Personal Bankruptcy on the Rise in California

In the United States, bankruptcy cases filed in federal courts increased 13.8 percent to reach 1,596,355 in 2010 from 1,402,816 in 2009. While, business filings dropped 0.7 percent to arrive at 58,322 from 58,721, personal filings increased 14.4 percent to attain 1,538,033 from 1,344,095. Personal bankruptcy in 2010 is the highest number of filings for a fiscal year since 2005, immediately prior to the implementation of the Bankruptcy Abuse Prevention and Consumer Protection Act in October 2006.

Some states fared better than others. Personal filings declined in 11 states. Tennessee (-7.2 percent), West Virginia (-7.1 percent), and South Carolina (-4.1 percent) posted the largest declines in the number of personal bankruptcies recorded last year. The number of filings remained unchanged in Arkansas. Meanwhile, personal filings rose in
38 states. Hawaii (28.9 percent), California (25.0 percent), and Utah (24.4 percent) posted the largest increases in the number of personal bankruptcies recorded last year.

California had the largest filings and the second largest rate of increase in the nation. In particular, personal bankruptcy climbed to 251,008 from 200,806 one year earlier. Several factors contributed to such a large number of filings in the state, including rising unemployment rates, falling housing prices, high personal and property tax rates.

Sources: