would pass and become the nation's first overhaul of bankruptcy laws in 25 years.

Keywords

Bankruptcy Reform, Bankruptcy Laws, Bankruptcy, Personal Bankruptcy, Debt, Senate, Debate, President, George W. Bush, Bankruptcy Bill, Capitol Hill, Lisa Murkowski, Charles Grassley, Median Income, Consumer Advocates, Travis Plunkett, Credit Cards, Credit Card Companies, Retailers, Banks, Wayne Abernathy

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Transcript

Senate Debates Bankruptcy Reform

BRIAN WILLIAMS, anchor:

In Washington on Capitol Hill, the Senate has spent the day debating a bill designed to make it much harder for consumers who are in debt to get a fresh start through bankruptcy laws. Critics say the bill is a handout to credit card companies. Supporters say it’s reform that’s long overdue. Here is NBC's Chip Reid. CHIP REID, reporting:

The Senate late today nearing completion of the first major overhaul of the bankruptcy laws in 25 years. Unidentified Woman: The amendment is not agreed to.

REID: The bill's chief sponsor says it's a long-overdue effort to rein in bankruptcy abuse, noting that bankruptcy filings have exploded from 200,000 in 1978 to 1.6 million last year.

Senator CHARLES GRASSLEY: This bill is targeted at people who have the ability to repay some of their debt and won't. They go into bankruptcy to seek protection to get out of it. They aren't going to get out of it and get off scot-free anymore.

REID: The bill would require court-ordered repayment plans for any bankruptcy filer who makes more than a state's median income and is able to pay at least $100 a month. But consumer advocates say the bill will cut holes in a safety net for people who've fallen on hard times.

Mr. TRAVIS PLUNKETT (Consumer Federation of America): We’re not talking about deadbeats. We're talking about people who have lost their jobs, who have been hit with a major illness, who've been through a divorce and they want to pay their debts, but they can't.

REID: The big winners: credit card companies, retailers and banks who've spent eight years and millions of dollars lobbying for the bill. They deny the charge that it's unfair to consumers.

Mr. WAYNE ABERNATHY (American Bankers Association): You can still get significant bankruptcy
protection, but you pay according to your ability.

REID: Just last month, Congress passed class-action reform. Now bankruptcy reform is on the verge of becoming law. Both were at the top of President Bush's pro-business agenda and both had been stalled for years. So what happened? Well, Republican strategists say that those seats Republicans gained in last fall's election are making a world of difference. Chip Reid, NBC News, the Capitol.