

BILL ANALYSIS

C.S.H.B. 3510
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Pensions, Investments & Financial Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In March 2020 Governor Abbott declared a state of disaster for all Texas counties due to COVID-19. Under the guidance of the Office of Consumer Credit Commissioner, license holders under its purview have been temporarily authorized to allow employees to work remotely in order to protect public safety and prevent the spread of COVID-19. During this time, license holders have invested in infrastructure to provide employees the ability to work remotely within a secure framework. C.S.H.B. 3510 seeks to continue this flexibility beyond the pandemic by establishing conditions under which an applicable license holder may allow an employee to work from a remote location in order to allow more flexibility in their employment practices while still providing the same secure services to the public.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Finance Commission of Texas in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 3510 amends the Finance Code to authorize a person licensed by the Office of Consumer Credit Commissioner under statutory provisions governing loans and financed transactions to allow an employee of the license holder to work from a remote location if the license holder does the following:

- ensures that in-person consumer interactions will be conducted at a licensed location;
- maintains appropriate safeguards for license holder and consumer data, information, and records, including the use of secure virtual private networks where appropriate;
- employs appropriate risk-based monitoring and oversight processes for work performed from a remote location and maintains records of those processes;
- ensures that consumer information and records are not maintained at a remote location;
- ensures that license holder and consumer information and records, including written procedures and training for remote work authorized by the bill, are accessible and available to the consumer credit commissioner or the commissioner's representative on request;
- provides appropriate employee training to accomplish the following:
 - all conversations about and with consumers conducted from a remote location are kept confidential as if conducted from a licensed location; and
 - remote employees work in an environment conducive and appropriate to consumer privacy; and
- adopts, maintains, and follows written procedures to ensure that:

- the license holder and the license holder's employees comply with the bill's provisions and applicable law; and
- the employees do not perform an activity that would be prohibited at a licensed location.

C.S.H.B. 3510 applies to an employee of a person licensed under provisions governing motor vehicle installment sales or commercial motor vehicle installment sales only if the employee engages in making, servicing, holding, or collecting an applicable retail installment transaction.

C.S.H.B. 3510 authorizes the Finance Commission of Texas to adopt rules to implement the bill's provisions.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3510 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute establishes remote work provisions for an employee of a person licensed under provisions governing loans and financed transactions, whereas the original established remote work provisions for an employee of a person or entity licensed by an agency within the scope of provisions relating to the Finance Commission of Texas.

The substitute includes a specification not in the original that the records a license holder must ensure are accessible and available include written procedures and training for remote work and specifies that the accessibility and availability is to the consumer credit commissioner or the commissioner's representative on request, whereas the original specified the purpose as being for regulatory oversight and exams.

The substitute includes the following provisions, which were not in the original:

- a requirement for the license holder, as a condition of allowing an employee to work from a remote location, to adopt, maintain, and follow written procedures to ensure certain compliance and that employees do not perform certain prohibited activities; and
- a provision making the bill applicable to an employee of a person licensed under provisions governing motor vehicle installment sales or commercial motor vehicle installment sales only if the employee engages in making, servicing, holding, or collecting an applicable retail installment transaction.

The substitute conforms to certain bill drafting conventions, including by clarifying the original's authorization for the Finance Commission of Texas to adopt rules.