

SUBJECT:	Prohibiting motor vehicle dealers from engaging in forced financing
COMMITTEE:	Business & Industry — favorable, without amendment
VOTE:	9 ayes — Longoria, Vasut, Cole, Frazier, J. González, Hinojosa, Isaac, Lambert, Neave Criado  0 nays
SENATE VOTE:	On final passage (April 12) — 26 - 04
WITNESSES:	For — Chris Turnley, Gilianne Carter, Texas Credit Union Association, Cornerstone League; Suzanne Yashewski, Texas Credit Union Association ( <i>Registered, but did not testify</i> : Melodie Durst, Credit Union Coalition of Texas; Neftali Partida, Gulf States Toyota; Stephen Scurlock, Independent Bankers Association of Texas; Bill Kelly, Mayor's Office, City of Houston; Celeste Embrey, Texas Bankers Association; Robert Howden, Texas Credit Union Association)  Against — Robert Braziel, Texas Automobile Dealers Association  On — Matthew Nance, Office of Consumer Credit Commissioner
BACKGROUND:	Concerns have been raised that some motor vehicle dealers may be participating in forced financing, where the sale of a motor vehicle is conditioned on accepting dealer-offered financing and the use of bank loans to pay for the vehicle is not allowed.
DIGEST:	SB 1464 would prohibit a retail seller from increasing the sale price of a motor vehicle for a prospective buyer and from prohibiting a prospective buyer from paying the sale price at the time of sale if the buyer was purchasing the vehicle with: <ul style="list-style-type: none"><li>• the prospective buyer's own money; or</li><li>• a loan from a third-party lender who was neither the retail seller nor affiliated with the retail seller.</li></ul>

A retail seller could not make a false or misleading representation that was inconsistent with the bill.

The bill would take effect September 1, 2023 and would apply only to an agreement entered on or after the effective date.