

LIBRARY FINES ARE NOT DISCHARGEABLE DEBTS IN BANKRUPTCY

If a library patron declares bankruptcy under Chapters 7 (liquidation of corporate entities), 11 (corporate reorganization), 12 (debt adjustment by family farmer or fishermen), or 13 (debt adjustment by individuals) of the United States Bankruptcy Code, a discharge order may be entered by a Bankruptcy Court and the patron may be relieved of their obligation to pay certain debts. Any library fines that the patron incurred and owes at the time of discharge, however, are not considered dischargeable debt.

This is so, because Section 523(a) of the Bankruptcy Code provides exceptions to discharge from debts under Chapters 7, 11, 12 and 13, which are “non-dischargeable debts” and, therefore, can never be discharged.

Specifically, Section 523(a)(7) of the Bankruptcy Code provides that fines, among other things, payable to and for the benefit of a governmental unit which is not compensation for actual loss are not dischargeable. Thus, a library fine that is payable to and for the benefit of a governmental unit, such as a library district or municipal library, and is not compensation for actual loss, is not dischargeable in bankruptcy. As a non-dischargeable debt, a library fine may be collected from the library patron and may be considered in determining whether to suspend the patron’s borrowing privileges. On the other hand, it must be noted that compensation for actual loss, replacement costs or the cost of replacing lost materials is a debt dischargeable in bankruptcy and cannot be collected from a library patron once a discharge order is entered.



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