

tion of such contracts where they are burdensome, the rejection will aid in the municipality's reorganization and in consideration of the equities of each case. On the last point, "[e]quities in favor of the city in chapter 9 will be far more compelling than the equities in favor of the employer in chapter 11. Onerous employment obligations may prevent a city from balancing its budget for some time. The prospect of an unbalanced budget may preclude judicial confirmation of the plan. Unless a city can reject its labor contracts, lack of funds may force cutbacks in police, fire, sanitation, and welfare services, imposing hardships on many citizens. In addition, because cities in the past have often seemed immune to the constraint of "profitability" faced by private businesses, their wage contracts may be relatively more onerous than those in the private sector." *Executory Contracts and Municipal Bankruptcy*, 85 Yale L. J. 957, 965 (1976) (footnote omitted). Rejection of the contracts may require the municipalities to renegotiate such contracts by state collective bargaining laws. It is intended that the power to reject collective bargaining agreements will pre-empt state termination provisions, but not state collective bargaining laws. Thus, a city would not be required to maintain existing employment terms during the renegotiation period.

Editorial Notes

AMENDMENTS

1988—Pub. L. 100-597 designated existing provisions as subsec. (a) and added subsec. (b).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-597 effective Nov. 3, 1988, but not applicable to any case commenced under this title before that date, see section 12 of Pub. L. 100-597, set out as a note under section 101 of this title.

§ 927. Limitation on recourse

The holder of a claim payable solely from special revenues of the debtor under applicable non-bankruptcy law shall not be treated as having recourse against the debtor on account of such claim pursuant to section 1111(b) of this title.

(Added Pub. L. 100-597, §7(2), Nov. 3, 1988, 102 Stat. 3029.)

Editorial Notes

PRIOR PROVISIONS

A prior section 927 was renumbered section 930 of this title.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Section effective Nov. 3, 1988, but not applicable to any case commenced under this title before that date, see section 12 of Pub. L. 100-597, set out as an Effective Date of 1988 Amendment note under section 101 of this title.

§ 928. Post petition effect of security interest

(a) Notwithstanding section 552(a) of this title and subject to subsection (b) of this section, special revenues acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by the debtor before the commencement of the case.

(b) Any such lien on special revenues, other than municipal betterment assessments, derived

from a project or system shall be subject to the necessary operating expenses of such project or system, as the case may be.

(Added Pub. L. 100-597, §8, Nov. 3, 1988, 102 Stat. 3029.)

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Section effective Nov. 3, 1988, but not applicable to any case commenced under this title before that date, see section 12 of Pub. L. 100-597, set out as an Effective Date of 1988 Amendment note under section 101 of this title.

§ 929. Municipal leases

A lease to a municipality shall not be treated as an executory contract or unexpired lease for the purposes of section 365 or 502(b)(6) of this title solely by reason of its being subject to termination in the event the debtor fails to appropriate rent.

(Added Pub. L. 100-597, §9, Nov. 3, 1988, 102 Stat. 3030.)

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE

Section effective Nov. 3, 1988, but not applicable to any case commenced under this title before that date, see section 12 of Pub. L. 100-597, set out as an Effective Date of 1988 Amendment note under section 101 of this title.

§ 930. Dismissal

(a) After notice and a hearing, the court may dismiss a case under this chapter for cause, including—

- (1) want of prosecution;
- (2) unreasonable delay by the debtor that is prejudicial to creditors;
- (3) failure to propose a plan within the time fixed under section 941 of this title;
- (4) if a plan is not accepted within any time fixed by the court;
- (5) denial of confirmation of a plan under section 943(b) of this title and denial of additional time for filing another plan or a modification of a plan; or
- (6) if the court has retained jurisdiction after confirmation of a plan—
 - (A) material default by the debtor with respect to a term of such plan; or
 - (B) termination of such plan by reason of the occurrence of a condition specified in such plan.

(b) The court shall dismiss a case under this chapter if confirmation of a plan under this chapter is refused.

(Pub. L. 95-598, Nov. 6, 1978, 92 Stat. 2623, §927; Pub. L. 98-353, title III, §496, July 10, 1984, 98 Stat. 384; renumbered §930, Pub. L. 100-597, §7(1), Nov. 3, 1988, 102 Stat. 3029.)

HISTORICAL AND REVISION NOTES

LEGISLATIVE STATEMENTS

Section 927(b) of the House amendment is derived from section 927(b) of the Senate bill. The provision requires mandatory dismissal if confirmation of a plan is refused.