

SUBJECT: Revising interest ceilings on certain consumer loans

COMMITTEE: Pensions, Investments & Financial Services — committee substitute recommended

VOTE: 8 ayes — Capriglione, Lambert, Bhojani, Bryant, Frazier, Plesa, VanDeaver, Vo

0 nays

1 absent — Leo-Wilson

WITNESSES: For — Daniel Garza, One Main / Texas Consumer Credit Coalition (*Registered, but did not testify*: Phillip Holt, Conn’s HomePlus and Texas Consumer Credit Coalition; Stephen Scurlock, Independent Bankers Association of Texas; Austin Clancy, One Main Financial; Deborah Polan, Texas Consumer Credit Coalition)

Against — (*Registered, but did not testify*: Carl Jacob)

On — Briana Gordley, Texas Appleseed (*Registered, but did not testify*: Joe Sanchez, AARP; Leslie Pettijohn, Office of Consumer Credit Commissioner; Shawn Hall Lecuona, The Voice of Justice and of Consanguinity)

BACKGROUND: Some have suggested that increasing the credit available to Texas borrowers could help expand credit availability to individuals who are not secured by real property.

DIGEST: CSHB 4219 would revise calculations for the ceilings on the interest rate or amount that may be provided by a consumer loan contract that was not secured by real property by adding the federal funds rate to each of the existing percentages in the calculation.

The bill would require the consumer credit commissioner on March 1st and September 1st of each year to compute the above ceilings on interest

rates or amounts for the six month period effective the following May 1 and November 1, respectively. The ceilings would be effective for the six month period beginning on the effective date and would be subject to adjustment after each six month period. The commissioner would be required to submit to the secretary of state for publication in the Texas Register the ceilings computed within 11 days after the date on which the ceilings were computed.

The bill would take effect September 1, 2023, and would apply only to a loan made on or after the effective date.